

CHAIRMAN'S REPORT

Dear Shareholder,

Since its debut on AIM in May 2006, your Company has been actively pursuing its objective of discovering valuable mineral deposits in Argentina, Chile and to a lesser extent, Ecuador. I am pleased to report that there has been an encouraging breakthrough at Sierra Blanca in Santa Cruz Province, Argentina which is both mining friendly and an emerging epithermal gold/silver district of world-class significance. Sierra Blanca is part of the Santa Cruz Joint Venture with IAMGOLD Corporation.

Despite the somewhat disappointing results from preliminary drilling last year, the Mariana team persisted and discovered new vein systems at Sierra Blanca. Moreover, initial rock chip sampling at Chala Vein returned some exceptional silver and gold assays which have subsequently been confirmed by outcrop channel sampling and backhoe trenching. These include:

- 9.4 m @ 2,362 g/t silver (76 oz/t) and 1.3 g/t gold in Trench 1
- 3.4 m @ 1,238 g/t gold and 10.1 g/t gold in Trench 3
- 16.5 m @ 384 g/t silver and 0.6 g/t gold in Trench 14 (backhoe trench)

The Chala Vein trenching indicates multiple veins up to 9 m wide over an 800 m trend, bonanza silver mineralization, broad halos of disseminated silver-gold mineralization and possible targets between the silicified outcrops. In other words, we have an exciting new target, ready for drilling.

The other interesting new vein system is Vetarrón. It is a partly concealed zone of strongly silicified/breccias and quartz veinlets over a 1.6 km trend and 200 m width. Rock-chip and soil sampling, together with geophysics (IP/resistivity) highlight potential for concealed mineralization.

Furthermore, the remaining 25 km of veins at Sierra Blanca are substantially under-explored, with cover obscuring the full dimensions of this impressive vein system. Drilling is planned in September 2008.

Also in Argentina, Mariana has optioned La Borita copper prospect on the Alumbreira porphyry copper trend in Catamarca Province. Coincidence of a topographic basin, magnetic low and 1.5 km² of copper-bearing travertine may indicate a concealed porphyry copper. Induced polarisation (IP) surveys will test for disseminated sulphides below cover rocks.

As reported recently, Mariana has joined forces with Minotaur Exploration Ltd, a highly successful Australian exploration company specialising in Iron-Oxide-Copper-Gold (IOCG) deposits to explore the Buenaventura copper prospect located 50 km NNE of Copiapó in Northern Chile. Minotaur/Mariana may earn a 51% interest by

staged expenditure of US \$3 million and 80% by completing a bankable feasibility study within a further three years.

The project is in the Chilean IOCG belt, mid-way between the Candelaria (Freeport) and Manto Verde (Anglo American) major copper mines. Previous drilling by concession owners Buenaventura CSM, mainly in areas of outcrop, intersected from 10 m to 90 m of 0.2 to 0.5 % copper. Three untested targets are evident from geophysics to date. Approximately 75% of the area is masked by gravels and ground gravity will be extended from a previous survey to cover the whole area. Drill testing of prioritised targets is planned during the initial evaluation stage in 2008.

Also in Chile's IOCG belt, Mariana has optioned the Perro Chico copper-gold prospect and has applied for surrounding areas. The area has a number of copper-gold occurrences and a skarn hosted copper-gold target extending over 500 m and at least 5.5 m thick with rock chip assays of up to 1.8% Cu and 2.2 g/t Au. The area also has IOCG potential.

The percussion drilling programme at Exploradora in the El Salvador Porphyry Copper Region of Chile in joint venture with Anglo American tested for secondary copper adjacent to Codelco's low grade Exploradora porphyry copper-gold deposit. Two of five holes drilled by Mariana intersected substantial zones of low grade copper mineralization over intervals of 188 m and 168 m averaging 0.2% copper, but the targeted supergene enrichment was not present.

In order to prioritise efforts in Argentina and Chile, a farm out policy has been adopted for Ecuador with joint ventures in place at Fierro Urco and Loma Alta. At Fierro Urco, partners Apex Silver have found bonanza grade gold and silver in narrow veins exposed in old workings with exploration continuing. Drilling at the Macara Project (50-50 Joint Venture with Dynasty Mining) intersected up to 1.7 m @ 33.2 g/t Au hosted by skarn. Because of the focus in Argentina and Chile, the impact on Mariana of onerous mining and exploration regulations that are being considered by the Ecuadorian Government will be minimal.

In June, experienced economic geologist Mr. Ray Angus was appointed to the Board as a Non-Executive Director. He was co-founder of Monterrico Metals plc which is developing the world-class Rio Blanco copper-molybdenum project in Northern Peru. He brings to the company an excellent track record in South American resources and experience in the London capital markets.

In closing, the efforts of Managing Director John Sutcliffe and his team throughout the year are acknowledged. Fellow directors join me in thanking shareholders for their support. Shareholders can look forward to an exciting year, particularly as new targets are tested at Sierra Blanca, Perro Chico and Buenaventura.

John Horsburgh
Chairman

MARIANA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ended 31 December 2007

Unaudited

	2007	2006
		Eleven Months
	£	£
Turnover	-	-
Operating Expenses		
Administrative expenses	(829,327)	(474,886)
Share based payments		-
Exploration expenditure written off	(669,824)	-
Net operating expenses	(1,570,751)	(474,886)
Operating loss	(1,570,751)	(474,886)
Interest receivable	76,114	63,614
Loss on ordinary activities before taxation	(1,494,637)	(411,272)
Taxation on loss on ordinary activities	-	-
Loss for the financial year/period	(1,494,637)	(411,272)
	(Pence)	(Pence)
Loss per share – basic and diluted	(4.1)	(1.5)

The operating loss for the financial year arises from the group's continuing activities. There is no difference between results reported above and their historical cost equivalents.

MARIANA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED BALANCE SHEET
at 31 December 2007**

Unaudited

	2007	2006
	£	£
Fixed assets		
Intangible assets	1,477,822	966,508
Tangible assets	101,611	97,314
	1,579,433	1,063,822
Current assets		
Debtors	51,846	24,302
Cash at bank and in hand and on deposit	1,501,075	2,491,258
	1,552,921	2,515,560
Creditors:		
Amounts falling due within one year	5,610	126,637
Net current assets	1,547,311	2,388,923
Net Assets	3,126,744	3,452,745
Capital and reserves		
Called up share capital	4,581	3,539
Share premium account	4,935,790	3,896,333
Other reserves	92,282	(35,855)
Profit and loss account	(1,905,909)	(411,272)
Equity shareholders' funds	3,126,744	3,452,745

**CONSOLIDATED CASH FLOW STATEMENT
for the financial year ended 31 December 2007**

Unaudited

	2007	2006
	£	£
Cash outflow from operating activities	(896,439)	(435,831)
Returns on investments	76,114	63,614
Capital expenditure and financial investment	(1,210,357)	(319,797)
Cash outflow before use of liquid resources and financing	(2,030,682)	(692,014)
Management of liquid resources	(475,000)	1,750,000
Financing	1,040,499	3,183,272
(Decrease)/Increase in cash in the year	(1,465,183)	4,241,258

Reconciliation of Net Cash Flow to Movement in Net Cash funds

(Decrease)/Increase in cash in the year	(1,465,183)	4,241,258
Cash outflow/(inflow) from increase in liquid resources	475,000	(1,750,000)
Net funds at beginning of financial year	2,491,258	-
Net funds at end of financial year	1,501,075	2,491,258