

MARIANA RESOURCES LIMITED

Management Discussion and Analysis for the year
ended December 31, 2016

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Mariana Resources Limited, ("Mariana" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2016. The MD&A was written to comply with the requirements of the National instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements for the year end December 31, 2016 and December 31, 2015, together with the notes thereto. Results are reported in British Pound (GBP£), and all amounts have been rounded to the nearest thousand unless otherwise stated.

The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Information contained herein is presented as of April 20, 2017, unless otherwise indicated. Additional information about the Company is available on SEDAR at www.sedar.com and the Company's website www.marianaresources.com.

For the purpose of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Mariana's common shares; ii) there is substantial likelihood that a reasonable investor would consider it important in making an investment decision; or iii) would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including the potential market sensitivity.

Description of Business

Mariana is a public limited company incorporated and domiciled in Guernsey. The Company's registered address is Granite House, La Grande Rue, St. Martin, Guernsey. The Company listed on the Alternative Investment Market of the London Stock Exchange in 2006 and commenced trading on the TSX Venture Stock Exchange (TSXV) on July 25, 2016. The Company shares are traded under the symbol "MARL" on both exchanges.

Mariana is a holding company of a mineral exploration and development group of companies. The Group is involved in identifying and exploring precious metals projects in the Ivory Coast, Argentina, Chile, Suriname, Peru and Turkey as well as advancing the Hot Maden Project on development path with its joint venture partner in north east Turkey.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional financing. It may be uncertain whether the Company can obtain financing to complete its future planned work program. The Company is not in production and may need to raise capital in order to fund its future operations. This need may be adversely impacted by: uncertain market conditions, approval by regulatory bodies and political risk in countries of operations. To address its future financing requirements, the Company will seek at the appropriate time financing through equity financings and asset sales. The outcome of these matters cannot be predicted at this time.

The financial statements have been prepared on the basis that the Company is a going concern and do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

Overall Performance and Corporate Activities

During the year ended December 31, 2016, the Group earned no revenue and reported a loss £4.58 million with basic and diluted loss per share of 4.2 pence. This compares to a loss of £7.77 million with basic and diluted loss per share of 10.8 pence in the prior year.

At December 31, 2016, the group had total assets of £13.56 million (December 31, 2015: £9.38 million) and shareholder capital of £12.69 million. At December 31, 2016 the Group had current liabilities of £0.87 million (December 31, 2015; £0.46 million).

During the year ended December 31, 2016, the group had negative cash flow from operations of £1.83 million and exploration expenditure of £1.22 million. At December 31, 2016 the Group has a cash balance of £5.13 million.

On January 26, 2016, Mariana announced that the Joint Venture Agreement with Lidya Madencilik Sanayi ve Ticaret A.S. ("Lidya") had been signed. This formalised the incorporated relationship with Lidya and a way forward in advancing and developing the high grade gold-copper Hot Maden Project in north eastern Turkey.

In May 2016 the Company issued 33,000,000 ordinary shares via private placement, raising £5.97 million. The Company also raised £1.47 million through the exercise of warrants and options during the year. This provided the funding for exploration and development activities of the Group.

Following the Company's Annual General Meeting on 30th June 2016, the Company consolidated its share capital through the conversion of every 10 shares in the Company into one ordinary share in the Company. As a result, the opening balance of shares issued and movements in shares issued in the prior period, as well as loss per share have been restated to reflect this change, with an impact of reducing the number of shares on issue at the time of consolidation from 1,199,318,272 to 119,931,827.

On July 5, 2016, the Company announced Ron Ho and Mustafa Aksoy had been appointed to the Mariana Board as independent non-executive directors.

Mariana commenced trading on the TSXV on July 25, 2016 to support its North American shareholder base and trades under the ticker Symbol: MARL.

Operational review of exploration and development activities

Mariana's strategy of active exploration over a highly prospective portfolio has reaped rewards for shareholders. Mariana is now an exciting exploration and development company, with a stake in an exceptionally high grade gold-copper asset in Hot Maden, which is on a rapid path to development. Mariana's strategy is rapidly evolving with the development of the significant value contributing Hot Maden project with Directors' committed to further unlocking further value.

2016 has proved to be a turning point in the resource sector, and a company changer for Mariana with momentum continuing to build following the success of the discovery in 2015 at the high grade gold and copper Hot Maden project in north eastern Turkey. The Company's activities are prioritised towards Hot Maden with a focus on advancing the project towards development together with our Turkish joint venture

operating partner Lidya (30% Mariana and 70% Lidya). In July 2016, with continued good drill results, Mariana released the updated Mineral Resource Estimate as detailed further below for just 62 holes. This estimate formed the basis of the Preliminary Economic Assessment (PEA) published post year end in January 2017. The outstanding PEA results below (100% basis) highlight the potential value of a high grade and small footprint operation:

- Post-tax discounted NPV for the base case mining scenario (1.0 Mtpa) of US\$1.37 billion ("B") excluding pre-development exploration costs (8% discount rate);
- Post-tax IRR for the base case mining scenario of 153% excluding acquisition costs; and
- Total Capital Expenditure (Initial US\$169M + Sustaining US\$92M) of US\$261M.

Please note that the preliminary economic assessment is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Hot Maden Joint Venture initiated the technical studies required to complete a Preliminary Feasibility Study (PFS) by end of 2017, and committed to a 20,000m diamond drill program which includes a large portion of exploration drilling over the highly prospective alteration zone.

Building on this success, Mariana's remaining focus is to position the balance of the geographically diverse portfolio as detailed below for growth with active exploration and refinement.

Hot Maden – North Eastern Turkey

On January 26, 2016, Mariana announced that the Joint Venture Agreement with Lidya had been signed. This formalised the incorporated relationship with Lidya and way forward in advancing and developing the high grade gold-copper Hot Maden Project in north eastern Turkey.

A Hot Maden budget of US\$8 million (100% basis) for 2016 was allocated and encompassed 20,000m of exploration, extension and infill drilling and comprehensive technical/development studies.

The significantly high grade gold-copper mineralisation at Hot Maden occurs within a N-NE-trending fault zone (the "Hot Maden Fault Zone") and is sub-vertical in nature. At least two styles of gold-copper mineralisation are evident within the Main Zone: i) the predominant, multiphase quartz-sulphide (pyrite-chalcopyrite) +/- hematite/jasperoid breccia bodies, and ii) semi-massive to massive sulphides (pyrite-chalcopyrite). Host rocks are predominantly andesites and andesitic breccias. Overall, the highest-grade gold mineralisation (typically >15 g/t Au but locally >100 g/t Au) at Hot Maden lies along the eastern margin of the Main Zone. Drilling continues but the current dimensions of the Main Zone are a strike extent of 300 m from north to south, a true width of between 50m and 70m, and a vertical extension from near surface to >300m depth. Stratabound Zn(-Pb) (sphalerite-galena) mineralisation also flanks the Main Zone to the east and locally to the west. In the new Southern Vein Field discovery, host rocks are dominantly dacitic breccias and the gold-copper mineralisation is associated with quartz-sulphide-bearing veins and vein breccias.

Early in the second half of the year, the Company reported an updated NI 43-101 Mineral Resource Estimate for Hot Maden as per the table below. This was prepared by independent mining consultants RungePincockMinarco ("RPM") and was based on the assay results received from drill holes up to, and

including, HTD-62. The update in the Indicated Category represented a 69% increase from the August 2015 report, with the newly discovered Southern Zone delivering a maiden Inferred Resource from just 17 drill holes.

Summary details are as follows (for full details see announcement issued on July 25, 2016):

Hot Maden Mineral Resource Estimate – Main Gold-Copper Zone (2 g/t AuEq Cut-off)

Domain	Indicated Mineral Resource							
	Tonnes	Au	Cu	Zn	AuEq	Au	Cu	AuEq
	T	g/t	%	%	g/t*	Ounces	Tonnes	Ounces**
Main Zone LG	463,000	1.1	1.1	0.3	2.4	17,000	5,000	36,000
Main Zone HG	4,501,000	3.9	1.9	0.2	6.3	570,000	87,000	908,000
Main Zone UHG	2,086,000	32.7	3.5	0.1	36.9	2,195,000	73,000	2,476,000
Mixed Gold-Zinc	17,000	7.5	3.1	3.6	11.2	4,000	1,000	6,000
Peripheral Lodes	60,000	2.1	0.4	0.4	2.5	4,000	-	5,000
Total	7,127,000	12.2	2.3	0.2	15.0	2,790,000	166,000	3,431,000
Domain	Inferred Mineral Resource							
	Tonnes	Au	Cu	Zn	AuEq	Au	Cu	AuEq
	T	g/t	%	%	g/t*	Ounces	Tonnes	Ounces**
Main Zone LG	395,000	1.7	0.9	0.03	2.8	21,000	4,000	35,000
Main Zone HG	31,000	3.9	1.6	0.1	5.8	4,000	-	6,000
Main Zone UHG	6,000	39.1	2.1	0.01	41.6	7,000	-	8,000
Mixed Gold-Zinc	4,000	1.7	0.4	2.4	2.2	-	-	-
Peripheral Lodes	282,000	3.2	0.9	0.1	4.3	29,000	2,000	38,000
Total	718,000	2.7	0.9	0.1	3.8	62,000	7,000	88,000

Hot Maden – Southern Gold-Copper Zone (2 g/t AuEq Cut-off)

Domain	Inferred Mineral Resource							
	Tonnes	Au	Cu	Zn	AuEq	Au	Cu	AuEq
	T	g/t	%	%	g/t*	Ounces	Tonnes	Ounces**
South Zone LG	396,000	2.8	0.7	0.0	3.6	35,000	3,000	46,000
South Zone HG	583,000	5.3	0.7	0.0	6.1	98,000	4,000	114,000
Main Zone UHG	224,000	22.2	1.0	0.0	23.4	160,000	2,000	169,000
Mixed Gold-Zinc	44,000	9.0	1.0	3.2	10.2	13,000	-	15,000
Peripheral Lodes	104,000	1.9	0.3	0.0	2.2	6,000	-	7,000
Total	1,352,000	7.2	0.7	0.1	8.1	313,000	10,000	351,000

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**Au Equivalence (AuEq) calculated using a 100 day moving average of \$US1,215/ounce for Au and \$US2.13/pound for Cu as of May 29, 2016. No adjustment has been made for metallurgical recovery or net smelter return as these remain uncertain at this time. Based on grades and contained metal for Au and Cu, it is assumed that both commodities have reasonable potential to be economically extractable.*

- a. **-The formula used for Au equivalent grade is: $AuEq\ g/t = Au + [(Cu\ \% \times 22.0462 \times 2.13)/(1215/31.1035)]$ and assumes 100 % metallurgical recovery.*
- b. *** -Au equivalent ounces are calculated by multiplying Mineral Resource tonnage by Au equivalent grade and converting for ounces. The formula used for Au equivalent ounces is: $AuEq\ Oz = [Tonnage \times AuEq\ grade\ (g/t)]/31.1035$*

Separately reported in the Mineral Resource Estimate is a maiden zinc (Zn) resource, mostly in the Inferred Category, of 2.8MT @ 4% Zn for 114,000T of in-situ Zn metal. The focus of the JV remains on the high grade gold and copper but as drilling continues the potential economic merit of this zinc mineralization will be monitored and assessed.

Following the updated Mineral Resource Estimate the Hot Maden Joint Venture engaged GR Engineering Services Ltd. (GRES) and AMC Consultants to complete a Preliminary Feasibility Study (PFS) to be completed by the end of 2017 and which will form the basis of mine permitting. In the interim, Mariana engaged RPM to complete a PEA for Hot Maden. This has been completed with significant results as announced post year end on January 17, 2017 and mentioned above.

For 2017, the Hot Maden project has a committed US\$10million (100% basis) budget which includes a further 20,000m drilling as well as the technical studies required to complete the PFS. Drilling includes a combination of exploration, sterilisation and geotechnical drilling for site and mine development in addition to further infill and extension drilling. This will maintain Hot Maden on its current rapid development path.

The Company's 30% interest in the Hot Maden project in Turkey is held through its investment in Artmin Madencilik Sanayi ve Tikaret A.S (Artmin Madencilik). The Group maintains its interest in the associate through funding its share of the agreed budget of Artmin Madencilik as required. The budget for 2017 consists of expenditure on exploration of approximately US\$9.1 million.

The following table illustrates the summarised financial information of the Group's investment in Artmin Madencilik at December 31, 2016.

	2016	2015
	£ 000	£ 000
Current assets	163	936
Non-current assets	5,899	2,644
Current liabilities	(298)	(604)
Non-current liabilities	-	-
Net assets	5,764	2,976
Group's carrying amount	1,729	893

Ergama- Western Turkey

At the 100%-owned Ergama gold-copper project in Balikesir province, western Turkey, a first pass drill program commenced on November 29, 2016 with results for the first two holes (ERD-01 and ERD-02) being reported post year end in February 2017. Both ERD-01 and ERD-02 have intersected strong quartz-sulfide stockworking and porphyry style mineralisation with low - but encouraging - grades of gold and some copper at depth, despite having been collared in the distal phyllic alteration zone and on the northern margin of a 1km² geophysical (IP chargeability) anomaly.

Drill hole ERD-02 returned a downhole average of 626.4m @ 0.18 g/t Au and terminated in the highest-grade interval to date (56.4m @ 0.33 g/t Au + 0.12% Cu from 570m downhole). Permitting to assess the potential of the central potassic alteration zone, which is interpreted to lie to the south of current drilling and is expected to contain higher grade gold-copper mineralisation, is in progress with follow up drilling hopefully later this year.

Côte d'Ivoire

On October 5, 2016 Mariana announced the acquisition of an immediate presence and established footprint in Côte d'Ivoire with the 80% effective purchase of Awale Resources SARL. Awalé delivers for Mariana a large, early stage prospective gold exploration portfolio. Mariana paid £0.43 million as consideration for the Awalé acquisition by issuing to the Awalé Shareholders 723,511 ordinary shares in Mariana and assuming assets of £0.79 million and liabilities of £0.26 million of the Company.

Awalé's current focus is on the eastern border of the country at Bondoukou with 3 granted licences and 4 licences under application. The Bondoukou concessions lie along the southwestern extension of the Birimian-age Bole-Nangodi greenstone belt in adjacent Ghana, which is host to a number of orogenic-type gold deposits. It is intended that Mariana and the Awalé team will advance these assets. To date work performed on these properties has included regional mapping, stream sediment sampling, and soil geochemistry. A 10,000m Auger soil geochemistry program is currently underway at the priority Elizabeth-Fako-Bahile target, and an airborne geophysical (magnetic and radiometric) survey, designed to assist with the definition of further target areas at Bondoukou, is expected to be completed during Q1 2017.

Argentina

Activity by resource companies has been heightened in Argentina as the investment climate continues to improve. Mariana has maintained the strategy of maintaining a low cost exploration profile on its Santa Cruz portfolio and is in the process of repositioning this high grade gold and silver mineralisation province.

The focus remains on high grade gold and silver target generation looking to enhance the exploration potential of the district. Mariana believes in the regional consolidation potential to enhance the economic viability of the number of discoveries in the district.

In terms of value for Mariana and its portfolio, the Las Calandrias (100%) gold silver project in Santa Cruz province remains the most advanced property, after Hot Maden, with the previously reported initial resource of:

Resource Category	Tonnes	Grams per tonne ("g/t")		Gold equivalent (ounces)*
		Gold ("Au")	Silver ("Ag")	
Indicated	11,840,000	1.00	17.4	491,000
Inferred	870,000	0.93	5.17	28,000

* Gold equivalent ("AuEq") value is calculated by dividing the silver assay result by 60 and adding to the gold assay result. The AuEq calculation assumes 100% metallurgical recovery for both the gold and silver

Chile

During the year the Company continued exploration activities at its Dona Ines Gold Silver and Exploradora Copper Gold projects, in Northern Chile. Scout drilling was completed in the first half of 2016 with £0.24 million having been spent during the period. However, due to disappointing assay results the Company decided to drop these licenses. A total of £0.27 million was written off in relation to these two projects during the period ended December 31, 2016.

Mariana still believes Chile to be a prospective destination and remains committed to the region. However it has adopted a low cost positioning for now as it assesses future opportunities in the region.

Peru

During the year the Company continued to maintain various licenses in Peru. A provision of £0.05 million was recorded against capitalised deferred exploration costs due to the uncertainty over the level of exploration activities to be undertaken on these properties.

Suriname

During the year, the Company continued to undertake exploration activities at its Nassau Gold project located in Suriname and spending £0.21 million during the year (2015 £0.82 million). In April 2016 the Company made the decision to withdraw from this project after evaluating results received from exploration activities undertaken to date, the significant financial commitment required as part of the earn-in agreement and the prioritisation of other exploration opportunities. Whilst the Company continues to believe that Suriname is an attractive destination the results to date from the Nassau project had not been as the Company had hoped. As such, taking into account the geological results obtained versus expenditure requirements, the decision to withdraw was made. As a result of this decision a total of £1.42 million was written off as an expense in the twelve months ended December 31, 2016.

Mariana retains a 10.2% interest in the Nassau project. Mariana will pursue other opportunities in this underexplored but highly prospective region.

Exploration projects

At December 31, 2016 and December 31, 2015, the Group's deferred exploration cost is comprised of the following projects:

	Year ended December 31, 2016 £ 000s	Year ended December 31, 2015 £ 000s
Argentina – Las Calandrias	3,275	3,084
Argentina- Los Cisnes	374	382
Argentina- Sierra Blanca	707	724
Argentina – Bozal	121	119
Turkey – Ergama	65	-
Ivory Coast- Bondoukou	970	-
Other	6	20
Suriname – Nassau Gold	-	1,315
Chile – Dona Ines	-	14
Chile – Exploradora	-	20
Chile- Jiguata	-	84
Peru- miscellaneous	-	49
TOTAL	5,518	5,811

Selected Annual Financial Information

The following is selected financial information derived from the audited financial statements of the Group as at December 31, 2016, December 31, 2015 and December 31, 2014.

Statement of Financial Position	Year ended December 31, 2016 £ 000s	Year ended December 31, 2015 £ 000s	Year ended December 31, 2014 £ 000s
Total non-current assets	8,089	7,692	8,242
Total current assets	5,468	1,688	941
TOTAL ASSETS	13,557	9,380	9,183
Total liabilities	870	457	1,401
Total Shareholders' equity	12,687	8,923	7,782
TOTAL LIABILITIES AND EQUITY	13,557	9,380	9,183

Total assets at December 31, 2016 were approximately £4.18 million higher than at December 31, 2015. This is primarily due to the increased cash levels from the private placement undertaken in May 2016 and the receipt of funds throughout the year due to the exercise of options and warrants. Assets consist of deferred exploration costs for projects located in Argentina, Turkey and the newly acquired Awalé Resources located in Ivory Coast, as well as the investment of 30% in Artmin Madencilik which owns the Hot Maden project located in Turkey.

Liabilities have increased due to the overall increase in activity across the Company's portfolio when compared to that of the prior year and the acquisition of Awale.

Statement of Profit and Loss	Year ended December 31, 2016 £ 000s	Year ended December 31, 2015 £ 000s	Year ended December 31, 2014 £ 000s
Total other income	12	6	54
Total loss	(4,577)	(7,771)	(6,793)
Loss per share	4.2 UK pence	10.8 UK pence	16 UK pence

The net loss for the year ended December 31, 2016 consists mainly of the following:

- write off of exploration costs related to the Nassau gold project located in Suriname of £1.42million;
- employee and directors expenses of £1.47 million which includes £0.68 million of share based payments;
- professional expenses of £0.5 million comprising legal, accounting, broker, listing and registry fees;
- the Company's share of loss in its associate of £0.24 million and a loss recognised on its equity investment of £0.11 million; and
- other costs also included marketing expenses of £0.14 million, travel expenditure £0.16 million and administrative expenses of £0.11 million.

The net loss for the year ended December 31, 2015 consists mainly of the following:

- exploration expenditure written off relating to the Company's Soledad and Rurimarac projects located in Peru of £0.88 million and historic project costs written off in Turkey of £0.37million following the loss of control AMG Turkey Limited;
- foreign exchange loss of £5.02 million mainly attributable to the USD denominated intercompany loan with the Company's subsidiary in Argentina and the continued significant devaluation of the Argentinean peso against the USD during the period;
- employee and directors expense of £1.02 million including £0.28 million of share based payments;
- professional expenses comprising legal, accounting, broker, listing and registry fees of £0.49 million; and
- other costs also included marketing expenses of £0.1 million, travel expenditure £0.15 million and administrative expenses on £0.13 million.

The net loss for the year ended December 31, 2014 consists mainly of the following:

- exploration costs written off mainly comprised of £2.57 million relating to the Company's Condor de Oro project in northern Peru;
- foreign exchange losses of £2.44 million are mainly attributable to the USD denominated intercompany loan with the Company's subsidiary in Argentina and the impact of the significant devaluation of the Argentinean peso against the USD during the period;
- employee and director expenses of £0.58 million which include £0.22 million of share based payments;
- professional expenses of £0.45 million comprising legal, accounting, broker, listing and registry fees; and
- other costs also included marketing expenses of £0.09 million, travel expenditure £0.11 million and administrative expenses of £0.07 million.

As the Company has no significant revenue, its ability to fund its operations is dependent upon its securing financing through the sale of equity or assets. See "Risk factors" below.

Selected Quarterly Information

Three months ended	Total Assets £ 000s	Profit or loss		Notes
		Total £ 000s	Loss Per Share pence	
December 31, 2016	13,557	(1,522)	(1.24)	1
September 30, 2016	13,126	(418)	(0.35)	2
June 30, 2016	13,512	(1,222)	(1.16)	3
March 31, 2016	8,517	(1,415)	(1.65)	4
December 31, 2015	9,380	(4,620)	(5.38)	5
September 30, 2015	10,319	(233)	(0.31)	6
June 30, 2015	9,940	(2,580)	(3.38)	7
March 31, 2016	11,874	(338)	(0.44)	8

NOTES

1. Movement in this quarter is due predominantly to continued weakening of the Argentinean peso against the USD and the subsequent FX impact on the revaluation of USD denominated loans recorded in the Argentinean subsidiary. The Company also recognised its share of net losses and a decrease in its investment in Artmin Madencilik. Professional expenses also increased this quarter due to the acquisition of Awalé Resources and the review of the executive share bonus plan. The Company also provided against its investment in Nassau Gold Limited and goodwill allocated to Chile. The Company issued 3,515,777 shares as a result of the exercise of warrants during this quarter impacting on the loss per share.
2. The Company wrote off costs in relation to its Chilean project during this quarter. This was offset by a gain on its USD bank account as a result of the strengthening of the USD against the GBP.
3. Contributing to the loss this quarter was the write off of project costs in relation to its Nassau Gold project located in Suriname when the Company withdrew from the project, as well as the recognition of the share based payment cost for the issue of options. The Company also issued 34,121,011 shares as a result of the private placement and exercise of warrants during this quarter.
4. The loss this quarter was predominantly due to the continued weakening of the Argentinean peso against the USD during this quarter resulting in a FX loss on USD denominated loans recorded. The Company also issued 603,101 shares as a result of options and warrants being exercised.
5. The loss recognised this quarter was due to the significant devaluation of the Argentinean Peso during the quarter (28%) to the USD. The Company also wrote off project costs in Turkey and recognised an expense relating to general project exploration activities. The Company undertook a private placement during this quarter and issued 8,825,000 shares.
6. The loss this quarter was due to normal levels of operations being carried out by the Company.
7. The loss this quarter was due mainly to the continued weakening of the Argentinean peso against the USD and the write off of project costs in Peru due to the withdrawal from the Soledad and Rurimarac projects.
8. The loss this quarter was due to normal levels of operational activity being carried out by the Company.

Results of operations

Year ended December 31, 2016 compared with year ended December 31, 2015

Statement of Profit and Loss	Year ended December 31, 2016 £ 000s	Year ended December 31, 2015 £ 000s	Movement Increase/(decrease)
Total revenue	12	6	6
Total loss	(4,577)	(7,771)	(3,194)
Loss per share	4.2 UK pence	10.8 UK pence	(6.4) UK pence

The decrease in loss of £3.19 million is due to the following:

- Decrease in foreign exchange loss of £5.67 million. FX movements are due to loans with the Argentinean subsidiary being denominated in USD. The Argentinean peso did not weaken against the USD at the same rate as experienced in 2015, and as a result the loss incurred on this loan in 2016 was not as significant when compared to the prior period. The strengthening of the USD against the GBP during the 2016 year when compared to the movement in the 2015 year resulted in foreign exchange gains being recorded in the Company offsetting some of the FX losses recorded on loans recorded in the subsidiaries;
- Increase in employee and directors expense due mainly to an increase in share based payment expense of £0.04 million and an increase in employee numbers from the prior period resulting in increased salary costs. Directors' fees also increased during the year due to the addition of two non-executive directors in July 2016; and
- Increase of £0.06 million of exploration costs written off during the year. Exploration costs written off during the year were related to the Nassau Gold project located in Suriname, the Dona Ines and Exploradora projects located in Chile, as well as general project expenditure incurred in Argentina and Suriname as the Company continued to look at opportunities to expand its exploration portfolio.

Year ended December 31, 2015 compared with year ended December 31, 2014

Statement of Profit and Loss	Year ended December 31, 2015 £ 000s	Year ended December 31, 2014 £ 000s	Movement Increase/(decrease)
Total other income	6	54	(48)
Total loss	(7,771)	(6,793)	978
Loss per share	10.8 UK pence	16 UK pence	(5.2) UK pence

The increase in loss of £0.98 million is due to the following:

- Increase in employee and directors expense of £0.43 million due to the employment of Eric Roth and additional director fees incurred following the acquisition of Aegean Metals Group (Aegean) in January 2015. An increase in salaries was also recorded as an allocation of salaries to the P&L rather than capitalised on the balance sheet to deferred exploration costs following the withdrawal from key projects in Peru;
- An increase in foreign exchange losses of £2.58 million when compared to the prior year due to the revaluation of USD denominated loans with the Company's subsidiary in Argentina following the significant devaluation of the Argentinean Peso to the USD during the period of approximately 40%;

- An increase of £0.16 million in professional, marketing, travel and administrative expenses was incurred due to the acquisition of Aegean and a general increase in operating costs due to the expanded corporate structure and exploration portfolio when compared to the prior year;
- This increase in loss was offset by the recognition of a gain on loss of control of £0.93 million of the Company's subsidiary AMG Turkey Limited. The Company retained a 30% interest in the newly named company Artmin Madencilik Sanayive Ticaret A.S;
- The increase in loss was also offset by the decrease in finance costs of £0.1 million related to the convertible note facility taken out by the Company in 2014; and
- The write offs and impairment of projects also decreased by £1.19 million from the prior year, with major project Condor de Oro, located in Peru, being written off in the prior year. In the 2015 year major project costs of £0.88 million were written off in relation to the Soledad and Rurimarac projects located in Peru.

Liquidity

The Company's cash position at December 31, 2016 is £5.13 million compared to £1.52 million at December 31, 2015. During the year ended 31 December 2016, the Group had a net loss of £4.57 million (December 31, 2015 £7.77 million), negative cash flow from operations of £1.83 million (December 31, 2015: £1.7 million) and payments for exploration expenditure of £1.22 million (December 31, 2015: £1.82 million).

During the year, the Company raised £7.43 million through a private placement in May 2016 and the exercise of options and warrants throughout the period.

Subsequent to December 31, 2016 £0.54 million was received as a result of the exercise of warrants and options.

Capital Resources

The Company does not have operations that generate cash flow and its long term viability is dependent on management's ability to discover and develop economically viable mineral deposits. This process can take many years and is impacted by a number of factors that are beyond the Company's control. In order to finance ongoing exploration activities and administrative overheads the Company will continue to seek financing.

It is uncertain whether the Company can obtain financing to complete its future planned work program. The ability to raise capital may be adversely impacted by: uncertain market conditions, approval by regulatory bodies and political risk in countries of operations. To address its future financing requirements, the Company will seek at the appropriate time financing through equity financings to existing shareholders and asset sales. The outcome of these matters cannot be predicted at this time.

The Company expects to receive additional capital through the exercise of outstanding options and warrants; however this cash stream cannot be predicted with certainty due to several variables including, but not limited to, the share price and exercise price of outstanding options and warrants.

Share Capital

As at the date of the MD&A, the Company had 126,422,018 issued shares totaling £126,422. The Company had share options with exercise prices between 20 pence and 120 pence and expiry dates between July 31, 2017 and June 1, 2019. The Company had warrants with exercise prices between 30 pence and 25 pence and expiry dates between April 24, 2017 and May 6, 2018.

Off Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are currently no other proposed transactions of a material nature other than those outlined and discussed in the 'Corporate Activity' section above.

Financial Instruments

The Company is exposed to a variety of financial instrument related risks which are discussed further below.

- Credit risk

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 has adopted a policy of only dealing with creditworthy counterparties and seeks 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 Company 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.

- Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligation as they come due. 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.

- Market risk

Market risk is the risk that changes in market prices, currency rates and interest rates, will affect the Company'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 Company is exposed to interest rate risk as a consequence of its cash and deposits balances which attracts average variable interest rates. All other financial assets and liabilities are non-interest bearing. Management believes interest rate risk to be minimal as the Company does not have substantial cash deposits that attract interest.

- Foreign currency risk

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

Mariana Resources Limited
Management's Discussion & Analysis
Year ended December 31, 2016

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. 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).

Intercompany loans have been excluded from the sensitivity analysis as they form part of the net investment in the subsidiary. A positive number indicates a gain in the profit or loss or other equity where the Pound Sterling strengthened against the respective currency.

		2016	2015
		£ 000	£ 000
Australian Dollar	Profit or loss	(2)	(2)
US Dollar	Profit or loss	(340)	(8)
Argentina Peso	Profit or loss	(121)	(128)
Chile Peso	Profit or loss	3	(18)
Peruvian Nuevo Sol	Profit or loss	(3)	(1)
Canadian Dollar	Profit or loss	-	-
Turkish Lira	Profit or loss	(13)	(37)
Central African Franc	Profit or loss	18	-
Equity total		(454)	(194)

The carrying value of the Group's monetary items that have foreign currency exposure as translated into Pound Sterling at December 31 are shown below:

	Australian Dollar	Argentina Peso	Chile Peso	US Dollar	Peru Nuevo Sol	Canadian Dollar	Turkish Lira	Central Africa Franc
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
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)	3,409	31	(3)	132	(183)
2015								
Receivables	-	749	35	-	17	-	330	-
Cash and cash equivalents	31	9	167	234	-	-	42	-
Trade and other payables	(15)	(110)	(18)	(150)	(7)	(25)	(1)	-
Foreign currency exposure	16	648	184	84	10	(25)	371	-

The above year end amounts are not representative of the exposure to risk during the year, because the levels of monetary foreign currency exposure change significantly throughout the year. 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.

Commitments

Current committed lease commitments are in respect of office leases in Argentina and Australia and office equipment in Australia.

There have been no provisions recognized for contingencies.

Conflict of Interests

Certain directors of the Company also serve as officers of other natural resources exploration and development companies, thereby providing the possibility that a conflict may arise. Any corporate decisions made by such directors are made in accordance with their duty and obligation to deal fairly and in good faith with the Company and other such companies.

Related Parties

a) The following transactions were entered into with related parties:

	Year ended December 31, 2016 £ 000	Year ended December 31, 2015 £ 000
Scopemedia - website support and maintenance	-	2
R Horsburgh - services related to publicity and investor relations	12	13
ER Global SpA - E Roth executive director fees paid to this company controlled by E Roth	141	152
Innerleithen Pty Limited - consulting services provided by J Horsburgh	14	23

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

b) Remuneration and benefits of key management personnel and directors of the Company is summarised below:

	Year ended December 31, 2016			Year ended December 31, 2015		
	Salaries & benefits £ 000	Share based payments £ 000	Total 2016 £ 000	Salaries & benefits £ 000	Share based payments £ 000	Total 2015 £ 000
<i>Non- Executive Directors</i>						
J. Horsburgh	57	51	108	59	42	101
J. Goodwin	30	51	81	21	11	32
R. Ho	14	7	21	-	-	-
M. Aksoy	14	7	21	-	-	-
<i>Executive Directors & Officers</i>						
G. Parsons - CEO	194	145	339	170	59	229
E. Roth - COO	141	145	286	185	36	221
S. Cooper- CFO	109	58	167	96	18	114
Total	559	464	1,023	531	166	697

Officers and directors of the company were also reimbursed for out-of-pocket expenses that occurred in the normal course of operations.

On February 1, 2017, the Company announced that, in recognition of the considerable efforts made by executives in managing and steering the Company, the independent directors of the Company have approved a bonus and option award to Glen Parsons and Eric Roth.

The award has been structured to recognise the efforts and achievements to date of Mr. Parsons and Mr. Roth while allowing for deferred accrual with effective vesting provisions to ensure the long term alignment of interests with shareholders to further drive set milestone value into the Company.

The details of the award have been duly formalised and are set out below (on the basis of 55/45% issued to each of Messrs Parsons and Roth, respectively):

Share bonus award

- An effective share bonus award in 3 tranches of 300,000 ordinary shares per tranche to be issued on September 1, 2017, April 2, 2018 and November 1, 2018, subject to the condition that such executive remains under the employ of the Company on August 31, 2017, March 31, 2018 and October 31, 2018 respectively for the first, second and third tranche. The issue of these shares will be at the closing price prevailing on the date the condition for the relevant tranche is met and is subject to TSXV acceptance.

Option Award

- 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 approximately £143.5 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 approximately £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 approximately £184.5 million.

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).

a) Major shareholders

At December 31, 2016, in addition to holdings of directors the following held more than 3% or notable interest in the issued shares of the Company.

Shareholder	No. Held	% of share capital
Sandstorm Gold Limited	8,980,244	7.24%
Exploration Capital Partners 2014 Partnership (Sprott Group)	6,856,101	5.53%
AngloGold Ashanti Holdings	4,898,296	3.95%
Resource Capital Funds VI LP	5,315,000	4.28%
Australian Investors Pty Ltd	3,532,294	2.85%

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement or 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 circumstances under which it is made, as of the date and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented.

In contrast the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI-52-109"), this Venture issuer Basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports files or submitted under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and
- ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of the certifying offices of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative in nature.

The business of exploration for minerals and mining involves a high degree of risk. A relatively small proportion of properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on any of the mineral properties in which the Company holds interest or intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company has limited experience in the development and operation of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing gold and other mineral

properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its mineral properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, or mining operations, at its projects.

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. The prices of mineral products have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

The mining industry is intensely competitive. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees, contractors and consultants.

The Company's operations are subject to environmental regulations promulgated by local, provincial and federal government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. Further, the Company's properties are in the exploration stage and are not commercially viable at this time. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

New Accounting Standards Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. The Group will perform a detailed assessment in the future to determine the extent of impact.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

These amendments do not have any impact on the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after January 1, 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Group.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

Caution Regarding Forward-looking Statements

The MD&A contains forward-looking information within Canadian securities laws (collectively "forward looking statements") concerning the anticipated developments in the Company's operations in future periods, its planned exploration activities, the adequacy of its financial resources and other events or conditions that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralisation that will be encountered if the property is developed. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward looking information	Assumptions	Risk factors
The Company's anticipated plans , costs, timing and capital for future development of the Company's mineral exploration properties.	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development	Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be

Forward looking information	Assumptions	Risk factors
	costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
The Company's ability to carry out anticipated exploration on its mineral exploration properties.	The operating and exploration activities of the Company for the twelve months ending December 31, 2017, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of precious and base metals will be favourable to the Company no title disputes exist with respect to the Company's properties.	Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
Management's outlook regarding future trends.	Financing will be available for the Company's exploration and operating activities; the price of precious and base metals will be favourable to the Company.	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Prices and price volatility for precious and base metals.	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable.	Changes in debt and equity markets and the spot price of precious and base metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward looking statements are risks, uncertainties and other factors beyond the control of the Company's ability to predict or control. Please make reference to those risk factors referenced in the "Risk factors" section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and development are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements outlined in this MD&A.

Forward-looking statements include known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by the cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise review any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward looking statements, unless required by law.

Additional information

Below is a breakdown of expenses incurred by the Company for the years ended December 31, 2016 and December 31, 2015:

	2016 £ 000	2015 £000
Other income	12	6
Employee and directors benefits expense	(1,472)	(1,020)
Professional services expense	(497)	(490)
Marketing expense	(141)	(101)
Administrative and other expense	(108)	(130)
Travel expense	(161)	(157)
Occupancy expense	(38)	(44)
Impairment /write off of deferred exploration costs	(2,251)	(1,611)
Depreciation expense	(25)	(48)
Exchange (loss)/gain	649	(5,023)
Gain/(loss) on associate	(147)	13
Share of associate's profit/(loss)	(239)	1
Impairment of goodwill	(44)	-
Provision against financial instrument	(115)	5
Gain on loss of control of subsidiary	-	928
Finance costs	-	(85)
Warrant cost	-	(15)
Loss	(4,577)	(7,771)