

MARIANA RESOURCES LIMITED

(Incorporated in Guernsey, Registered No. 44276)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended

31 March 2017

Contents

Unaudited Condensed Interim Consolidated Statement of Profit or Loss	2
Unaudited Condensed Interim Consolidated Statement of Financial Position	3
Unaudited Condensed Interim Consolidated Statement of Changes in Equity	4
Unaudited Condensed Interim Consolidated Statement of Cash Flows	5
Notes to the Unaudited Condensed Interim Consolidated Financial Statements	6

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MARIANA RESOURCES LIMITED

(Incorporated in Guernsey, Registered No. 44276)

The accompanying unaudited condensed interim consolidated financial statements of Mariana Resources Limited (the "Company") are the responsibility of the Directors.

These statements have been prepared by management on behalf of the Board of Directors in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgements and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the financial statements have been prepared within the acceptable limits of materiality and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has established processes, which are in place to provide sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) financial statements do not contain untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects by the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. Then Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statement together with other financial information of the Company for issuance to the shareholders.

Management recognises its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations and for maintaining proper standards of conduct for its activities.

"Glen Parsons"
Glen Parsons
Chief Executive Officer

"Sharon Cooper"
Sharon Cooper
Chief Financial Officer

26th May, 2017

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Mariana Resources Limited and its controlled entities

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the three-months ended 31 March 2017

	Notes	31 March 2017 Unaudited £ 000	31 March 2016 Unaudited £ 000
Employee and directors benefits expense		(947)	(238)
Professional services expense		(120)	(77)
Marketing expense		(31)	(24)
Administrative and other expense		(32)	(19)
Travel expense		(44)	(21)
Occupancy expense		(12)	(9)
Exploration expenses		(68)	(11)
Depreciation expense		(5)	(6)
Exchange gains\ (losses)		424	(1,010)
Loss on investment in associate		(60)	-
Share of associate's loss		(41)	-
Other income		2	-
Loss before Tax		(934)	(1,415)
Tax			
Loss for the period			
Other comprehensive loss			
<i>Other items that may be reclassified to profit or loss on subsequent periods</i>			
Exchange differences on translation of foreign operations		(376)	486
Total comprehensive loss for the period		(1,310)	(929)
Loss attributable to :			
Equity holders of the parent		(1,310)	(1,409)
Non-controlling interests		-	(6)
		(1,310)	(1,415)
Total comprehensive loss attributable to:			
Equity holders of the parent		(1,303)	(923)
Non-controlling interests		(7)	(6)
		(1,310)	(929)
Loss per share – basic and diluted		Pence (0.75)	Pence (1.6)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Mariana Resources Limited and its controlled entities

Condensed Interim Consolidated Statement of Financial Position as at 31 March 2017

	Notes	31 March 2017 Unaudited £ 000	31 December 2016 Audited £ 000
ASSETS			
Non-current assets			
Deferred exploration costs	3	6,390	5,518
Property, plant and equipment		157	162
Goodwill		44	44
Investment in an associate	5	2,072	1,729
Other		670	636
		<u>9,333</u>	<u>8,089</u>
Current assets			
Other receivables and pre-payments		466	342
Cash and cash equivalents		3,807	5,126
		<u>4,273</u>	<u>5,468</u>
TOTAL ASSETS		<u>13,606</u>	<u>13,557</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		900	772
Provisions		113	97
Finance lease liability		-	1
		<u>1,013</u>	<u>870</u>
TOTAL LIABILITIES		<u>1,013</u>	<u>870</u>
NET ASSETS		<u>12,593</u>	<u>12,687</u>
EQUITY			
Issued share capital	6	126	124
Share premium account		47,727	46,798
Other components of equity	7	10,629	10,720
Accumulated losses		(45,969)	(45,035)
Equity attributable to equity holders of the parent		<u>12,513</u>	<u>12,607</u>
Non-controlling interest		80	80
TOTAL EQUITY		<u>12,593</u>	<u>12,687</u>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Mariana Resources Limited and its controlled entities
Condensed Interim Consolidated Statements of Changes in Equity for the three months ended 31 March 2017 and 31 March 2016

	Share Capital £ 000	Share premium £ 000	Other components of equity £ 000	Accumulated losses £ 000	Total £ 000	Non- controlling interest £ 000	Total £ 000
Balance at 1 January 2016 (unaudited)	86	41,255	7,957	(40,458)	8,840	83	8,923
Loss for the period	-	-	-	(1,409)	(1,409)	(6)	(1,415)
<i>Other comprehensive income:</i>							
Exchange differences on translating foreign operations	-	-	486	-	486	-	486
Other comprehensive loss for the year	-	-	486	(1,409)	(923)	(6)	(929)
<i>Transactions with the owners of the company</i>							
Issues of shares	-	-	-	-	-	-	-
Share-based payment options	-	-	-	-	-	-	-
Movement in non-controlling interest (NCI)	-	-	-	-	-	(4)	(4)
Transactions with owners	-	-	-	-	-	(4)	(4)
Balance at 31 March 2016 (unaudited)	86	41,255	8,443	(41,867)	7,917	73	7,990
Balance at 1 January 2017 (unaudited)	124	46,798	10,720	(45,035)	12,607	80	12,687
Loss for the period	-	-	-	(934)	(934)	-	(934)
<i>Other comprehensive income:</i>							
Exchange differences on translating foreign operations	-	-	(369)	-	(369)	(7)	(376)
Other comprehensive loss for the year	-	-	(369)	(934)	(1,303)	(7)	(1,310)
<i>Transactions with the owners of the company</i>							
Issues of shares	2	913	(427)	-	488	-	488
Share-based payments	-	16	712	-	728	-	728
Movement in non-controlling interests (NCI)	-	-	(7)	-	(7)	7	-
Transactions with owners	2	929	278	-	1,209	7	1,216
Balance at 31 March 2017 (unaudited)	126	47,727	10,629	(45,969)	12,513	80	12,593

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Mariana Resources Limited and its controlled entities

Condensed Interim Consolidated Statement Cash Flows for the three months ended 31 March 2017

	31 March 2017	31 March 2016
	Unaudited £ 000	Unaudited £ 000
Cash Flow from Operating Activities		
Payments to suppliers & employees	(592)	(278)
Interest and other income received	2	-
Net Cash Used in Operating Activities	<u>(590)</u>	<u>(278)</u>
Cash Flow from Investing Activities		
Payments for investment activities	(20)	-
Payments for purchase of property, plant & equipment	(6)	-
Payments for exploration expenditure	(822)	(401)
Payment for joint venture activities	(444)	(479)
Net Cash Used in Investing Activities	<u>(1,292)</u>	<u>(880)</u>
Cash Flow from Financing Activities		
Proceeds from issue of share capital	488	-
Payment for share issue costs	-	-
Net Cash Flow from Financing Activities	<u>488</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(1,394)	(1,158)
Effect of exchange rate fluctuations on cash held	75	(17)
Cash and cash equivalents at the beginning of the period.	<u>5,126</u>	<u>1,520</u>
Cash and cash equivalents at the end of the period	<u>3,807</u>	<u>345</u>

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017

NOTE 1 Corporate Information

Mariana Resources Limited ("Mariana" or the "Company") is a public limited company incorporated and domiciled in Guernsey. The Company is listed on the Alternative Investment Market of the London Stock Exchange (AIM) and on 25th July 2016, the Company commenced trading on the TSX Venture Exchange (TSXV). Mariana is a holding company of a mineral exploration group of companies (the "Group").

The Group is involved in identifying and exploring precious metals projects in Argentina, Chile, Suriname, Peru, Ivory Coast and Turkey.

The Company's registered address is Granite House, La Grande Rue, St. Martin, Guernsey.

These unaudited condensed interim consolidated financial statements (herein after referred to as "interim financial statements") are for the period 1 January 2017 to 31 March 2017 and were authorised for issue in accordance with a resolution of the directors on the 26th May 2017.

The financial statements have been prepared using generally accepted accounting principle applicable to a going concern, which contemplate the realisation of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the three months ended 31 March 2017, the Company incurred a loss of £0.93 million (31 March 2016: £1.4 million) and reported an accumulated deficit of £45.97 million (31 December 2016: £45.03 million). As at 31 March 2017, the working capital of the Company group was £3.2m (31 December 2016; £4.6m). Management believes that the working capital is sufficient to support operations for the next twelve months.

NOTE 2 Basis of preparation and changes to the Group's accounting policies

(a) Basis of preparation

The unaudited condensed interim consolidated financial statements for the three months ended 31 March 2017 and three months ended 31 March 2016 are unaudited, and do not constitute financial statements.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34: *Interim Financial Reporting*, as issued by International Accounting Standards Board (IASB). The interim financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Group's annual financial statements as at 31 December, 2016 and any public announcements made by Mariana Resources Limited during the interim reporting period.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 2 Basis of preparation and changes to the Group's accounting policies (continued)

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of 26th May, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated financial statements as compared with the most recent annual financial statements as at the for the year ended 31 December 2016, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending 31 December 2016 could result in restatement of the unaudited condensed interim consolidated financial statements.

(b) Basis of measurement

These interim financial statements have been prepared under the historical cost convention and are presented in Pounds Sterling.

(c) Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim statements.

(d) Critical accounting estimates and judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2016.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 3 DEFERRED EXPLORATION COSTS

	Three months 31 March 2017	Three months 31 March 2016
	Unaudited £ 000	Audited £ 000
At beginning of period	5,518	5,811
Exchange differences	118	(472)
Additions	754	372
At end of period	6,390	5,712

NOTE 4 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their activities and geographical location and has seven reportable segments:

- Argentina – this segment is involved in exploration activities in Argentina
- Chile – this segment is involved in exploration activities in Chile
- Peru – this segment is involved in exploration activities in Peru
- Suriname – this segment is involved in exploration activities in Suriname
- Turkey -this segment is involved in exploration activities in Turkey
- Ivory Coast - this segment is involved in exploration activities in Ivory Coast.
- Head Office Operations – this segment is the support function provided to the Group from Guernsey and Australia, including early stage exploration opportunities.

These operating segments are monitored and strategic decisions are made on this basis by the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. There have been no changes from prior periods in the measurement methods used to determine reported segment results. The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and assess their performance.

During the three month period to 31 March 2017, there have been no changes from prior periods in the measurement methods used to determine operating and reported segment information.

The following tables present information regarding the Group's operating segments for the three months ended 31 March 2017 and 2016 respectively.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 4 SEGMENT INFORMATION (continued)

Three months ended 31 March 2017	Argentina £ 000	Chile £ 000	Peru £ 000	Turkey £ 000	Suriname £ 000	Head Office Operations £ 000	Group £ 000
Segment result	413	(2)	-	(101)	-	(1,244)	(934)
Other segment items Included in the income statement are as follows:							
Depreciation	(5)	-	-	-	-	-	(5)
Exploration expenditure	(34)	-	-	-	(34)	-	(68)
Share based payments	-	-	-	-	-	(728)	(728)
Foreign exchange (loss)\gain	466	(3)	-	16	-	(55)	424

Three months ended 31 March 2016	Argentina £ 000	Chile £ 000	Peru £ 000	Turkey £ 000	Suriname £ 000	Head Office Operations £ 000	Group £ 000
Segment result	(1,530)	(17)	(14)	(2)	-	148	(1,415)
Other segment items Included in the income statement are as follows:							
Depreciation	(6)	-	-	-	-	-	(6)
Exploration expenditure	(3)	-	(8)	-	-	-	(11)
Share based payments	-	-	-	-	-	-	-
Foreign exchange loss	(1,481)	(8)	47	-	-	432	(1,010)

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 4 SEGMENT INFORMATION (continued)

The following tables present the assets and liabilities and exploration expenditure of the Group's operating segments as at 31 March 2017 and 31 December 2016 respectively:

31 March 2017	Argentina	Chile	Peru	Turkey	Ivory Coast	Head Office Operations	Group
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Segment assets	5,206	177	33	2,488	1,453	4,249	13,606
Segment liabilities	(156)	(185)	-	(30)	(392)	(250)	(1,013)
Segment net assets	5,050	(8)	33	2,458	1,061	3,999	12,593
Other segment information							
Exploration expenditure	4,706	-	-	218	1,466	-	6,390

31 December 2016	Argentina	Chile	Peru	Turkey	Ivory Coast	Head Office Operations	Group
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Segment assets	5,355	195	32	2,097	1,012	4,866	13,557
Segment liabilities	(174)	(184)	-	(6)	(246)	(260)	(870)
Segment net assets	5,181	11	32	2,091	766	4,606	12,687
Other segment information							
Exploration expenditure	4,483	-	-	65	970	-	5,518

NOTE 5 INVESTMENT IN ASSOCIATE

Artmin Madencilik is involved in mineral exploration at the Hot Maden project in north-eastern Turkey. Artmin Madencilik is a private entity that is not listed on any public exchange.

The Group's 30% interest in Artmin Madencilik is accounted for using the equity method in the consolidated financial statements. The Group maintains its interest in the associate through funding its share of the agreed budget of Artmin Madencilik. Artmin Madencilik budget for 2017 consists of expenditure on exploration of US\$9.1 million. The Group funds its share (30%) as required.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 5 INVESTMENT IN ASSOCIATE (continued)

(a) Equity accounted balances

The following tables illustrate the summarised financial information of the Group's investment in Artmin Madencilik at 31 March 2017.

	2017 £ 000
Current assets	744
Non-current assets	6,518
Current liabilities	(353)
Equity	6,909
Group's carrying amount	2,072

The Group recognised in the statement of profit or loss for the three months ended 31 March 2017 a loss on its equity investment in Artmin Madencilik of £0.06m. This loss was due to foreign exchange movements when translating Artmin balances into GBP at 31 March 2017.

	2017 £ 000
Revenue	14
Administrative expenses	(109)
Other costs	(41)
Total net loss	(136)
Group's share of net loss	(41)

The Group recorded its share of net losses in Artmin Madencilik in the statement of profit or loss of £0.04 m for the three months ending 31 March 2017.

NOTE 6 ISSUED SHARE CAPITAL

Allotted, issued and fully paid	2017 Shares	2016 Shares	2017 £ 000	2016 £ 000
Ordinary shares of £0.001 each	126,234,518	124,050,705	126	124

Following changes to the law in Guernsey, shareholders removed the limit on the number of shares in the Company which may be issued (Authorised capital) from the Company's Articles of Association at the annual general meeting on 29 May 2009.

	2017 £ 000	2016 £ 000
At beginning of year	124	86
Issue of ordinary shares - placement	-	33
Issue of ordinary shares – exercise of options and warrants	2	5
At end of year	126	124

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 6 ISSUED SHARE CAPITAL (continued)

During the period the following shares were issued, principally to provide funding for the Company's operations.

Date Issued	Issue price £	No. of shares issued
16/01/2017	0.001	375,028
13/02/2017	0.001	176,307
23/02/2017	0.001	1,138,511
17/03/2017	0.001	417,825
27/03/2017	0.001	76,142
		2,183,813

No shares were issued in the three months ending 31 March 2016.

NOTE 7 OTHER COMPONENTS OF EQUITY

	Share based payments & warrants reserve £ 000	Foreign currency translation reserve £ 000	Treasury Shares £ 000	Deferred Equity £ 000	Total £ 000
Balance at 1 January 2016	3,282	4,697	(22)	-	7,957
Share-based payment options and warrants cost	-	-	-	-	-
Exercise of warrants and options	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations	-	486	-	-	486
Total comprehensive (loss) for the period	-	486	-	-	486
Balance at 31 March 2016	3,282	5,183	(22)	-	8,443
Balance at 1 January 2017	5,838	4,477	(22)	427	10,720
Issue of shares	-	-	-	(427)	(427)
Share-based payment options and warrants cost	728	-	-	-	728
Exercise of warrants and options	(16)	-	-	-	(16)
Transactions with owners	712	-	-	(427)	285
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations	-	(369)	-	-	(369)
Non-controlling interests (NCI)	-	(7)	-	-	(7)
Total comprehensive (loss) for the period	-	(376)	-	-	(376)
Balance at 31 March 2017	6,550	4,101	(22)	-	10,629

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 8 SHARE OPTIONS AND WARRANTS

a) Share options

At 31 March 2017 the Company had 7,897,500 options on issue (31 December 2016: 5,847,160), each of which entitles the holder to receive on exercise, one ordinary share in the company.

i. Number of Options

At 31 March 2017, the following options over ordinary shares of the Company had been granted and not exercised:

Expiry date	Exercise price pence	Number of options
<i>Employees</i>		
31/07/2017	20.0	52,500
31/03/2018	60.0	105,000
01/03/2019	30.0	395,000
10/06/2019	42.5	355,000
29/08/2021	54.5	470,000
31/08/2021	70.0	250,000
		1,627,500
<i>Directors</i>		
31/07/2017	20.0	95,000
31/03/2018	60.0	160,000
31/03/2018	80.0	140,000
31/03/2018	120.0	180,000
01/03/2019	30.0	730,000
01/03/2019	50.0	325,000
01/03/2019	70.0	325,000
10/06/2019	42.5	680,000
10/06/2019	45.0	400,000
10/06/2019	47.5	270,000
02/02/2022	100.0	2,400,000
		5,705,000
<i>Other</i>		
31/07/2017	20.0	12,500
31/03/2018	60.0	142,500
01/03/2019	30.0	290,000
10/06/2019	42.5	120,000
		565,000
Total		7,897,500

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 8 SHARE OPTIONS AND WARRANTS (continued)

- ii. Movements in options during the year ended 31 December 2016 and the three months ending 31 March 2017:

	Number of Options	Weighted average exercise price (pence)
Outstanding at 1 January 2016	4,047,850	43.0
Granted during the year	2,585,000	45.64
Exercised during the year	(495,690)	32.13
Expired during the year	(290,000)	124.1
Outstanding at 31 December 2016	5,847,160	46.25
Granted during the period	2,650,000	97.17
Exercised during the period	(599,660)	38.4
Outstanding at 31 March 2017	7,897,500	63.94

There were no movements in options in the three months ending 31 March 2016.

- iii. Fair value of options granted

The fair value of options granted (2,400,000 granted to directors and 250,000 granted to employees) during the three months ending 31 March 2017 calculated using a Black Scholes based model was £0.70m (2016:nil).

The inputs into the Black Scholes based model are as follows:	2017	2016
Weighted average share price at date of grant (in pence)	79.8	-
Weighted average exercise price (in pence)	97.17	-
Weighted average expected volatility	140%	-
Weighted average expected life (in years)	3.13	-
Risk free rates	0.60%	-

The underlying expected volatility was determined by reference to historical data of the Company's shares over the last year on the AIM exchange. No special features inherent to the options granted were incorporated into measurement of fair value.

The 2.4 million options granted to Glen Parsons and Eric Roth have the following features:

- 800,000 options issued with an expiry of 5 years and a strike price of £1.00, however only vesting on the Company achieving a market capitalisation of US\$175 million (approx. £143.50 million);
- 800,000 options issued with an expiry of 5 years and a strike price of £1.00, however only vesting on the Company achieving a market capitalisation of US\$200 million (approx. £164 million);
- 800,000 options issued with an expiry of 5 years and a strike price of £1.00, however only vesting on the Company achieving a market capitalisation of US\$225 million (approx. £184.5 million).

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 8 SHARE OPTIONS AND WARRANTS (continued)

In the event of a takeover offer being made for the entire issued share capital of the Company, all share bonus and option awards will be accelerated and deemed to become vested and will automatically become issued (in the case of shares) and exercisable (in the case of options) immediately prior to the successful completion of the relevant offer or change of control event (with any shares issued as a result of any such share issue or option exercise being included in the paid up share capital of the Company and subject to the takeover offer).

The full cost of the 2.4 million options granted to Glen Parsons and Eric Roth, calculated using the Black-Scholes method, is £1.705 million. The Company has estimated that vesting conditions are likely to be met within three years and has therefore apportioned the cost of this issue across a three year period. In the three months ending 31 March 2017, an amount of £ 0.57m has been recognised as an expense in the unaudited condensed interim consolidated statement of profit or loss.

In the event of the combination (refer Note 11) being successful, the recognition of the full cost of the options issued will be accelerated and recognised from the effective date of acquisition.

An amount of £0.02m has also been recorded as a share based payment in the three months ending 31 March 2017. This cost is in relation to 470,000 options issued to employees in 2016 and expiring in August 2021. These options have varying exercise dates and as a result, the cost of issue is to be recognised according to these dates. The amount of £0.02m is the cost allocated for the three months ending 31 March 2017 related to options issued in 2016 with a first exercise date of 31 August 2017.

b) Warrants

i. Number of warrants

Expiry date	Exercise price pence	Number of warrants
24/04/2017	30.0	1,454,250
06/05/2018	25.0	13,809,696
		15,263,946

ii. Movements in warrants during the year ended 31 December 2016 and the three months ending 31 March 2017 :

	Number of Warrants	Weighted average exercise price (pence)
Outstanding at 1 January 2016	6,534,094	30.0
Granted during the year	16,500,000	25.0
Exercised during the year	(4,744,197)	27.4
Outstanding at 31 December 2016	18,289,897	26.2
Exercised during the period	(3,025,951)	29.94
Outstanding at 31 March 2017	15,263,946	25.48

There were no movements in warrants in the three months ending 31 March 2016.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 9 FINANCIAL ASSETS AND LIABILITIES

i) Summary of financial assets and liabilities by category

The fair value of the financial instruments is included in 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.

The carrying amount and fair value of the Group's financial assets and financial liabilities as recognised in the statement of financial position at 31 March 2017 and 31 December 2016.

	2017	2016
	£ 000	£ 000
Financial assets		
Other receivables	245	205
Cash and cash equivalents	3,807	5,126
	4,052	5,331
Financial liabilities		
Trade and other payables	900	772
	900	772

ii) Financial risk management objectives and policies

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The Board monitors operating and capital expenditure commitments to ensure sufficient capital is available.

The capital structure of the Group consists of equity attributable to equity holders of the Parent, comprising issued capital, reserves and accumulated losses.

There are no externally imposed capital requirements.

Financial risk management

Risk management is carried out by the Board of Directors. These risks include market risk (including currency risk and interest risk), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Market risk management

Market risk is the risk that changes in market prices, currency rates and interest rates, will affect the Company and Group's results or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group did not have a material amount of cash reserves that attracted interest during the period (2016: not material) and as a consequence is therefore not significantly exposed to interest rate movements.

All other financial assets and liabilities are non-interest bearing.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 9 FINANCIAL ASSETS AND LIABILITIES (continued)

Foreign currency risk

The Group's subsidiaries undertake their transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The fair value of the Group's monetary items that have foreign currency exposure at 31 March 2017 and 31 December 2016 are shown below:

	Australian Dollar £ 000	Argentina Peso £ 000	Chile Peso £ 000	US Dollar £ 000	Peru Nuevo Sol £ 000	Canadian Dollar £ 000	Turkish Lira £ 000	Central African Franc £ 000	South African Rand £ 000
2017									
Receivables	2	694	57	-	31	-	41	-	-
Cash & cash equivalents	81	10	89	2,130	1	-	3	54	-
Trade and other payables	(57)	(156)	(185)	(12)	-	(7)	(30)	(392)	(7)
Foreign currency exposure	26	548	39	2,118	32	(7)	14	(338)	(7)
2016									
Receivables	-	661	57	-	30	-	17	-	-
Cash and cash equivalents	33	73	93	3,469	1	-	121	20	-
Trade and other payables	(52)	(132)	(184)	(57)	-	(3)	(6)	(203)	-
Foreign currency exposure	(19)	602	(34)	3,412	31	(3)	132	(183)	-

The above period end amounts are not representative of the exposure to risk during the period, because the levels of monetary foreign currency exposure change significantly throughout the period. The Board monitors exposure to foreign exchange risk and the Group's exposure to material change in its ability to meet its operational commitments in foreign countries is mitigated by maintaining funds in various currencies. The Board's current policy is to not enter into hedging contracts.

Foreign currency sensitivity analysis

The Group is mainly exposed to the Australian Dollar, US Dollar, Argentina Peso, Chilean Peso, Peruvian Nuevo Sol, Turkish Lira and Central African Franc as these are the functional currencies of the operating entities outside of Guernsey.

The following table details the Group's sensitivity to a 10% strengthening in the Pound Sterling against the relevant foreign currencies, with the exception of the Argentinean Peso where a 20% movement has been used due to the recent devaluation of the Peso.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 9 FINANCIAL ASSETS AND LIABILITIES (continued)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates (20% for the Argentinean Peso).

A positive number indicates a gain in the profit or loss where the Pound Sterling strengthens against the respective currency.

		2017	2016
		£ 000	£ 000
Australian Dollar	Profit or loss	(3)	2
US Dollar	Profit or loss	(212)	(340)
Argentina Peso	Profit or loss	(110)	(121)
Chile Peso	Profit or loss	4	3
Peruvian Nuevo Sol	Profit or loss	(3)	(3)
Canadian Dollar	Profit or loss	1	-
Turkish Lira	Profit or loss	(1)	(13)
Central African Franc	Profit or loss	(34)	18
South African Rand	Profit or loss	1	-
		(289)	(454)

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company and the Group. The Company and the Group have adopted a policy of only dealing with creditworthy counterparties and seek to deposit cash with reputable financial institutions with strong credit ratings as a means of mitigating risk of financial loss from defaults.

Other receivables consist of minor amounts receivable from a small number of creditworthy counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements which represent Group's maximum exposure to credit risk, are summarised below:

	Maximum credit risk	
	2017	2016
	£ 000	£ 000
<i>Financial assets</i>		
Other receivables	245	205
Cash and cash equivalents	3,807	5,126
	4,052	5,331

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 9 FINANCIAL ASSETS AND LIABILITIES (continued)

Liquidity risk management

Management of the risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risks by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

NOTE 10 RELATED PARTY TANS ACTIONS

Related party disclosures are shown below:

Balances with Related Parties as at 31 March 2017 and 31 December 2016 are as follows:

Related Party	Relationship	Nature of Transaction	2017 £ 000	2016 £ 000
Mariana Exploration Pty Ltd	Subsidiary	Intercompany loan	(441)	(538)
Mariana Turkey Limited	Subsidiary	Intercompany loan	2,053	1,609
Minera Mariana Argentina S.A.	Subsidiary	Intercompany loan	13,650	14,641
Mariana International Limited	Subsidiary	Intercompany loan	1,495	1,433
Minera AMG Chile Limitada	Subsidiary	Intercompany loan	40	40
Awale Resources Limited	Subsidiary	Intercompany loan	530	187
Minera Mariana Peru SAC	Indirect Subsidiary	Intercompany loan	4,243	4,205

All of the above loans are interest free.

The following transactions were entered into with related parties during the three months ending 31 March 2017:

- Innerleithen Pty Ltd (entity controlled by J Horsburgh) – consulting services provided by John Horsburgh £5k (2016: £nil).
- ER Global SpA (entity controlled by E Roth) executive director fees for E Roth of £0.05m (2016: £0.03) were paid to this company.

Purchases or services from related parties are made at arm's length at normal market rates and normal commercial terms.

There is no ultimate controlling party.

NOTE 11 POST BALANCE SHEET DATE EVENTS

On the 10th April, 2017 the Company announced that 187,500 warrants had been exercised at 30p into ordinary shares with funds received and that the Company issued and allotted 187,500 new ordinary shares

On the 21st April, 2017 the Company announced that 1,977,812 warrants had been exercised at 30p into ordinary shares with funds received and that the Company issued and allotted 1,977,812 new ordinary shares

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 11 POST BALANCE SHEET DATE EVENTS (continued)

On the 26th April, 2017 the Company announced that the board of directors of Sandstorm and the Mariana Independent Directors reached an agreement on the terms of a recommended share and cash acquisition by which the entire issued ordinary share capital of Mariana that Sandstorm does not already own will be acquired by Sandstorm (the "Combination"). It is intended that the Combination will be implemented by way of a court-sanctioned scheme of arrangement under Part VIII of the Companies (Guernsey) Law.

Sandstorm currently holds 8,980,243 Mariana Shares, representing approximately 7.0 per cent. of the issued ordinary share capital of Mariana, and Mariana Warrants over a further 4,490,122 Mariana Shares. If successful, the Combination will result in Mariana Shareholders, together, owning approximately 19.0 per cent. of the ordinary share capital of the enlarged Sandstorm group (the "Combined Group"), calculated by reference to the fully diluted issued share capital of Mariana net of Sandstorm's interests in Mariana Shares and Mariana Warrants.

Under the terms of the Combination, Scheme Shareholders will receive 0.2573 New Sandstorm Shares and 28.75 pence in cash for each Scheme Share held at the Scheme Record Time.

Based on the closing price of US\$4.04 per Sandstorm Share on NYSE MKT and a currency exchange rate of £0.7788 per US\$, on 25 April 2017 (being the last Business Day before the date of this Announcement), the terms of the Combination represent:

- a value of approximately 109.71 pence per Mariana Share;
- a value of approximately £166.85 million for Mariana's fully diluted ordinary share capital;
- a premium of approximately 84.38 per cent. to the closing price of 59.5 pence per Mariana Share on AIM on 25 April 2017 (being the last Business Day before the date of this Announcement); and
- a premium of approximately 88.30 per cent. to the 20-day VWAP per Mariana Share of 62.84 pence on AIM to 25 April 2017 (being the last Business Day before the date of this Announcement), based on the 20-day VWAP per Sandstorm Share of 348.16 pence on NYSE MKT to the same date and utilising daily close composite exchange rates.

On the 27th April, 2017 the Company announced that the following warrants had been exercised as detailed below:

- 1,454,250 Warrants exercised at 30p
- 151,699 Warrants exercised at 25p

The Company issued and allotted 1,605,949 new ordinary shares.

Mariana Resources Limited and its controlled entities

Notes to the Condensed Interim Consolidated Financial Statements for the three-months ended 31 March 2017 (continued)

NOTE 11 POST BALANCE SHEET DATE EVENTS (continued)

On 3rd May 2017, the Company announced that the following options and warrants had been exercised into ordinary shares with funds received.

- 15,000 Options exercised at 20p
- 230,000 Options exercised at 30p
- 50,000 Options exercised at 42.5p
- 107,500 Options exercised at 60p
- 500,000 Warrants exercised at 25p

The Company issued and allotted 902,500 new ordinary shares.

On 16th May 2017, the Company announced that the following options and warrants had been exercised into ordinary shares with funds received.

- 15,000 Options exercised at 54.5p
- 22,500 Options exercised at 60p
- 80,000 Options exercised at 30p
- 25,000 Options exercised at 20p
- 725,335 Warrants exercised at 25p

The Company will issue and allot 867,835 new ordinary shares.

On 18th May 2017 the Company announced that the following options and warrants had been exercised into ordinary shares with funds received.

- 75,000 Options exercised at 54.5p
- 17,500 Options exercised at 60p
- 80,000 Options exercised at 30p
- 120,000 Options exercised at 42.5p
- 290,111 Warrants exercised at 25p

The Company issued and allotted 582,611 new ordinary shares.

On 24th May 2017 the Company announced that the following warrants had been exercised into ordinary shares with funds received.

- 1,342,632 Warrants exercised at 25p

The Company issued and allotted 1,342,632 new ordinary shares

For news releases go to the Company's web site at www.marianaresources.com