mariana resources ltd.

ANNUAL REPORT

AND

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

MARIANA RESOURCES LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

CHAIRMAN'S REVIEW

I am pleased to present another year of outstanding achievement for the Company. It has been one of outstanding drill results from the Hot Maden Gold-Copper discovery in Turkey, along with meeting several key milestones as the project advanced. This culminated in the release, just after the year-end, of a very positive Preliminary Economic Assessment (PEA) for Hot Maden, only 2 years from discovery. The run of exceptional drill intersections caught the attention of the mining world, and indeed the market, as confidence in this high grade resource and recognition of the potential upside grew. 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

Hot Maden Project: World Class Gold-Copper Discovery - Pre-Feasibility Study ("PFS") in Progress

The year commenced with formalisation of the joint venture between Mariana (30%) and operators Lidya Madencilik Sanayi ve Ticaret A.S. ("Lidya"), a private Turkish mining group (70%). From then on, the pace increased with step out, infill and new target drilling, plus a range of high level studies connected with resource upgrade, the PEA and a Pre-Feasibility Study (PFS).

In summary, the 2016 drilling results at the Main Zone more than surpassed expectations. Of the 19,500m completed, standout drill holes included HTD-85 with 61 m @ 82 g/t Au + 1.4% Cu from 209m and HTD-62 with 95m @ 32 g/t Au + 3.3% Cu from 36.5m. As the year progressed, the extent and style of the Main Zone was becoming apparent with its extensive breccia-hosted gold, chalcopyrite and pyrite mineralisation and a continuous ultra high grade gold zone on the eastern flanks.

The discovery of gold-copper mineralisation in the Southern Vein Field to the south of Main Zone not only led to an additional resource but highlighted the scope for further mineral deposits along the trend as exploration and drilling progress.

In July 2016, an updated Mineral Resource Estimate was prepared for Hot Maden by independent mining consultants RungePincockMinarco Limited (RPM) and included 2.7 Million Oz Gold and 166,000 T Copper (3.43 Million Oz Gold Equivalent*) classified as Indicated category. For comparison, RPM's maiden Mineral Resource Estimate reported in 2015 included just 2.03 Million Oz Gold Equivalent in the Indicated category.

It was no surprise that with such a robust high grade resource, the recent PEA by RPM delivered some very positive numbers for the project. Base case parameters included a 1.0Mtpa underground mining operation producing 2.6 Million ounces of gold and 142,000 tonnes of copper (ROM) over a 9-year project life. The PEA adopted average recoveries of 88% for gold and 90% for copper, based on metallurgical testing. Production of a standard copper-gold and a gold-bearing pyrite concentrate was envisaged in the study. On a 100% basis, the post-tax NPV of US$1.37 billion (8% discount), and a post-tax IRR for the base case of 153% with a total Capex of US$261M sets Hot Maden apart from other emerging mining projects.

The situation in Turkey has been topical certainly from a market viewpoint, but operations on the ground at Hot Maden, and indeed the growing gold and base metal mining sector in the country, have not been affected. We are very fortunate in having a quality Turkish partner such as Lidya alongside us at Hot Maden.

For 2017, we can look forward to more news flow with 20,000m of infill and considerable exploration drilling together with resource upgrades and further development-related studies, leading to the forthcoming PFS. Meanwhile, all important Community Relations Programs managed by Lidya are ongoing.

This brings me to the working relationship between Mariana and operators Lidya which has further developed and strengthened over the year. The quality and professionalism in all aspects of development, technical, financial and especially community relations of the Lidya team are acknowledged.

Exploration Portfolio

In tandem with the rapid progress and consequent news flow at Hot Maden, Mariana's exploration project pipeline has remained active. The highlight was the acquisition of an 80% interest in a highly prospective greenstone belt in Cote d'Ivoire which is an extension of the World Class Birimian Greenstone Belt of West Africa. The Bondoukou Gold Project is targeting high grade orogenic-type gold deposits with initial exploration underway, prior to drill testing later in the year.

At the time of writing, scout drilling is in progress at the Ergama Copper-Gold Project in Western Turkey to test porphyry style copper-gold potential and peripheral vein type gold-silver mineralisation. The first two holes were collared on the northern margin of the Main Porphyry Target and successfully intersected long intervals of gold-bearing, porphyry-style quartz stockwork mineralisation.

In Argentina, the continuing resurgence in company exploration activity is reassuring, in terms of re-assessing Mariana's wholly owned portfolio of advanced gold and silver projects. A review of the Las Calandrias District and Los Cisnes projects was warranted and has identified several priority high grade gold-silver drill targets with follow up under consideration.

Finance

In order to fund its share of a rapidly progressing project at Hot Maden, a £6 million private placement of 330,000,000 ordinary Mariana shares at 1.82p with an attaching one for two warrant was completed in April 2016 with Sandstorm Gold Limited TSX:SSL ("Sandstorm") becoming a significant shareholder, holding 7.6% of the Company.

The capital raising paved the way for a dual listing on the TSXV, following a 1 for 10 share consolidation. Trading commenced in July under the symbol MRA (subsequently changed to MARL in November) with the Company continuing to trade on AIM under the symbol MARL. The dual listing has given Mariana an increased market visibility and access to a wider capital pool.

Management and Board

Once again, congratulations to CEO Glen Parsons and his executive team of Eric Roth (COO) and Sharon Cooper (CFO) on another year of splendid achievements. They continue to do a great job in managing the transition to developer/explorer as well as securing the necessary funding during the year. The supporting work from the regional teams and management is also recognized. In addition, John Goodwin's contribution as an Independent Non-Executive Director, particularly heading up the remuneration and audit committees is very much appreciated.

The Board was further strengthened with two key Non-Executive Directors appointments: Mustafa Aksoy and Ron Ho, from Lidya and Sandstorm respectively. Mustafa has 20 years' experience in finance and business development and is the Managing Director of Lidya Mining, one of the best performing development teams in Turkey and credited with multiple discoveries. He holds an MBA from Antwerp University in Belgium. Ron is Vice-President Finance at Sandstorm and is involved in mine financing and corporate development. He is a Chartered Accountant, a Chartered Financial Analyst and has Bachelor of Commerce from the University of British Columbia. My co-Board members join me in welcoming Mustafa and Ron.

In closing, I would like to thank shareholders for their continued support.

"John Horsburgh"
John Horsburgh
Non Executive Chairman

**Gold Equivalence for the July 2016 Mineral Resource Estimate was 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 % x 22.0462 x 2.13)/(1215/31.1035)] and assumes 100 % metallurgical recovery.*
b. *Au equivalent ounces are calculated by mulitplying Mineral Resource tonnage by Au equivalent grade and converting for ounces. The formula used for Au equivalent ounces is: AuEq Oz = [Tonnage x AuEq grade (g/t)]/31.1035*

MARIANA RESOURCES LIMITED
DIRECTORS' REPORT

The Directors of Mariana Resources Limited present their report for the year ended 31 December 2016.

BUSINESS REVIEW

The results for the Group are set out in the consolidated financial statements accompanying this report. The directors do not recommend the payment of a dividend.

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 an exceptional 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 this significant value contributing Hot Maden project with Directors committed to further unlocking value.

2016 has proved to be a turning point in the Mining/Resources 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 asset advancing the project to development with our joint venture Turkish operating partner Lidya Madencilik Sanayi ve Tiecaret A.S. ("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 with just 62 holes. This estimate formed the basis of the Preliminary Economic Assessment (PEA) which was 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 + SustainingUS$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 Pre-Feasibility Study (PFS) by the end of 2017, and committed to the drilling of a further 20,000m 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.

The Company raised US$8.5M in May 2016 which eliminated a large degree of project funding risk and has provided the ability to fund its share of joint venture costs. The equity raising saw continued institutional support for Mariana and gave the ability to conclude a 10:1 share consolidation in preparation for a TSXV listing. The increased North America support led the company to support its shareholders and in July Mariana was successfully listed on the TSXV exchange and now trades on AIM and TSXV under the ticker MARL.

Highlights and developments of the Company in 2016 are outlined below:

Turkey
Hot Maden – North Eastern Turkey

On 26th January 2016 Mariana announced that its Agreement with Lidya had been signed. This formalised the incorporated relationship with Lidya and provided the 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 dollars for 2016 was allocated (100% basis) 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 dominantly 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 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 25 July 2016):

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

Domain	Tonnes T	Au g/t	Cu %	Zn %	AuEq g/t*	Au Ounces	Cu Tonnes	AuEq Ounces**
	Indicated Mineral Resource							
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**
	Inferred Mineral Resource							
Domain	**Tonnes T**	**Au g/t**	**Cu %**	**Zn %**	**AuEq g/t***	**Au Ounces**	**Cu Tonnes**	**AuEq 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	Tonnes T	Au g/t	Cu %	Zn %	AuEq g/t*	Au Ounces	Cu Tonnes	AuEq Ounces**
	Inferred Mineral Resource							
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**

**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.*

c. **-The formula used for Au equivalent grade is: AuEq g/t = Au + [(Cu % x 22.0462 x 2.13)/(1215/31.1035)] and assumes 100 % metallurgical recovery.*
d. ***-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 x 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 is certainly on the high grade gold copper but, as drilling continues, the potential for zinc mineralisation to contribute to the project economics at some stage 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 PFS by the end of 2017, which will form the basis of permitting for ultimate development. In the interim, Mariana engaged RPM to complete a Preliminary

Economic Assessment ("PEA") for Hot Maden which has been completed with significant results as announced post year end on 17 January 2017.

For 2017, the Hot Maden project has a committed US$10M (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.

Ergama- Western Turkey

At the 100%-owned Ergama gold-copper project in Balikesir province, western Turkey, a first pass drill program commenced on 29 November 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 $1km^2$ 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 5 October 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 as consideration for the Awalé acquisition by issuing to the Awalé Shareholders an aggregate £427,357 in Mariana ordinary (being 723,511 ordinary shares). Mariana also agreed to loan approximately £43,754 to settle certain loan obligations of Awalé. Further, Mariana has agreed to settle certain outstanding obligations of Awalé to a maximum value of £ 69,882.

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.

Chile and Peru

Scout drilling on the Doña Ines Gold Silver and Exploradora East Copper Gold projects in Northern Chile was completed in the first half of 2016. However, due to immaterial and disappointing assay results the Company decided to abandon these licenses. Mariana still believes Chile and Peru to be prospective destinations and remains committed to the regions but has adopted a low cost positioning for now as it assesses future opportunities in the region.

Suriname

During the 2nd quarter of 2016 the Company decided to withdraw from the Nassau Gold Project in Suriname. Whilst the Company continues to believe that Suriname is an attractive destination the results to date from the Nassau project were not as the Company had hoped. As such, and taking into account the geological results obtained versus future expenditure requirements, the decision to withdraw was made. Mariana retains a 10.2% interest in the Nassau project. Mariana will continue to pursue other opportunities in this underexplored but highly prospective region.

Argentina

Deseado Massif, Santa Cruz Province

Activity by resource companies has increased in Argentina as the investment climate continues to improve. Mariana retains the strategy of maintaining a low-cost exploration profile on its 100%-owned Santa Cruz portfolio and is in the process of repositioning this high grade gold and silver mineralisation province.

Mariana's current focus remains the evaluation of high grade gold and silver vein targets within its 100,000+Ha tenement package in the Deseado Massif. Many of these vein targets have not been adequately drill tested and will be progressively tested on a prioritised basis. Mariana also 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

This mineral resource estimate includes contributions from both the low grade, bulk tonnage rhyolite dome hosted mineralisation at Las Calandrias Sur and the high grade vein-style mineralisation at Las Calandrias Norte.

Corporate Operations

During the period there was a decrease in foreign exchange losses of £5.67 million. Foreign exchange movements are predominantly impacted by 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 great 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, led to foreign exchange gains being recorded in the Company offsetting some of the losses recorded on loans recorded in the subsidiaries.

RISK

Exploration Risks

Mining exploration is a speculative business and most exploration projects do not result in the discovery of commercially mineable deposits. Exploration for minerals or precious gems is a speculative venture necessarily involving substantial risk. The expenditures made by the Group described herein may not result in discoveries of commercial quantities of minerals or precious gems. The failure to find an economic mineral deposit on any of the exploration properties in which the Group has an interest will have a negative effect on the Company.

Development of the Group's mineral exploration properties is, amongst others, contingent upon obtaining satisfactory exploration results and securing additional adequate funding. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk reduces substantially when a Group's property moves from the exploration phase to the development phase.

The discovery and development of mineral deposits is dependent upon a number of factors including the technical skill of the exploration and development personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, including the size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, several years can elapse from the initial phase of drilling until commercial operations are commenced.

Commodity Risk

Mineral prices and marketability fluctuate and any decline in mineral prices may have a negative effect on the Group. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of minerals and precious gems which may be acquired by the Group will be affected by numerous factors beyond the control of the Group. These other factors include delivery uncertainties related to the proximity of its resources to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and precious gems and many other aspects of the mining business. Declines in mineral prices may have a negative effect on the Group.

Foreign Exchange Risks

The Group operates internationally and is therefore exposed to the effects of changes in currency exchange rates. The Company has cash resources principally denominated in Pounds Sterling but the majority of its expenditure is denominated in other currencies. The Group does not currently hedge these risks.

Financing Risk

Although Mariana is currently well funded, adequate funding for future developments may not be available resulting in the possible loss of the Company’s interests in its properties. Sufficient funding may not be available to the Company for further exploration and development of its property interests or to fulfill its obligations under applicable agreements. The Company may not be able to obtain adequate financing in the future or the terms of such financing may not be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of properties with the possible loss of such properties. The Company will require new capital in the future, when required, to continue to operate its business and to continue with exploration on its properties, and additional capital may not be available when needed, if at all.

Environmental Risks

The Group’s projects are subject to relevant environmental legislation and will themselves have varying levels and types of potential environmental impacts. Like most countries, Argentina, Chile, Peru and Turkey have laws and regulations regarding environmental matters, including disturbance and rehabilitation issues and the discharge of hazardous waste and materials. These are dealt with in the normal course of operations. In general terms, the minerals industry has become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk, which the Group mitigates through sound operational practices and appropriate insurance where available at reasonable cost. There was no breach of environmental laws or regulations during the year.

Political Risks

Political climate, changes in government, monetary policies, taxation and other laws and regulations can have a significant influence on the outlook for projects and companies.

Market and Liquidity Risk

The price of the Company’s shares is volatile. Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for the shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in generating sales and revenues.

There may be an absence of a liquid trading market for the Company’s shares. Shareholders of the Company may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all. The Company may not continue to meet the listing requirements of the Exchange or achieve listing on any other public listing exchange.

Outlook

Mariana is now well funded going into 2017 and continues to fund its joint venture share of expenditures as well as other exploration. However, depending on market conditions, the activities of Mariana will be adjusted accordingly. The Group intends to maintain its primary focus on the advancement of Hot Maden in north eastern Turkey to feasibility and development, which continues to deliver promising results. The balance of exploration activity on current projects in Cote d'Ivoire, Argentina, Suriname and new opportunities will be maintained and prioritized accordingly. Mariana will continue to look at new opportunities that complement the Company's strategy of potential value creation in any prospective jurisdiction.

DIRECTORS AND DIRECTORS' INTERESTS

Current Directors and those who held office during the year are given below.

John Robert Horsburgh (Age 71) ARSM, MSc, DIC, FAIMM, Non-Executive Chairman
John Horsburgh, a graduate of the Royal School of Mines, is a geologist with more than 40 years' experience in exploration, project development and company management. He was a co-founder of Solomon Pacific Resources NL which achieved success with the discovery and development of the Brocks Creek gold mine in the Northern Territory in Australia. As Executive Chairman he was involved in the acquisition, exploration and financing of the project. Prior to this he was Exploration Manager for SE Australia with Getty Oil Development (minerals division). Before Getty, John gained extensive exploration experience with Billiton and the RTZ Group in Australia, South America and Europe. He is a director and co-founder of Cullen Resources Ltd.

Glen Parsons (Age 51) CA(SA), B Com Economics, Chief Executive Officer
Glen Parsons is a qualified Chartered Accountant with an Honours degree in Accounting Science and a Bachelor of Commerce degree in Economics. Glen Parsons has over 20 year's international experience in company building, corporate finance, treasury, operational and general management. His most recent role was as Chief Financial Officer and Corporate Development of Mariana and before that of Neptune Minerals Plc. He has built new profitable businesses and divisions within both large and small organisations. Glen was an executive director of RFC Corporate Finance Ltd, a specialist minerals resources investment bank and fund manager. Duties included corporate finance mandates which included mergers and acquisitions, strategic advice, mineral project assessment and capital raisings. He has specific LSE-AIM experience and has been involved with a number of successful equity and debt raisings for junior and developing mining companies.

Eric Roth (Age 50) PhD. Economic Geology, Fellow AUSIMM, Executive Director and Chief Operating Officer
Dr Roth resides in Santiago, Chile. His most recent role was Non Executive Director of Mariana from 8 October 2012 before joining the executive. He was Chief Executive Officer of Aegean Metals Group Inc. (TSX V: AGN) and was a non-executive director of OroSur Mining Inc. (TSX: OMI AIM:OMI) until 31 January,2014. He was most-recently President & CEO, and then Director of Extorre Gold Mines Ltd ("Extorre") until Extorre was acquired by Yamana Gold Inc in June 2012. Prior to Extorre, Eric was engaged as a consultant on South American gold projects for Exeter Resource Corp. and Kinross Gold Corp. From January 2002 to March 2008 Dr Roth was employed by AngloGold Ashanti Ltd, initially as the Lima-based Peru Project and South American Opportunities Manager and subsequently as the Johannesburg-based Global Head of Greenfields Exploration.

John Allen Goodwin (Age 72) CA(SA) B Com Economics Non-Executive Director
John Allen Goodwin has over 40 years international experience in Corporate Finance, Investment Banking, operational and general management. John's most recent role was as Managing Director of the Group Holding Company United International Enterprises Ltd (UIE), which owns 46% of Danish and Malaysian listed United Plantations Berhad. He remains on the board of UIE as a non executive director and consultant. He has held directorships at a number of companies including Danish listed, United Plantations Africa Ltd, UK based International Building Systems Ltd, and from 2004-2009, he was Chairman of AIM listed Neptune Holdings. John qualified from Cape Town University with an economics degree and subsequently gained admission to the South African Institute of Chartered Accountants in 1968.

Mustafa Aksoy (Age 39) MBA Non-Executive Director (Appointed 5 July 2016)
Mustafa Aksoy has close to 20 years working experience in Banking, Corporate Finance, M&A, Business Development and Management. Having worked in two Turkish banks as an auditor, Mustafa joined Çalık Holding in 2004 and worked in various business lines of the Group. Since 2010 he has been a Board Member and the Managing Director of Lidya Mining. Under his watch, the Company emerged as one of the best performing development teams in Turkey with multiple significant discoveries. He oversees the transition of Lidya from being an investor to operator of multiple mines. Mustafa studied Public Administration in Turkey and holds MBA from Antwerp University in Belgium.

Ron Ho (Age 39) CPA, CA, CFA Non-Executive Director (Appointed 5 July 2016)
Ron Ho has been with Sandstorm Gold for the past 7 years, focused on structuring mine financing transactions and corporate development. Prior to Sandstorm, he served as the Chief Financial Officer for SNS Silver Corporation, where he contributed to equity capital raises and project evaluation and development and was an Equity Analyst at Raymond James Ltd. where he was responsible for sector institutional research. Mr. Ho began his career at Deloitte & Touche, focusing on public company financial reporting in both the U.S. and Canada. Mr. Ho is a Chartered Accountant, holds the designation of Chartered Financial Analyst charter holder and received a Bachelor of Commerce from the University of British Columbia.

Other officers/Executive members/Management

Sharon Cooper (Age 43) CA, BA Chief Financial Officer
Sharon is a Chartered Accountant with over ten years' experience in accounting and auditing roles for mining and mining - related companies. Sharon began her career as an auditor at Ernst & Young, working on internal and external audits; and gained experience working on larger audits for major mining companies, as well as junior explorers and mining related companies. Sharon has taken on several group accounting and financial reporting roles for junior exploration companies and a mining services company since leaving Ernst & Young.

The current directors and officers had the following interests in ordinary shares in the Company at 31 December 2016.

	Ordinary shares of £0.001	
	Held at 31 Dec 2016	**Held at 31 Dec 2015**
J R Horsburgh	843,050	843,050
G. Parsons	337,250	337,250
E Roth	649,371	758,191
J Goodwin	62,000	62,000
M Aksoy	-	-
R Ho	327,000	-
S Cooper	46,500	46,500

John Horsburgh's interest in ordinary shares includes 128,500 shares held by Dunslair Pty. Ltd., 135,200 shares held by Innerleithen Pty. Ltd. And 15,000 shares held by J.M.Finn Nominees Ltd. Eric Roth's interest in ordinary shares are held through ER Global Consulting SA.

The Current directors and officers had the following interests in warrants over ordinary shares in the Company at 31 December 2016.

	Warrants over Ordinary shares of £0.001	
	Held at 31 Dec 2016	**Held at 31 Dec 2015**
J R Horsburgh		
Exercisable @ 30p by 27 April 2017	50,000	50,000
G Parsons		
Exercisable @ 30p by 27 April 2017	100,000	100,000
E Roth		
Exercisable @ 43.4p by 16 January 2017	133,140	133,400
J Goodwin		
Exercisable @ 30p by 27 April 2017	31,000	31,000
R Ho		
Exercisable @ 25p by 6 May 2018	163,500	-
S Cooper		
Exercisable @ 30p by 27 April 2017	23,250	23,250

DIRECTORS' REPORT (continued)

The current directors and officers who held office at 31 December 2016 had the following interests in options over ordinary shares in the Company.

Director	No. held on 31 Dec 2015	Granted 2016	Exercised 2016	Expired or Cancelled 2016	No. held at end of year	Exercise price (pence)	Expiry Date
JR Horsburgh							
	20,000	-	-	(20,000)	-	120	31/01/2016
	20,000	-	-	(20,000)	-	160	31/01/2016
	20,000	-	-	(20,000)	-	200	31/01/2016
	30,000	-	-	-	30,000	20	31/07/2017
	30,000	-	-	-	30,000	60	31/01/2018
	40,000	-	-	-	40,000	80	31/01/2018
	50,000	-	-	-	50,000	120	31/01/2018
	220,000	-	-	-	220,000	30	01/03/2019
	80,000	-	-	-	80,000	50	01/03/2019
	80,000	-	-	-	80,000	70	01/03/2019
	-	90,000	-	-	90,000	42.5	01/06/2019
	-	50,000	-	-	50,000	45	01/06/2019
	-	35,000	-	-	35,000	47.5	01/06/2019
G Parsons							
	20,000	-	-	(20,000)	-	120	31/01/2016
	20,000	-	-	(20,000)	-	160	31/01/2016
	20,000	-	-	(20,000)	-	200	31/01/2016
	40,000	-	-	-	40,000	20	31/07/2017
	40,000	-	-	-	40,000	60	31/01/2018
	60,000	-	-	-	60,000	80	31/01/2018
	80,000	-	-	-	80,000	120	31/01/2018
	300,000	-	-	-	300,000	30	01/03/2019
	120,000	-	-	-	120,000	50	01/03/2019
	120,000	-	-	-	120,000	70	01/03/2019
	-	250,000	-	-	250,000	42.5	01/06/2019
	-	150,000	-	-	150,000	45	01/06/2019
	-	100,000	-	-	100,000	47.5	01/06/2019
E Roth	25,000	-	-	-	25,000	20	31/07/2017
	30,000	-	-	-	30,000	60	31/01/2018
	40,000	-	-	-	40,000	80	31/01/2018
	50,000	-	-	-	50,000	120	31/01/2018
	38,400	-	-	-	38,400	43.4	16/01/2017
	140,000	-	-	-	140,000	30	01/03/2019
	100,000	-	-	-	100,000	50	01/03/2019
	100,000	-	-	-	100,000	70	01/03/2019
	-	250,000	-	-	250,000	42.5	01/06/2019
	-	150,000	-	-	150,000	45	01/06/2019
	-	100,000	-	-	100,000	47.5	01/06/2019

Director	No. held on 31 Dec 2015	Granted 2016	Exercised 2016	Expired or Cancelled 2016	No. held at end of year	Exercise price (pence)	Expiry Date
J Goodwin	50,000	-	-	-	50,000	30	01/03/2019
	25,000	-	-	-	25,000	50	01/03/2019
	25,000	-	-	-	25,000	70	01/03/2019
	-	90,000	-	-	90,000	42.5	01/06/2019
	-	50,000	-	-	50,000	45	01/06/2019
	-	35,000	-	-	35,000	47.5	01/06/2019
Ron Ho	-	25,000	-	-	25,000	42.5	01/06/2019
Mustafa Aksoy	-	25,000	-	-	25,000	42.5	01/06/2019
Sharon Cooper	60,000	-	-	(60,000)	-	120	31/01/2016
	25,000	-	-	-	25,000	20	31/07/2017
	60,000	-	-	-	60,000	60	31/01/2018
	160,000	-	-	-	160,000	30	01/03/2019
	-	200,000	-	-	200,000	42.5	01/06/2019

Significant shareholders

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

	No. Held	% of share capital
Sandstorm Gold Limited	8,980,243	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%

The directors acknowledge the importance of the guidelines set out in the Combined Code on Corporate Governance. They therefore intend to comply with the Combined Code so far as is appropriate having regard to the size and nature of the Company.

Board structure and committees

At 31 December 2016 the Board comprised two executive directors and four non-executive directors.

The Chairman conducts Board and shareholder meetings and ensures all directors are properly briefed. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and major items of capital expenditure. The directors have access to independent advice at the Company's expense.

Each of the directors must retire by rotation at least every three years when they can offer themselves for re-election if eligible.

The Board has established three independent committees:

- Audit Committee, consisting of John Horsburgh and John Goodwin (Chairman);
- Remuneration Committee consisting of John Horsburgh and John Goodwin (Chairman); and
- Nomination Committee, consisting of John Horsburgh and John Goodwin.

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

Internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The directors monitor the operation of internal controls. The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that financial information used within the business and for publication is reliable. Any such system of control can only provide reasonable but not absolute assurances against material loss or misstatement.

The Board has reviewed the operation and effectiveness of the Company's system of internal controls for the financial year and for the period up to the approval of the financial statements.

Directors' remuneration

All matters concerning the remuneration of executive directors are considered by the Remuneration Committee.

Remuneration policy

The Remuneration Committee's policy is that director's remuneration be commensurate with services provided by them to the Company and is in line with market conditions as well as comparable to other companies in the industry. The remuneration of all directors is considered by the Committee and comprises basic salary only for the year ended 31 December 2016. There are no formal bonus arrangements in place or other long-term incentive schemes. The directors participate in the Company Stock Option Plan which is to provide an increased incentive for participants to contribute to the future success and prosperity of the company. Subsequent to 31 December 2016, the committee approved a bonus and option award scheme for Glen Parsons and Eric Roth as detailed further below in the section "Events after reporting date".

Shareholder relations

Communications with shareholders are considered important by directors. The executive directors speak regularly with investors and analysts. Company press releases and circulars have been issued regularly during the reporting period and subsequent to reporting date to keep investors informed about the Company's progress.

The Company maintains a web site, www.marianaresources.com which is regularly updated and contains a wide range of information about the Company.

Financial reports and accounting standards

The Company has adopted International Financial Reporting Standards from incorporation on 31 January 2006.

Events after the reporting period

Since reporting date the following matters have been reported:

On 16th January 2017, the Company announced that the following warrants and options, due for expiry, have been exercised into ordinary shares with funds received:

- 152,160 Warrants exercised at 43.4p;
- 152,160 Options exercised at 43.4p; and
- 70,708 Broker Warrants exercised at 16p.

The Company will issue and allot 375,028 new ordinary shares.

On 17th January 2017, the Company announced the release of a Preliminary Economic Assessment ("PEA" or the "Study") for the high grade Hot Maden gold-copper project in NE Turkey. The PEA was prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") by independent mining consultant firm RungePincockMinarco Limited ("RPM").

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.

On 13th February 2017, the Company announced that the following warrants and options have been exercised into ordinary shares with funds received:

- 168,807 warrants exercised at 25p;and
- 7,500 options exercised at 60p.

The company will issue and allot 176,307 new ordinary shares.

On 1st February 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 1 September 2017, 2 April 2018 and 1 November 2018, subject to the condition that such executive remains under the employ of the Company on 31 August 2017, 31 March 2018 and 31 October 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 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).

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).

On 24th February 2017, the Company announced the completion to acquire an 80% interest in Awalé Resources SARL in the Ivory Coast as previously announced on 7th October 2016. As consideration; ordinary shares of 723,511 in the Company have been issued.

Also on this date, options were exercised into ordinary shares and funds received.

Regarding options exercised the following shares will be issued:

- 250,000 options exercised at 42.5p per share for a total consideration of £106,250;
- 140,000 options exercised at 30p per share for a total consideration of £42,000; and
- 25,000 options exercised at 2p per share for a total consideration of £4,500.

Included in the above issuance of exercised options (totalling 415,000) to Director Eric Roth these options have been exercised and subsequently sold at an average price of C$1.21. Mr Roth's direct holding remains the same at 649,371 Ordinary Shares (0.51% of total issued share capital).

On 17th March 2017, the Company announced that the following warrants and options have been exercised into ordinary shares with funds received.

- 392,825 Warrants exercised at 30p per share;
- 15,000 Options exercised at 30p per share; and
- 10,000 Options exercised at 20p per share.

On 27th March 2017, the Company announced that the following warrants have been exercised into ordinary shares with funds received:

- 76,142 Warrants exercised at 25p per share.

On the 10th April 2017, the Company announced that the following warrants have been exercised into ordinary shares with funds received:

- 187,500 Warrants exercised at 30p per share

Other than the above and matters referred to in the financial statements and business review, there are no significant events affecting the Company since 31 December 2016.

Dated: 20th April, 2017

By order of the Board

"Glen Parsons"

Glen Parsons
Chief Executive Officer

Statement of Directors' responsibilities in respect of the financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

MARIANA RESOURCES LIMITED
MANAGEMENT'S DECLARATION

Statement of Management's' responsibilities in respect of the financial statements

The accompanying financial statements of Mariana Resource Limited (the 'Company" or "Mariana") are the responsibility of management and the Board of Directors.

The financial 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 reporting date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in compliance with applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue 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 of, and for periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date and for the years 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. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements 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

20th April, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MARIANA RESOURCES LIMITED

Our opinion on the group financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; *and*
- comply with the requirements of the Companies (Guernsey) Law, 2008.

Separate opinion in relation to IFRSs as issued by the IASB
As explained in Note 2 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Who we are reporting to
This report is made solely to the company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited
Mariana Resources Limited's consolidated financial statements comprise the Consolidated Statement of Comprehensive Loss, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Statements of Cash Flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Matters on which we are required to report by exception

Under the Companies (Guernsey) Law (2008)) we are required to report to you if, in our opinion:
- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:
- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

We have nothing to report in respect of the above.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves:
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

What the directors are responsible for:
As explained more fully in the Directors' Responsibilities Statement on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Grant Thornton Limited
Chartered Accountants
St Helier, Jersey, Channel Islands

20 April 2017

MARIANA RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the financial year ended 31 December 2016

	Notes	2016 £ 000	2015 £000
Employee and directors benefits expense	5,6	(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	10	(2,251)	(1,611)
Depreciation expense	11	(25)	(48)
Exchange losses		649	(5,023)
(Loss)/gain on associate	15	(147)	13
Share of associate's (loss)/profit	15	(239)	1
Impairment of goodwill	14	(44)	-
Provision against financial instrument	17	(115)	5
Gain on loss of control of subsidiary		-	928
Finance costs		-	(85)
Warrant cost		-	(15)
Other income	3	12	6
Loss before tax		**(4,577)**	**(7,771)**
Tax	8	**-**	**-**
Loss for the year		**(4,577)**	**(7,771)**
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	24	(220)	2,681
Total comprehensive loss for the year		**(4,797)**	**(5,090)**
Loss attributable to :			
Equity holders of the parent		(4,464)	(7,770)
Non-controlling interests		(113)	(1)
		(4,577)	**(7,771)**
Total comprehensive loss attributable to:			
Equity holders of the parent		(4,691)	(5,094)
Non-controlling interests		(106)	4
		(4,797)	**(5,090)**
		(pence)	**(pence)**
Loss per share – basic and diluted	9	(4.2)	(10.8)

The accompanying notes are an integral part of these consolidated financial statements.

MARIANA RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
at 31 December 2016

	Notes	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Non-current assets					
Deferred exploration costs	10	5,518	5,811	384	1,638
Property, plant and equipment	11	162	174	-	-
Investment in subsidiaries	12	-	-	25,679	21,524
Goodwill	14	44	88	44	88
Investment in an associate	15	1,729	893	-	-
Other receivables	16	636	726	-	-
Total non-current assets		**8,089**	**7,692**	**26,107**	**23,250**
Current assets					
Other receivables and prepayments	18	342	168	65	23
Cash and cash equivalents	26(b)	5,126	1,520	4,783	1,079
Total current assets		**5,468**	**1,688**	**4,848**	**1,102**
Total assets		**13,557**	**9,380**	**30,955**	**24,352**
Current liabilities					
Trade and other payables	19	772	415	727	627
Provisions	20	97	40	44	29
Finance lease liability	21	1	1	-	-
Total current liabilities		**870**	**456**	**771**	**656**
Non-Current liabilities					
Finance lease liability	21	-	1	-	-
Total non-current liabilities		**-**	**1**	**-**	**-**
Total Liabilities		**870**	**457**	**771**	**656**
Net Current Assets		**4,598**	**1,232**	**4,077**	**446**
Net Assets		**12,687**	**8,923**	**30,184**	**23,696**
Equity					
Issued share capital	22	124	86	124	86
Share premium account	23	46,798	41,255	46,798	41,255
Other components of equity	24	10,720	7,957	6,243	3,260
Accumulated losses		(45,035)	(40,458)	(22,981)	(20,905)
Equity attributable to equity holders of the parent		**12,607**	**8,840**	**30,184**	**23,696**
Non-controlling interests	12 (c)	80	83	**-**	-
Total Equity		**12,687**	**8,923**	**30,184**	**23,696**

The accompanying notes are an integral part of these consolidated financial statements.

These financial statements were approved and authorised for issue by the Board on 20th April 2017 and were signed on its behalf by:

"Sharon Cooper"

Sharon Cooper
Chief Financial Officer

"Glen Parsons"

Glen Parsons
Chief Executive Officer

MARIANA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2016

	Share capital £ 000	Share premium £ 000	Other components of equity £ 000	Accum-ulated loss £ 000	Total £ 000	Non-controlling interests £ 000	Total £ 000
Balance at 1 January 2015	**46**	**35,531**	**4,892**	**(32,687)**	**7,782**	**-**	**7,782**
(Loss) for the year	-	-	-	(7,770)	(7,770)	(1)	(7,771)
Exchange differences on translating foreign operations	-	-	2,676	-	2,676	6	2,682
Other comprehensive (loss) for the year	-	-	2,676	(7,770)	(5,094)	5	(5,089)
Transaction with the owners of the company							
Issues of shares	40	5,724	-	-	5,764	-	5,764
Treasury shares	-	-	(22)	-	(22)	-	(22)
Movement in non-controlling interests (NCI)	-	-	6	(1)	5	78	83
Share based payments and warrants issued and exercised	-	-	405	-	405	-	405
Transactions with owners	40	5,724	389	(1)	6,152	78	6,230
Balance at 31 December 2015	**86**	**41,255**	**7,957**	**(40,458)**	**8,840**	**83**	**8,923**
Balance at 1 January 2016	**86**	**41,255**	**7,957**	**(40,458)**	**8,840**	**83**	**8,923**
(Loss) for the year	-	-	-	(4,464)	(4,464)	(113)	(4,577)
Exchange differences on translating foreign operations	-	-	(227)	-	(227)	7	(220)
Other comprehensive (loss) for the year	**-**	**-**	**(227)**	**-**	**(4,691)**	**(106)**	**(4,797)**
Transaction with the owners of the company							
Issues of shares	38	5,973	**-**	**-**	6,011	**-**	6,011
Exercise of options and warrants	-	1,471		**-**	1,471	**-**	1,471
Share based payments and warrants issued and exercised	-	(1,883)	2,556	**-**	673	-	673
Acquisition of Awale Resources	-	-	427	**-**	427	-	427
Transaction costs	-	(18)	**-**	**-**	(18)	-	(18)
Movement in non-controlling interests (NCI)	-	-	7	(113)	(106)	103	(3)
Transactions with owners	38	5,543	2,990	(113)	8,458	103	8,561
Balance at 31 December 2016	**124**	**46,798**	**10,720**	**(45,035)**	**12,607**	**80**	**12,687**

The accompanying notes are an integral part of these consolidated financial statements.

MARIANA RESOURCES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2016

	Share capital	**Share premium**	**Other components of equity**	**Accumulated loss**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Balance at 1 January 2015	**46**	**35,531**	**2,877**	**(18,651)**	**19,803**
Transaction with the owners of the company					
Issues of shares	40	5,724	-	-	5,764
Treasury shares	-	-	(22)	-	(22)
Share-based payment options issued	-	-	405	-	405
Transactions with owners	40	5,724	383	-	6,147
Loss for the year	-	-	-	(2,254)	(2,254)
Total comprehensive loss					
Exchange differences on translating foreign operations	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	-	(2,254)	(2,254)
Balance at 31 December 2015	**86**	**41,255**	**3,260**	**(20,905)**	**23,696**
Balance at 1 January 2015	**86**	**41,255**	**3,260**	**(20,905)**	**23,696**
Transaction with the owners of the company					
Issues of shares - placement	38	5,973	-	-	6,011
Issues of shares – exercise of warrants & options	-	1,471	-	-	1,471
Share-based payment options & warrants	-	(1,883)	2,556	-	673
Acquisition of Awale Resources	-	-	427	-	427
Transaction costs	-	(18)	-	-	(18)
Transactions with owners	38	5,543	2,983	-	8,564
Loss for the year	-	-	-	(2,076)	(2,076)
Total comprehensive loss					
Exchange differences on translating foreign operations	-	-	-	-	-
Total comprehensive (loss) for the year	**-**	**-**	**-**	**(2,076)**	**(2,076)**
Balance at 31 December 2016	**124**	**46,798**	**6,243**	**(22,981)**	**30,184**

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

MARIANA RESOURCES LIMITED

CONSOLIDATED STATEMENTS OF CASHFLOWS
For the financial year ended 31 December 2016

	Notes	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Cash Flow from Operating Activities					
Payments to suppliers and employees		(1,845)	(1,707)	(1,004)	(561)
Management fees paid to subsidiaries		-	-		(148)
Movement in loan to subsidiaries			-	21	(29)
Interest received and other income		12	6	7	-
Net Cash Used in Operating Activities	**26(a)**	**(1,833)**	**(1,701)**	**(976)**	**(738)**
Cash Flows from Investing Activities					
Payments for purchase of property, plant and equipment		(1)	(2)	-	-
Increase in investment in subsidiary		-	-	(5)	(33)
Acquisition of subsidiary - cash acquired	13	1	29	-	-
Proceeds from joint venture partner		-	287	-	-
Increase in loans to subsidiaries		-	-	(2,602)	(1,560)
Payment for increase in investment in equity accounted investment		(1,211)	(230)	-	-
Payments for exploration expenditure		(1,218)	(1,817)	(449)	(884)
Proceeds from sale of shares in associate		-	327		-
Net Cash Used in Investing Activities		**(2,429)**	**(1,406)**	**(3,056)**	**(2,477)**
Cash Flows from Financing Activities					
Proceeds from issue of share capital		7,431	3,643	7,431	3,694
Payment of issue costs		(18)	(130)	(18)	(182)
Proceeds from convertible note		-	116	-	116
Net Cash Received From Financing Activities		**7,413**	**3,629**	**7,413**	**3,628**
Net increase in cash and cash equivalents		3,151	522	3,381	413
Effect of exchange rate fluctuations on cash held		455	177	323	14
Cash and cash equivalents at the beginning of the year		1,520	821	1,079	652
Cash and cash equivalents at the end of the year	26(b)	**5,126**	**1,520**	**4,783**	**1,079**

The accompanying notes are an integral part of these consolidated financial statements.

1. Corporate information

The consolidated financial statements of Mariana Resources Limited and its subsidiaries for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 20th April 2017.

Country of incorporation

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"). Information on the Group structure is provided in Note 12. Information on other related party relationships of the Group is provided in Note 27.

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

Principal activities

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

Share Consolidation

Following the Company's Annual General Meeting on 30th June 2016, the consolidation of ordinary shares came into effect, whereby all shareholders received one ordinary share of the nominal value of £.001 for every 10 existing ordinary shares of the nominal value of £.0001.

2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a. Statement of Compliance

The consolidated financial statements of Mariana Resources Limited have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and their interpretations as adopted by the European Union (EU). The Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

b. Basis of preparation

The consolidated and parent company financial statements of Mariana Resources Limited are presented in Pounds Sterling and have been prepared on the historical cost basis. All amounts have been rounded to the nearest thousand unless otherwise stated.

2. Summary of significant accounting policies (continued)

c. Changes in accounting policies, accounting standards and interpretations

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and impact of each new standard or amendment is described below:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

These improvements include:
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

IFRS 7 Financial Instruments: Disclosures
(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be made retrospectively. However, the required disclosures need

2. Summary of significant accounting policies (continued)

not be provided for any period beginning before the annual period in which the entity first applies the amendments.
(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of comprehensive income.

These amendments do not have any material impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

2. Summary of significant accounting policies (continued)

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 1 January 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.

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 1 January 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 1 January 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.

2. Summary of significant accounting policies (continued)

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 1 January 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 remeasure 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 remeasurement 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 1 January 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.

d. Basis of consolidation

The consolidated financial statements consolidate those of the parent company and all of its subsidiaries as at 31 December 2016.

All subsidiaries have a reporting date of 31 December.

2. **Summary of significant accounting policies (continued)**

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:
• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
• Exposure, or rights, to variable returns from its involvement with the investee; and
• The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
• The contractual arrangement(s) with the other vote holders of the investee;
• Rights arising from other contractual arrangements; and
• The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests (NCIs).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the NCIs, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

e. Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

2. Summary of significant accounting policies (continued)

f. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies. Investments in associates are accounted for using the equity method.

Under the equity method, the carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group’s share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The Group applies the equity method to account for its investment in Artmin Madencilik Sanayive Tikaret A.S (Artmin Madencilik).

g. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s operating segments that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of an operating segment and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation of and the portion of the operating segment retained.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The company carries goodwill in relation to its acquisition of Aegean Metals Group Inc. in January 2015. Refer to Note 14.

h. Foreign currency translation

The Group’s consolidated financial statements are presented in Pound Sterling (GBP), which is also the parent company’s functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

2. **Summary of significant accounting policies (continued)**

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Pound Sterling (GBP) are translated into GBP upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate. Income and expenses have been translated into GBP at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

The foreign currencies for the Group are US Dollars, Australian Dollars, Argentinean Pesos, Chilean Pesos, Peruvian Nuevo Soles, Turkish Lira and Central African Franc. The relevant exchange rates for these currencies in sterling were:

Exchange Rates	**US Dollars**	**Australian Dollars**	**Argentina Pesos**	**Chile Pesos**	**Peru Nuevo Soles**	**Turkey Lira**	**Central African Franc**
Average rate for the year	0.7402	0.5508	0.0501	0.0011	0.2163	0.2450	0.0013
Closing rate for the year	0.8100	0.5829	0.0504	0.0012	0.2350	0.2293	0.0013

i. Deferred exploration costs

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project and a development decision. Costs incurred include appropriate technical and administrative overheads. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

Exploration and evaluation activity includes:
• Researching and analysing historical exploration data;
• Gathering exploration data through geophysical studies;
• Exploratory drilling and sampling;
• Determining and examining the volume and grade of the resource;
• Surveying transportation and infrastructure requirements; and
• Conducting market and finance studies.

Deferred exploration costs are assumed to have an indefinite life until such time as production from the associated mining asset commences, at which time the definite life of the mining assets will be assessed based on the estimated mine life.

Upon demonstration of the technical and commercial feasibility of a project and a development decision, any past deferred exploration and evaluation costs related to that project are subject to an impairment test and will be reclassified as Mine Development and Infrastructure.

2. Summary of significant accounting policies (continued)

Capitalised deferred exploration expenditures are reviewed for indicators of impairment (see note 2k) at each reporting date. In the case of undeveloped properties, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Group's intentions for development of the undeveloped property.

j. Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation, and impairment losses. Land held for use in the mining operation is stated at cost. Downward revaluations of land are recognised upon appraisal or impairment testing. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation methods and rates are applied consistently within each asset class except where significant individual assets have been identified which have different depreciation patterns.

Residual values and economic useful lives are reviewed at least annually. Depreciation is not adjusted retrospectively for changes in the residual amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the Statement of Profit or Loss.

The assets are depreciated using the straight line method over the useful life of the asset as follows:

Office furniture and equipment 10% - 33.3% per annum
Buildings 25% per annum .

k. Impairment of non-financial assets

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable the asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use) if that is less than the asset's carrying amount. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Value in use is determined by estimating expected future cash flows and determining a suitable discount rate in order to calculate present value of the cash flows.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit (CGU). An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply (the list is not intended to be exhaustive):
(a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale.

Impairment losses for deferred exploration costs are reversed if the recoverable amount exceeds its carrying amount.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2. Summary of significant accounting policies (continued)

l. Financial assets and liabilities- initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2016 and 2015.

AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response

2. Summary of significant accounting policies (continued)

to needs for liquidity or in response to changes in the market conditions. The Group does not hold any financial assets classified as AFS.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

<u>Financial assets carried at amortised cost</u>

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated

2. Summary of significant accounting policies (continued)

allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, borrowings and payables at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.

The Group does not have any financial liabilities held at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. No financial assets or financial liabilities have been offset at 31 December 2016.

m. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

n. Other receivables and prepayments

Other receivables and prepayments are not interest bearing and are stated at amortised cost.

o. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

p. Share based payments

Certain Group employees and consultants are rewarded with share based instruments. These are stated at fair value at the date of grant and expensed to the statement of profit or loss, over the vesting period of the instrument.

Fair value is estimated using the Black-Scholes valuation model. The estimated life of the instrument used in the model is adjusted for management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. As the fair value of services provided by consultants is not practicable, the fair value of the share based instrument is calculated using the Black-Scholes model.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. Summary of significant accounting policies (continued)

q. Warrant costs

When raising capital, the Company may issue share warrants as part of the capital raising transaction. These warrants are classified as equity instruments and are stated at fair value at the date of grant.

Fair value is estimated using the Black-Scholes valuation model.

The proceeds received are reallocated from the warrant reserve to share capital (nominal value) and share premium when the warrants are exercised.

r. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of the specific asset or assets or the arrangement conveys a right of use the asset or assets, even if that asset is not explicit in the *arrangement.*

Group as a lessee
Finance leases transfer substantially all the risks and benefits incidental to ownership of the leased items to the Group, are capitalised at the commencement of the lease at the fair value of the leased property, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset.

s. Equity

Share capital represents the nominal value of shares that have been issued.

Share premium includes premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium.

Other reserve accounts within equity comprise:
- foreign currency translation reserve –records differences arising on the translation of the Group's foreign entities
- share based payments and warrants reserve – used to record the value of share based payments and warrants provided to employees, directors and advisers as part of their remuneration and warrants issued as part of capital raising transactions. Refer to Note 25 for further detail.
- treasury shares – Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.
- Deferred equity – own equity instruments committed yet to be issued in relation to the acquisition of Awale.

Accumulated losses include all current and prior retained losses.

All transactions with owners of the parent are recorded separately within equity.

t. Income Tax

The Company is taxed at the company standard rate (0%). The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

2. Summary of significant accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

u. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements.

Information about such judgements and estimation is contained in the accounting policies and/or the Notes to the financial statements, and the key areas are summarised below. Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

Capitalisation and impairment of exploration costs – Note 2(i), Note 2(k) and Note 10.

Estimation of share based compensation amounts, comprising inputs into the Black Scholes valuation model – Note 2(p) and 2(q) and Note 25.

Assessment of fair values – Note 17. The Company takes into consideration available market information and observable market transactions when assessing the fair value of its assets.

Business combinations - Note 13 – Management uses valuation techniques when determining the fair values of certain assets and liabilities acquire in business combinations.

Investment in subsidiaries – Note 12. At each balance date the Company reviews the carrying amounts of its investments in subsidiaries to determine whether there any indicators of impairment. If any such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. In assessing for indicators of impairment the Company has taken into account economic and political factors, recent corporate activity in the Company's geographical segments, as well as considering current market conditions.

Determination of control and significant influence – Note 12 the Company considers all relevant facts and circumstances in assessing whether, and when, it has power of an investee. The Company reassesses whether or not it controls an investee if changes in facts and circumstances impact on its assessment of control of the investee. The Company gained control of Awale Resources SARL, effective 5th October 2016, when it commenced funding operations, directing work and gained control over the bank accounts,.

Functional currency – Note 1. The Company takes into consideration various factors to determine the currency that reflects the economic effects of underlying transactions, conditions and events.

v. Going concern

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, asset sales, and rights offerings to existing shareholders. The outcome of these matters cannot be predicted at this time.

3. Other income

	2016 £ 000	2015 £ 000
Bank interest revenue	4	-
Other	8	6
	12	**6**

4. Loss before tax

	2016 £ 000	2015 £ 000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	59	44
Depreciation of property, plant & equipment	25	48
Share based payments	685	283
Impairment/write off of exploration projects	2,251	1,611
Finance costs	-	85
Foreign exchange (gain) /losses	(649)	5,023

5. Remuneration of directors

2016	**Short- term benefits**				
	Salaries & fees £ 000	**Super-annuation contributions £ 000**	**Share based payments £ 000**	**Other benefits £ 000**	**Total 2016 £ 000**
Non- Executive Directors					
J. Horsburgh +	54	3	51	-	108
J. Goodwin	30	-	51	-	81
R. Ho	14	-	7	-	21
M. Aksoy	14	-	7	-	21
Executive Directors					
G. Parsons	175	11	145	8	339
E. Roth *	141	-	145	-	286
	428	**14**	**406**	**8**	**856**

2015	**Short- term benefits**				
	Salaries & fees £ 000	**Super-annuation contributions £ 000**	**Share based payments £ 000**	**Other benefits £ 000**	**Total 2015 £ 000**
Non- Executive Directors					
J. Horsburgh +	56	3	42	-	101
J. Goodwin	21	-	11	-	32
Executive Directors					
G. Parsons	149	9	59	12	229
E. Roth*	152	-	36	33	221
	378	**12**	**148**	**45**	**583**

The Company does not have a pension scheme. Contributions paid are defined contributions to the relevant director's personal retirement scheme.

Included in salaries and fees are:

+ Consulting fees paid to John Horsburgh were paid to Innerleithen Pty Limited a company controlled by John Horsburgh

* Salary and Director fees paid to Eric Roth were paid to ER Global Consulting SpA a company controlled by Eric Roth

6. Employees and fees paid to directors of subsidiaries

a) Employees

The average number of employees during the period was 19 (2015: 12).

The aggregate payroll costs of these persons (excluding directors) included in loss were as follows:

Staff Costs	2016 £ 000	2015 £ 000
Wages and salaries	249	255
Social Security cost	62	42
Share based payments	279	94
Other	12	7
	602	**398**

b) Paid to directors of subsidiaries

The aggregate cost of fees paid to directors of subsidiaries located in Chile and Turkey during the period are as follows:

	2016 £ 000	2015 £ 000
Fees	14	39
	14	**39**

7. Segmental reporting

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.

The segment assets and liabilities at 31 December 2016 and 2015 and exploration expenditure for the years then ended are as follows:

2016

	Argentina £ 000	Chile £ 000	Peru £ 000	Suri-name £ 000	Turkey £ 000	Ivory Coast £ 000	Head Office Operations £ 000	Group £ 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

7. Segmental reporting (continued)

2015

	Argentina	Chile	Peru	Suri-name	Turkey	Ivory Coast	Head Office Operations	Group
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Segment assets	5,250	543	88	1,315	980	-	1,204	9,380
Segment liabilities	(132)	(154)	(8)	-	-	-	(163)	(457)
Segment net assets	5,118	389	80	1,315	980	-	1,041	8,923
Other segment information								
Exploration expenditure	4,329	118	49	1,315	-	-	-	5,811

The segment results are shown below.

2016

	Argentina	Chile	Peru	Suri-name	Turkey	Ivory Coast	Head Office Operations	Group
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Segment result	(2,853)	(392)	(210)	-	(497)	-	(625)	(4,577)
Other segment items Included in the income statement are as follows:								
Depreciation	(21)	-	-	-	-	-	(4)	(25)
Impairment/write off of exploration expenditure	(113)	(366)	(83)	(1,476)	(174)	(6)	(33)	(2,251)
Share based payments	-	-	-	-	-	-	(685)	(685)
Impairment of goodwill	-	(44)	-	-	-	-	-	(44)
Share of associates loss	-	-	-	-	(239)	-	-	(239)
Loss on investment in associate	- -	-	-	-	(147)	-	-	(147)
Foreign exchange loss	(2,533)	2	52	-	(3)	-	3,131	649

7. Segmental reporting (continued)

2015

	Argentina £ 000	Chile £ 000	Peru £ 000	Suriname £ 000	Turkey £ 000	Ivory Coast £ 000	Head Office Operations £ 000	Group £ 000
Segment result	(6,079)	(39)	(1,334)	-	(22)	-	(297)	(7,771)
Other segment items Included in the income statement are as follows:								
Depreciation	(35)	-	(10)	-	(1)	-	(2)	(48)
Impairment of exploration expenditure	(311)	-	(915)	-	(377)	-	(8)	(1,611)
Share based payments	-	-	-	-	-	-	(283)	(283)
Foreign exchange loss	(5,540)	-	(387)	-	(78)	-	982	(5,023)

8. Taxation

	2016 £ 000	2015 £ 000
Tax reconciliation		
Loss on ordinary activities before tax	(4,577)	(7,771)
Tax at 0%	-	-
Total tax charge	-	-

No deferred tax assets or liabilities have been recognised as they are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

The Group's unrelieved tax losses of approximately £12,531k, latest expiring 2022 (2015: £9,964k) have not been recognised as a deferred tax asset, as there is currently insufficient evidence that the asset will be recoverable in the foreseeable future.

The Group operates in various jurisdictions and is subject to any reviews or audits undertaken by local tax authorities in these jurisdictions.

9. Loss per share

The calculation of basic and diluted loss per ordinary share is based on the following losses and number of shares:

	2016 £ 000	2015 £ 000
Loss for the year	(4,577)	(7,771)
Weighted average number of shares	108,765,335	71,925,490

Due to the loss incurred in the year, there is no dilutive effect from the issue of share options.

10. Deferred exploration costs

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
At beginning of year	5,811	7,033	1,638	984
Additions	1,371	1,804	464	902
Impairment provision /write off	(2,251)	(1,611)	(1,603)	(562)
Acquisition of subsidiary	773	905	-	314
Loss of control of subsidiary	-	(433)	-	-
Transfer balance to financial asset	(115)	-	(115)	-
Exchange differences	(71)	(1,887)	-	-
At end of year	5,518	5,811	384	1,638

Exploration costs that were either written off or provided for during the year amounted to £ 2,251k (2015: £1,611k). The majority of these costs related to the write off of project costs at the Nassau Gold project located in Suriname. The decision to withdraw from this project was taken 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. As a result of this decision a total of £1,419k was recorded in the statement of comprehensive loss for the twelve months ended 31 December 2016.

The balance of project costs recorded in the statement of comprehensive loss for the period year 31 December 2016 include exploration costs incurred in Chile at the Dona Ines and Exploradora projects of £274k. Exploration activities at these projects ceased in October 2016 following an assessment of exploration results received to date. Costs of £119k were incurred relating to the preparation of the preliminary economic assessment (PEA) and other related activities for the Hot Maden project located in Turkey. Costs of approximately £55k were incurred in Turkey related to the Group's Ergama project as the Group undertook various activities and procedures to gain legal ownership of this project license.

General project expenditure of £385k was incurred in Argentina and other locations as the Company continued to look at opportunities to expand its exploration portfolio.

11. Property, plant and equipment

Plant & Equipment	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Cost				
At beginning of year	117	152	1	1
Additions	1	3	-	-
Exchange differences	3	(41)	-	-
Acquisition of subsidiary	22	16	-	-
Loss of control of subsidiary	-	(13)	-	-
Disposals	(14)	-	-	-
At end of year	129	117	1	1
Depreciation				
At beginning of year	(89)	(92)	(1)	(1)
Charge for year	(12)	(28)	-	-
Exchange differences	(5)	32	-	-
Acquisition of subsidiary	-	(11)	-	-
Loss of control of subsidiary		10	-	-
Disposals	11	-	-	-
At end of year	(95)	(89)	(1)	(1)
Net book value at end of year	**34**	**28**	**-**	**-**

11. Property, plant and equipment (continued)

Land & buildings	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Cost				
At beginning of year	218	314	1	1
Additions	-	-	-	-
Exchange differences	(8)	(96)	-	-
At end of year	210	218	**1**	1
Depreciation				
At beginning of year	(72)	(84)	(1)	(1)
Charge for year	(13)	(20)	-	-
Exchange differences	3	32	-	-
At end of year	(82)	(72)	**(1)**	**(1)**
Net book value at end of year	**128**	**146**	-	-
Total net book value at end of year	**162**	**174**	-	-

Included in the above is an amount of £78k (2015: £80k) relating to land held.

Finance leases
The carrying value of property, plant and equipment held under finance lease at 31 December 2016 was £1k (2015:£1k). Leased assets are pledged as security for the related finance lease. Refer Notes 21 & 28.

12. Interests in subsidiaries

(a) Net investment in subsidiaries

	Company 2016 £ 000	Company 2015 £ 000
Shares in subsidiary undertakings	9,086	8,670
Loans forming part of the net investment in subsidiaries	22,115	16,585
Provision for impairment of shares and loans to subsidiaries	(5,522)	(3,731)
	25,679	**21,524**

Included in Note 19 is an amount payable by the Company to a subsidiary, this does not form part of the net investment in the subsidiary as it fluctuates with day to day operations and requirements of the subsidiary and Company.

Movement of the provision for impairment of shares and loans to subsidiaries during the year:

	Company 2016 £ 000	Company 2015 £ 000
At beginning of year	(3,731)	(2,606)
Provision recognised	(1,791)	(1,125)
At end of year	**(5,522)**	**(3,731)**

12. Interests in subsidiaries (continued)

(b) The consolidated financial statements of the Group at 31 December 2016 include :

	Class of holding	Percentage held	Country of Incorporation
Directly held			
Mariana International Limited	Ordinary	100	Guernsey
Mariana Turkey Limited	Ordinary	100	Guernsey
Altavista Gold Inc.	Ordinary	100	Canada
Compania Minera Mariana de Chile Ltda	Ordinary	100	Chile
Mariana Exploration Pty Limited	Ordinary	100	Australia
Minera Mariana Argentina S.A.	Ordinary	95	Argentina
Sierra Blanca S.A.	Ordinary	95	Argentina
Awale Resources Limited	Ordinary	80	Guernsey
Minera AMG Chile Limitada	Ordinary	60	Chile

All the entities are engaged in mineral exploration or corporate support activities.

Mariana Resources holds the remaining investment balance of 5% of Minera Mariana Argentina SA and Sierra Blanca SA indirectly through its subsidiary Mariana International Limited. Mariana Resources Limited holds the investment balance of 99.9% in Minera Mariana Peru SAC indirectly through its subsidiary Mariana International Limited.

(c) Non-controlling interests

The group includes two subsidiaries with non-controlling interests (NCI). Refer below:

Name	% of ownership interests and voting rights held by the NCI		Total comprehensive (loss)/gain allocated to NCI		Accumulated NCI	
	2016	2015	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
i. Minera AMG Chile Limitada	40	40	(105)	4	(27)	83
ii. Awale Resources Limited	20	-	(1)	-	107	-

i) Summarised financial information for Minera AMG Chile Limitada before intragroup eliminations is set out below:

	2016 £ 000	2015 £ 000
Non-current assets	-	34
Current assets	135	347
Total assets	**135**	**381**
Non-current liabilities	-	-
Current liabilities	(202)	(172)
Total liabilities	**(202)**	**(172)**
Net Assets	**(67)**	**209**
Equity attributable to owners of the parent	(40)	126
Non-controlling interest	(27)	83
Total equity	**(67)**	**209**

12. Interests in subsidiaries (continued)

	2016 £ 000	2015 £ 000
Loss for the year attributable to owners of the parent	(170)	(31)
Loss for the year attributable to NCI	(113)	(1)
Loss for the year	**(283)**	**(32)**
Other comprehensive gain for the year	**19**	**14**
Total comprehensive loss for year attributable to owners of the parent	(159)	15
Total comprehensive loss for the year attributable to NCI	(105)	4
Total comprehensive loss for the year	**(264)**	**19**
Net cash used in operating activities	(52)	(5)
Net cash used in investing activities	(237)	137
Net cash used in financing activities	-	227
Net cash inflow	**(289)**	**359**

ii) Summarised financial information for Awale Resources Limited before intragroup eliminations is set out below:

	2016 £ 000	2015 £ 000
Non-current assets	940	-
Current assets	20	-
Total assets	**960**	**-**
Non-current liabilities	(182)	-
Current liabilities	(246)	-
Total liabilities	**(428)**	**-**
Net Assets	**532**	**-**
Equity attributable to owners of the parent	424	-
Non-controlling interest	108	
Total equity	**532**	**-**

	2016 £ 000	2015 £ 000
Loss for the year attributable to owners of the parent	-	-
Loss for the year attributable to NCI	-	-
Loss for the year	-	-
Other comprehensive loss for the year (all attributable to owners of the parent)	(4)	-
Total comprehensive loss for year attributable to owners of the parent	(3)	-
Total comprehensive loss for the year attributable to NCI	(1)	-
Total comprehensive loss for the year	(4)	-
Net cash used in operating activities	(5)	-
Net cash used in investing activities	(107)	-
Net cash used in financing activities	131	-
Net cash inflow	**19**	-

13. Acquisitions

Acquisition in 2016

On 5th October 2016, the Group signed a Term Sheet with Awale Resources SARL (Awale) to acquire an effective 80% of the company, thereby obtaining control. Awale is an unlisted, private company based in Ivory Coast. The principal activity of this company is the exploration and evaluation of mineral properties in Ivory Coast. The acquisition of Awale was a strategic growth initiative for the Group in this jurisdiction, provided a cost effective entry and an immediate presence in a region which hosts one of largest, and under explored, greenstone belts in West Africa. All conditions of the Term Sheet were met on 24 February 2017.

a) Identifiable net assets and liabilities assumed

	£ 000
Cash and cash equivalents	1
Property, plant and equipment	22
Deferred exploration costs	773
Trade creditors and other payables	(263)
Total identifiable net assets at fair value	**533**
Non-controlling interest measured at fair value	(106)
Fair value of purchase consideration transferred	**427**

Purchase consideration consisted of Awale Resources SARL shareholders receiving 723,511 Mariana Resources shares at £0.5907. Share price was based on volume weighted average trading price on the AIM for 45 days prior to 5th October 2016. Included in Other components of equity (Note 24) is an amount of £427k payable in shares (723,511 Mariana Resources ordinary shares) to the original Awale Resources SARL shareholders as purchase consideration.

The Company has twelve months from the date of acquisition to finalise the fair values allocated to acquired assets and liabilities. The Company will use this time to evaluate the assets and liabilities acquired based on information known at the date of finalisation of the acquisition. Any adjustments during this period are recorded as part of the accounting for the asset acquisition.

Awale Resources SARL has not incurred any expenses in the three months from 1 October to 31 December 2016 as all costs are recognised as deferred exploration costs in the statement of financial position.

Acquisition in 2015

On 16 January 2015, the Group acquired 100% of Aegean Metals Group Inc. (Aegean), a TSX-listed company. Under the terms of the Arrangement, Aegean shareholders received 1.902 ordinary shares of Mariana in exchange for each Aegean share they held. Mariana issued 78,758,004 ordinary shares to Aegean shareholders and thereby Aegean became a 100% owned subsidiary of Mariana.

The principal activity of Aegean is the exploration and evaluation of mineral properties. The acquisition of Aegean was a strategic growth initiative for the Group as its activities, and the jurisdictions in which it operates, complemented and enhanced Mariana’s existing portfolio. The acquisition was accounted for using the acquisition method.

During the period, the Group undertook a restructure of the Aegean group entities to simplify the holding structure and create group efficiencies.

13. Acquisitions (continued)

(a) Identifiable assets acquired and liabilities assumed

The fair values of identifiable assets and liabilities of Aegean as at the date of acquisition were:

	Note	Fair values £ 000s
Cash and cash equivalents		29
Receivables		37
Prepayments		10
Property, plant and equipment		5
Deferred exploration costs		905
Accounts Payables		(90)
Other payables		(22)
Total identifiable net assets acquired		**874**

All assets and liabilities acquired have been recognised at their fair values on acquisition date. For all assets and liabilities acquired the carrying values were considered to be a reasonable approximation of their fair values.

(b) Goodwill

The goodwill arising from Aegean acquisition has been recognised as follows:

	Note	£ 000s
Purchase consideration transferred		962
Fair value of net assets acquired		(874)
Goodwill arising on acquisition		**88**

The goodwill of £88k represents the expected synergies and other benefits from combining Aegean's projects into the Group's existing project portfolio and corporate structure. Goodwill is allocated evenly between the Turkish and Chilean operating segments.

Purchase consideration consisted of Aegean shareholder receiving 1.902 Mariana Resources shares for each Aegean share held at the date of acquisition. Mariana issued 78,758,004 ordinary shares to Aegean shareholders as well as 21,281,704 replacement options and warrants on issue at the date of acquisition.

14. Goodwill

a) The movements in net carrying amount of goodwill are as follows:

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Gross carrying amount				
At beginning of year	88	-	88	-
Acquisition of subsidiary	-	88	-	88
At end of year	88	88	88	88
Gross carrying amount				
At beginning of year	-	-	-	-
Impairment loss recognised	(44)	-	(44)	-
At end of year	(44)	-	(44)	-
Carrying amount at 31 December 2016	**44**	**88**	**44**	**88**

14. Goodwill (continued)

b) Impairment testing

Goodwill has been allocated to the following geographical segments:

	Group 2016 £ 000	Group 2015 £ 000
Turkey	44	44
Chile	-	44
	44	**88**

For the purposes of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's operating segments that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is measured at cost less any accumulated impairment losses.

After initial recognition, goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

During the period, the Company recognised an impairment provision of £44k against goodwill carried in relation to Chile due to the Company's diminishing presence in this region.

15. Investment in an associate

The Group has a 30% interest in Artmin Madencilik Sanayive Tikaret A.S (Artmin Madencilik) which is involved in mineral exploration and evaluation in Turkey. Artmin Madencilik is a private entity and is not listed on any public exchange. The Group's interest is accounted for using the equity method on the consolidated financial statements.

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 £7.47 million.

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

	2016 £ 000	2015 £ 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**

The Group recognised a decrease in its share of net assets of Artmin Madencilik for the year ended 31 December 2016 of £147k. (2015: £13k increase).

15. Investment in an associate (continued)

	2016 £ 000	2015 £ 000
Revenue	33	17
Administrative expenses	(279)	(13)
Exploration expenditure	(648)	-
Other costs	(18)	(1)
Foreign exchange gain /(loss)	116	-
Total net loss	(796)	3
Group's share of net loss	**(239)**	**1**

The Group recorded its share of the net loss in Artmin Madencilik for the year ended 31 December 2016 in the consolidated statement of profit or loss at 31 December 2016.

16. Other non-current receivable

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
VAT Refundable	554	638	-	-
Other	82	88	-	-
	636	**726**	-	-

VAT Refundable balance is recorded in relation to the Group's Argentinean subsidiaries. No provision has been recorded against VAT Refundable amounts

17. Financial Assets and Financial Liabilities

i) Summary of financial assets and financial 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 Group uses level 1 – quoted prices in an active market to disclose the fair value of financial instruments. This applied to the quoted equity shares of Aegean Metals Group recorded in 2015. The carrying values of all other financial assets and liabilities are considered to be a reasonable approximation of their fair value.

The carrying amount and fair value of the Company and Group's financial assets and financial liabilities as recognised at the statement of financial position date of the reporting periods under review are categorised as follows:

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Financial assets				
Loans to subsidiaries	-	-	22,115	16,585
Other receivables	205	58	14	1
Cash and cash equivalents	5,126	1,520	4,783	1,079
	5,331	1,578	**26,912**	17,665
Financial liabilities				
Trade and other payables	772	415	189	110
Amounts payable to subsidiaries	-	-	538	517
	772	415	**727**	627

17. Financial Assets and Financial Liabilities (continued)

ii) Financial assets

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Financial instruments at fair value through profit or loss				
Quoted equity shares – Aegean Metals Group	-	17	-	17
Unquoted equity shares – Nassau Gold Limited	115	-	115	-
Provision against financial asset	(115)	-	(115)	-
Financial instruments at amortised cost				
VAT refundable	554	638	-	-
Other receivables	287	146	14	1
Cash and cash equivalents	5,126	1,520	4,783	1,079
	5,967	**2,321**	**4,797**	**1,097**

iii) Financial liabilities

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Financial instruments at amortised cost				
Trade and other payables	772	415	189	110
Amounts payable to subsidiaries	-	-	538	517
	772	**415**	**727**	**627**

iv) Financial risk management objectives and policies

Risk Management

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 as disclosed in Notes 22, 23 and 24. Total £12,687k (2015: £8,923k). 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.

17. Financial Assets and Financial Liabilities (continued)

Interest rate risk

The Group is exposed to some interest rate risk as a consequence of some of its cash and deposit balances which attract average variable interest rates. All other financial assets and liabilities are non-interest bearing.

Sensitivity analysis has been determined based on the Group and Company's exposure to interest rates for its financial assets as at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. If interest rates on the Group's cash and deposit balances had been 50 basis points higher or lower and all other variables were held constant, the impact on the Group's net profit and net assets would be insignificant as the group did not have significant cash reserves that attracted interest (2015: not material).

Foreign currency risk

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

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

	Australian Dollar	Argentina Peso	Chile Peso	US Dollar	Peru Nuevo Sol	Canadian Dollar	Turkish Lira	Central African Franc
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)
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	-

17. Financial Assets and Financial Liabilities (continued)

The carrying value of the Company's monetary items that have foreign currency exposure at 31 December are shown below:

	US Dollar	Canadian Dollar
2016		
Cash and cash equivalents	3,469	-
Trade and other payables	(14)	-
Foreign currency exposure	3,455	-
2015		
Cash and cash equivalents	1	-
Trade and other payables	(15)	(25)
Foreign currency exposure	(14)	(25)

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.

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. 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 or other equity where the Pound Sterling strengthens against the respective currency. For a weakening of the Pound Sterling, against the respective currency there would be an equal and opposite impact on the profit or loss and equity.

		2016 £ 000	2015 £ 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)
Turkish Lira	Profit or loss	(13)	(37)
Central African Franc	Profit or loss	18	-
Equity total		(454)	(194)

17. Financial Assets and Financial Liabilities (continued)

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 the Company and the Group's maximum exposure to credit risk, are summarised below:

	Maximum credit risk	
	2016	**2015**
Group	**£ 000**	**£ 000**
Other receivables	169	131
VAT receivable	554	638
Cash and cash equivalents	5,126	1,520
	5,849	2,289
Company		
Other receivables	14	-
Cash and cash equivalents	4,783	1,079
	4,797	1,079

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.

Liquidity risk exposure

The contractual maturities of the financial liabilities at 31 December, based on the earliest date on which payment can be required were as follows:

Group	**3 mths or less £ 000**	**More than 3 mths £ 000**	**Total £ 000**
2016			
Non interest bearing:			
Trade and other payables	772	-	772
	772	-	772
Interest bearing			
Finance lease liability	-	1	1
	-	1	1

17. Financial Assets and Financial Liabilities (continued)

	3 mths or less £ 000	More than 3 mths £ 000	Total £ 000
2015			
Non interest bearing:			
Trade and other payables	415	-	415
	415	-	415
Interest bearing			
Finance lease liability	1	1	2
	1	1	2

Company	3 mths or less £ 000	More than 3 mths £ 000	Total £ 000
2016			
Non interest bearing			
Trade payables	189	-	189
	189	-	189
2015			
Non interest bearing			
Trade payables	110	-	110
	110	-	110

18. Other receivables and prepayments

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Prepaid expenses, advances to suppliers & tax credits	281	65	65	22
VAT Refundable	-	37	-	-
Other	61	66	-	1
	342	**168**	**65**	**23**

All amounts are short term and are expected to be recovered within 12 months. The carrying values are considered to be reasonable approximation of fair value.

19. Trade and other payables

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Trade creditors	31	4	10	-
Other creditors	507	246	54	40
Accruals	234	165	125	70
Amounts payable to subsidiaries	-	-	538	517
	772	**415**	**727**	**627**

All amounts are short term and the carrying values are considered to be reasonable approximation of fair value.

20. Provisions

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Employee benefits	97	40	44	29

The current provision for employee benefits comprises leave entitlements accrued and expected to be taken within 12 months.

Movements during the year:				
At beginning of year	40	26	29	14
Amounts utilised	(11)	(34)	(15)	(10)
Additional provision	68	48	30	25
At end of year	97	40	44	29

21. Finance lease liability

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Finance lease liability	1	1	-	-
Current	1	1	-	-
Non-current	-	1	-	-
	1	**2**	**-**	**-**

Finance lease is in relation to office equipment purchased in Australia.

22. Share capital

a) Share Capital

Allotted, issued and fully paid	2016 Shares	2015 Shares	2016 £ 000	2015 £ 000
Ordinary shares of £0.001 each*	**124,050,705**	**85,810,816***	**124**	**86**

*Adjusted for 10:1 share consolidation

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.

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 (ref note 9) 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.

b) Movements in share capital

	2016 £ 000	2015 £ 000
At beginning of year	**86**	46
Issue of ordinary shares - placement	33	21
Issue of ordinary shares – exercise of options and warrants	5	19
At end of year	**124**	**86**

22. Share capital (continued)

The ordinary shares participate in dividends and are entitled to one vote per share at shareholders meetings. In the event of winding up the company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation in proportion to the number of shares held.

c) Movement in shares

	2016 Shares	2015 Shares
At beginning of year	85,810,816*	45,600,515*
Issue of ordinary shares- placement *	33,000,000	20,106,724*
Issue of ordinary shares- Aegean acquisition	-	7,875,800*
Issue of shares- exercise of options and warrants*	5,239,889	12,227,777*
At end of year	**124,050,705**	85,810,816*****

*Adjusted for 10:1 share consolidation

Date issued	Issue price £	Number of shares issued
10/05/2016	0.001*	33,000,000*
12/05/2016	0.001*	141,010*
01/06/2016	0.001*	980,000*
27/07/2016	0.001	25,000
17/08/2016	0.001	25,000
07/09/2016	0.001	384,614
09/09/2016	0.001	47,550
29/09/2016	0.001	120,937
05/10/2016	0.001	1,005,550
07/10/2016	0.001	70,000
14/10/2016	0.001	47,550
03/11/2016	0.001	1,952,066
25/11/2016	0.001	440,611
Total shares issued		**38,239,889**

*Adjusted for 10:1 share consolidation

23. Share Premium

	2016 £ 000	2015 £ 000
At beginning of year	41,255	35,531
Premium on shares issued (net of issue costs and warrants exercised)	5,543	5,724
At end of year	**46,798**	**41,255**

Issue costs relating to services provided by advisers totalled £18k and cost of issuing warrants totalled £1,883k (2015: £182k).

24. Other components of equity

a) Consolidated

	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	2,568	-	-	-	2,568
Exercise of warrants	(12)	-	-	-	(12)
Acquisition of Awale Resources	-	-	-	427	427
Transactions with owners	2,556	-	-	427	2,983
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations	-	(227)	-	-	(227)
Increase in non-controlling interest	-	7	-	-	7
Total comprehensive (loss) for the year	-	(220)	-	-	(220)
Balance at 31 December 2016	**5,838**	**4,477**	**(22)**	**427**	**10,720**
Balance at 1 January 2015	**2,877**	**2,015**	**-**	**-**	**4,892**
Acquisition of subsidiary	-	-	(22)	-	(22)
Share-based payment options	405	-	-	-	405
Transactions with owners	405	-	(22)	-	383
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations	-	2,676	-	-	2,676
Increase in non-controlling interest	-	6	-	-	6
Total comprehensive (loss) for the year	-	2,682	-	-	2,682
Balance at 31 December 2015	**3,282**	**4,697**	**(22)**	**-**	**7,957**

b) Company

	Share based payments & warrants reserve £ 000	Treasury Shares* £ 000	Deferred Equity £ 000	Total £ 000
Balance at 1 January 2016	**3,282**	**(22)**	**-**	**3,260**
Share-based payment options and warrants	2,568	-	-	2,568
Exercise of warrants	(12)	-	-	(12)
Acquisition of Awale Resources	-	-	427	427
Transactions with owners	2,556	-	427	2,983
Balance at 31 December 2016	**5,838**	**(22)**	**427**	**6,243**
Balance at 1 January 2015	**2,877**	**-**	**-**	**2,877**
Acquisition of subsidiary	-	(22)	-	(22)
Share-based payment options	405	-	-	405
Transactions with owners	405	(22)	-	383
Balance at 31 December 2015	**3,282**	**(22)**	**-**	**3,260**

24. Other components of equity (continued)

★In the prior year, Mariana Resources Limited acquired Aegean Metals Group in a wholly share transaction. As a result the Aegean shares held by the Company were converted to Mariana shares on acquisition and Mariana received 1,902,000 Mariana shares. These shares were recorded as treasury shares at 31 December 2015.

Nature and purpose of reserves

Share Based Payment and Warrant Reserve
The share based payment and warrant reserve is used to record the value of share based payments and warrants provided to employees, directors and advisers as part of their remuneration.

Foreign Currency Translation Reserve
The foreign currency translation reserve is used to record exchange difference arising from the translation of the financial statements of foreign subsidiaries.

25. Share Options and Warrants

(a) Share Options

i. Number of Options
At 31 December 2016, the following options over ordinary shares of the Company had been granted and not exercised:

Expiry date		**Exercise price pence**	**Number of options**
Employees			
	31/07/2017	20.0	52,500
	31/03/2018	60.0	105,000
	01/03/2019	30.0	410,000
	10/06/2019	42.5	355,000
	29/08/2021	54.5	470,000+
			1,392,500
Directors			
	16/01/2017	43.4	38,040*
	31/07/2017	20.0	120,000
	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	870,000
	01/03/2019	50.0	325,000
	01/03/2019	70.0	325,000
	10/06/2019	42.5	930,000
	10/06/2019	45.0	400,000
	10/06/2019	47.5	270,000
			3,758,040
Other			
	16/01/2017	43.4	114,120*
	31/07/2017	20.0	22,500
	31/03/2018	60.0	150,000
	01/03/2019	30.0	290,000
	10/06/2019	42.5	120,000
			696,620
Total			**5,847,160**

* These options have been exercised post balance sheet date. Refer to Note 28.

All options vest immediately with the exception of the following which are included in the above balance +: 90,000 vesting date 31 August 2017; 90,000 vesting date 31 August 2018 and 200,000 vesting date 31 August 2019.

25. Share Options and Warrants (continued)

ii. Movements during the year

	Number of Options	Weighted average exercise price (pence)	Number of Options*	Weighted average exercise price (pence)
	2016	**2016**	**2015**	**2015**
Outstanding at beginning of year*	4,047,850	43.0	1,640,000	-
Granted during the year*	2,585,000	45.64	2,682,850	39.0
Exercised during the year*	(495,690)	32.13	-	-
Expired during the year*	(290,000)	124.1	(275,000)	352.0
Outstanding at the end of the year	5,847,160	46.25	4,047,850	52.0
Exercisable at the end of the year	5,847,160	46.25	3,715,000	43.0

*Adjusted for share consolidation undertaken in July 2016 (refer Note 1)

iii. Fair value of options granted

The fair value of options granted during the year as calculated using a Black Scholes based model was £685k (2015:£298k). Fair value per option 26 UK pence (2015: 11 UK pence)

The inputs into the Black Scholes based model are as follows:	**2016**	**2015**
Weighted average share price at date of grant (in pence)	41.2	15.8
Weighted average exercise price (in pence)	45.6	39.0
Weighted average expected volatility	140%	140%
Weighted average expected life (in years)	3.35	2.9
Risk free rates	0.43%	1.0%

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.

iv. Weighted average exercise price

	2016	**2015**
Weighted average exercise price of all options:	46.28	53.0 pence
Weighted average exercise price of options held by directors:	48.4	59.9 pence

v. Weighted average contractual life of options outstanding at end of year

Weighted average contractual life of options outstanding at end of year:	2.32	2.44 years

(b) Warrants

i. Number of warrants

At 31 December 2016, the following warrants had been granted and not exercised:

Expiry date	Exercise price pence	Number of warrants
16/01/2017	43.4	152,160*
26/02/2017	16.0	70,708*
24/04/2017	30.0	4,012,388
06/05/2018	25.0	14,054,641
		18,289,897

✶ These warrants have been exercised post balance sheet date. Refer Note 28.

25. Share Options and Warrants (continued)

ii. Movements during the year

	Number of Warrants	Weighted average exercise price (pence)	Number of Warrants*	Weighted average exercise price (pence)
	2016	**2016**	**2015**	**2015**
Outstanding at beginning of year*	6,534,094	30.0	2,327,680	-
Granted during the year	16,500,000	25.0	6,777,840	33.0
Exercised during the year	(4,744,197)	27.4	(706,700)	20.0
Cancelled during the year	-	-	(1,864,726)	37.0
Outstanding at the end of the year	18,289,897	26.2	6,534,094	30.0
Exercisable at the end of the year	18,289,897	26.2	6,534,094	30.0

***Adjusted for share consolidation undertaken in July 2016 (refer Note 1)

iii. Fair value of warrants granted

The fair value of warrants granted during the year as calculated using a Black Scholes based model was £1,883k (2015: £107k).

The inputs into the Black Scholes based model are as follows:	**2016**	**2015**
Weighted average share price at date of grant (in pence)	18.2	20.0
Weighted average exercise price (in pence)	25.0	39.0
Weighted average expected volatility	140%	140%
Weighted average expected life (in years)	1.4	1.3
Risk free rates	0.37%	0.42%

(c) Recognised share based payments and warrant costs

	Group 2016 £ 000	Group 2015 £ 000
Cost arising from equity settled share based payments and warrants	**2,568**	**405**
During the period the following amounts were calculated in relation to share based payments and warrants issued:		
Directors	406	148
Employees	279	94
Acquisition of Aegean Metals Group	-	75
Advisers and equity holders	1,883	88
	2,568	405

26. Cash flows

a) Reconciliation of operating loss to net cash outflow from operating activities.

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Loss after income tax	(4,577)	(7,771)	(2,076)	(2,254)
Non cash flows in operating activities				
- Depreciation	25	48	-	-
- Share based payments	685	283	685	283
- Impairment/write off of deferred exploration costs	2,251	1,611	1,635	334
- Write down of investments	-	-	1,950	1,125
- Loan relief	-	30	-	-
- Finance costs	-	85	-	85
- Warrant cost	-	15	-	15
- Provision against financial investment	115	-	-	-
- Provision against goodwill	44	-	-	-
- Foreign exchange losses/(gains)	(649)	5,023	(3,508)	(725)
- Movement in associate and share of profits	386	(13)	-	-
- Gain on financial instruments	-	(5)	-	(5)
- Gain on loss of control of subsidiary	-	(928)	-	-
Changes in assets and liabilities				
Movement in payables	(40)	(24)	296	433
Movement in receivables	(73)	(55)	42	(29)
Net Cash Used in Operating Activities	**(1,833)**	**(1,701)**	**(976)**	**(738)**

b) Analysis of net funds

	Group 2016 £ 000	Group 2015 £ 000	Company 2016 £ 000	Company 2015 £ 000
Cash at bank and in hand	4,905	1,488	4,783	1,079
Cash on deposit	221	32	-	-
	5,126	**1,520**	**4,783**	**1,079**

27. Related Party Disclosures

Related party disclosures are shown below:

a) Balances with Related Parties

Related Party	Relationship	Nature of Transaction	2016 £ 000	2015 £ 000
Mariana Exploration Pty Ltd	Subsidiary	Intercompany loan	(538)	(517)
Mariana Turkey Limited	Subsidiary	Intercompany loan	1,609	387
Minera Mariana Argentina S.A.	Subsidiary	Intercompany loan	14,641	11,718
Minera Mariana Sierra Blanca SA	Subsidiary	Intercompany loan	-	-
Mariana International Limited	Subsidiary	Intercompany loan	1,433	1,132
Minera AMG Chile Limitada	Subsidiary	Intercompany loan	40	33
Awale Resources Limited	Subsidiary	Intercompany loan	187	-
Minera Mariana Peru SAC	Indirect Subsidiary	Intercompany loan	4,205	3,315

All of the above loans are interest free.

27. Related Party Disclosures (continued)

b) Transactions with Related Parties

Management fees of £162k were paid by Mariana Resources Limited to Mariana Exploration Pty Limited for the year ended 31 December 2016 (2015: £148k).

The following transactions were entered into with related parties for the relevant financial year:

- Scopemedia (entity controlled by son of J Horsburgh) - website support and maintenance £ nil (2015: £2k);
- R Horsburgh (daughter-in-law of J Horsburgh) - services related to publicity and investor relations £12k (2015:£13k);
- Innerleithen Pty Ltd (entity controlled by J Horsburgh) - consulting services provided by J Horsburgh £14k (2015:£23k);
- ER Global SpA (entity controlled by E Roth) - executive directors fees of £141k were paid to this company controlled by Eric Roth (2015: £152k).

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
There are no outstanding balances at year end. (2015: nil)
Directors were paid remuneration during the year as set out in Note 5.
There is no ultimate controlling party.

28. Post Balance Sheet Date Events

On 16th January 2017, the Company announced that the following warrants and options, due for expiry, have been exercised into ordinary shares with funds received:

- 152,160 Warrants exercised at 43.4p;
- 152,160 Options exercised at 43.4p;and
- 70,708 Broker Warrants exercised at 16p.

The Company will issue and allot 375,028 new ordinary shares.

On 17th January 2017, the Company announced the release of a Preliminary Economic Assessment ("PEA" or the "Study") of the high grade Hot Maden gold-copper project in NE Turkey. The PEA was prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") by independent mining consultant firm RungePincockMinarco Limited ("RPM"). 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

On 1st February 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 1 September 2017, 2 April 2018 and 1 November 2018, subject to the condition that such executive remains under the employ of the Company on 31 August 2017, 31 March 2018 and 31 October 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.

28. Post Balance Sheet Date Events (continued)

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 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).

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).

On 13th February 2017, the Company announced that the following warrants and options have been exercised into ordinary shares with funds received:

- 168,807 warrants exercised at 25p;
- 7,500 options exercised at 60p.

The company will issue and allot 176,307 new ordinary shares.

On 24th February 2017, the Company announced the completion to acquire an 80% interest in Awalé Resources SARL in the Ivory Coast as previously announced on 7th October 2016. As consideration; ordinary shares of 723,511 in the Company have been issued.

Also on this date, options were exercised into ordinary shares and funds received.

Regarding options exercised the following shares will be issued:

- 250,000 options exercised at 42.5p per share for a total consideration of £106,250;
- 140,000 options exercised at 30p per share for a total consideration of £42,000; and
- 25,000 options exercised at 2p per share for a total consideration of £4,500.

Included in the above issuance of exercised options (totalling 415,000) to Director Eric Roth these have been exercised and subsequently sold at an average price of C$1.21. Mr Roth's direct holding remains the same at 649,371 Ordinary Shares (0.51% of total issued share capital).

On 17th March 2017, the Company announced that the following warrants and options have been exercised into ordinary shares with funds received.

- 392,825 Warrants exercised at 30p per share;
- 15,000 Options exercised at 30p per share; and
- 10,000 Options exercised at 20p per share.

On 27th March 2017, the Company announced that the following warrants have been exercised into ordinary shares with funds received:

- 76,142 Warrants exercised at 25p per share.

On the 10th April 2017, the Company announced that the following warrants have been exercised into ordinary shares with funds received:

- 187,500 Warrants exercised at 30p per share.

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John Goodwin – *Non-executive Director*
Mustafa Aksoy – *Non-executive Director*
Ron Ho – *Non-executive Director*
Glen Parsons – *Chief Executive Officer-Director*
Eric Roth – *Chief Operating Officer– Director*
Sharon Cooper – *Chief Financial Officer*

AIM Code: MARL

TSX:V Code: MARL

Website

www.marianaresources.com