



MARIANA RESOURCES LIMITED

(Incorporated in Guernsey, Registered No. 44276)

Management Discussion and Analysis for the Quarter ending 30 June 2011

INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) for Mariana Resources Limited (“Mariana”, “Group” or the “Company”) is prepared as of August 15, 2011. This MD&A should be read in conjunction with the Company’s condensed consolidated unaudited interim financial statements and the notes thereto for the six months ending June 30, 2011. The statements were prepared in accordance with International Financial Reporting Standards (“IFRS”). This is the first financial period that is being reported by Mariana as a reporting issuer under Canadian securities legislation and therefore comparisons of results are against the latest audited consolidated financial statements for the year ended December 31, 2010 and reflects activities for a six month period for completeness. Quarterly statements from June 30, 2010 have been included for information purposes.

All financial information in this MD&A is presented in UK pounds, unless otherwise stated.

Mariana’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “MRY” (listing commenced the 17 June 2011) as well as the AIM market of the London Stock Exchange under the symbol “MARL”.

Additional information can be found on the Company’s website www.marianaresources.com, in the Company’s AIF, filed with the Canadian regulators and available on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Information

This MD&A contains “forward-looking information” and “forward looking statements” (together, the “forward-looking statements”) within the meaning of applicable securities laws and the United States Private Securities Litigation Reform Act of 1995, as amended, including the Company’s belief as to the timing of its drilling, exploration programs and exploration results and completion of various studies. These forward-looking statements appear in a number of different places in this document and can be identified by words and phrases such as, but not limited to, “estimates”, “plans”, “is expected”, or variations of such words or phrases, or statements that certain activities, events or results “may”, “would” or “could” occur. While the Company has based these forward-looking statements on its expectations about future events as at the date that this document was prepared, the statements are not a guarantee of the Company’s future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The Company’s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and do not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations or opinions should change except as required by law. Such factors and assumptions include, amongst others, the

effects of general economic conditions, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, misjudgements in the course of preparing forward-looking statements, fluctuations in gold, silver and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals and other risks and uncertainties disclosed under "Risks" below and other information released by Mariana and filed with the appropriate regulatory agencies. Although the Company has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. For the reasons set forth above, readers should not place undue reliance on forward-looking statements. All statements are made as of the date of this MD&A and the Company is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.

SECOND QUARTER 2011 HIGHLIGHTS FROM OPERATIONS AND DEVELOPMENTS REPORTED TO DATE (Details are available on the Company's website at www.marianaresources.com)

- On 11 July 2011, Mariana reported a gold equivalent (“AuEq”) Initial Resource for its flagship Las Calandrias project in Santa Cruz province, Argentina - (AuEq 491,000 oz Indicated and 28,000 oz Inferred) with the initial Indicated resource estimate for a combined Calandria Sur and La Calandria being 11,840,000 tonnes @ 1.00 grams per tonne (“g/t”) gold (“Au”) and 17.4 g/t silver (“Ag”) and the initial Inferred resource estimate for a combined Calandria Sur and La Calandria being 870,000 tonnes @ 0.93 g/t Au and 5.17 g/t Ag. This half million ounce AuEq resource now underpins the value of Mariana and forms the basis of growth for the Company.
- On 3 August 2011, Mariana reported drilling results from the Sierra Blanca project, also in Santa Cruz, along the 1.1km Chala-Achen vein system where wide intervals of gold-silver mineralisation with high grade zones at Chala Central and Achen were discovered. Intersection included 30.1 metres (“m”) @ 2.2 g/t Au and 101 g/t Ag (3.9 g/t AuEq) from 23.0m, including 2.1m @ 15.9 g/t Au and 38 g/t Ag (16.5 g/t AuEq) from 41m in CHD84. Sierra Blanca is adjacent to Argentex’s Pinguino project. These results advance Sierra Blanca to the status of advanced exploration.
- On 14 and 26 July 2011, Mariana reported high grade gold intercepts and extension at both Calandria Norte and Calandria Sur opening up a number of new drill targets for testing in the next campaign.
- On 19 July 2011, Mariana reported an option to acquire 100% of a gold-silver epithermal project called Jiguata in Northern Chile. The acquisition is in line with Mariana’s strategy of exploration property acquisition in its 100% owned subsidiary outside of the Cliffs’ joint venture area.
- On 17 June 2011, Mariana commenced trading on the TSX.
- On 19 April 2011, Mariana reported the first assays with high grade gold and silver mineralisation from drilling at Sierra Blanca.
- On 12 April 2011, Mariana reported the completion of the third drilling campaign at Las Calandrias with a total of 212 holes drilled for 30,000m.
- Cash on hand at the end of June 2011 was £5.455 million (US\$8.8 million).

DESCRIPTION OF BUSINESS

Mariana is an AIM and TSX listed exploration and development company with an extensive portfolio of gold, silver and copper projects in Argentina and Chile. In addition to the Las Calandrias gold-silver discovery in southern Argentina, the Company has the Sierra Blanca silver-gold prospect (70%), the Los Amigos joint venture (49%) with Hochschild Mining and a 160,000 hectare (“Ha”) land package (100%) in the country. All of these projects are located in the Deseado Massif epithermal gold-silver district in mining-friendly Santa Cruz province of southern Argentina, which hosts four mines and several advanced projects. The Company’s principal asset is its 100% interest in the gold-silver Las Calandrias property in Santa Cruz, Argentina (the “Las Calandrias Project”) and the 70% advancing gold silver project Sierra Blanca, which is certainly showing signs of potentially offering more interesting grades and scale. Mariana has the option to acquire the balance of the 30% interest in the Sierra Blanca project from IAMGOLD.

In Chile, Mariana has a joint venture with US based international mining and natural resources company Cliffs Natural Resources Inc., to explore for iron oxide-copper-gold deposits ('IOCG') in a 92,000 km² area ("SCM Mariana Area") in north-central Chile along the highly prospective Atacama Fault Zone. The SCM Mariana Area includes the 44km² Buenaventura and 46km² Perro Chico IOCG projects. Mariana is also evaluating a number of gold-silver and copper-gold opportunities away from the Cliffs JV area, as part of a new initiative. The Company has acquired an option to earn up to a 100% interest in the 1,700 ha Tolita gold prospect located in the Maricunga Gold Belt and a 100% interest in 5,600 ha in the Jiguata Gold Silver Project in Northern Chile. Details of both are available on the Company's website.

REPORT ON OPERATIONS

Mariana continues to achieve significant milestones in the Company's development, as reflected in the highlights above. Mariana is now focussed on expanding the mineral resource and discovering new targets at the key project Las Calandrias, advancing Sierra Blanca and its other properties. The financial summary of results for the six month period and the following selected financial information are taken from the interim financial statements and are discussed below:

SUMMARY OF FINANCIAL RESULTS (all in UK £'000s)

The following is a summary of quarterly results taken from the Company's unaudited consolidated financial statements for the periods indicated.

Second Quarter 2011 comparison to Second Quarter 2010 Income Statement

	Period ended 30 June 2011	Period ended 30 June 2010
Revenue	(19)	(1)
Employee and Director benefits expense	666	481
Depreciation	38	12
Professional fees	280	175
Impairment and Exploration write offs	285	26
Marketing expenses	61	32
Travel expenses	128	56
Administrative Expenses	144	58
Occupancy Expenses	17	11
Other Expenses	45	51
Exchange (gains)/losses	425	151
Net loss for the Period	2,070	1,052

Extract from Balance Sheet as at 30 June 2011- NON-CURRENT ASSETS in UK £000's

	30 June 2011 Unaudited £	30 June 2010 Unaudited £
Deferred exploration costs	7,718	4,238
Property, plant and equipment	797	158
Investment in jointly controlled entity	1,190	-
Other	2	-
Total non-current assets	<u>9,707</u>	<u>4,396</u>

The expenditures capitalised on the Company's mineral projects from June 2010 to June 2011 have increased considerably as Mariana advanced its flagship Las Calandrias Project. This is mainly attributable to an extended drill campaign commencing in September 2010 at Las Calandrias, the addition of a further drill rig to the programme and completing the programme in May 2011 at Sierra Blanca. This increased activity required increased manpower and related support costs resulting in the increased loss for the half year to June 2011 of £2.07m, higher than the June 2010 loss by £1.018m. Mariana also made the decision to dual list on the Toronto Stock Exchange. With this decision, an increased marketing effort was embarked upon in preparation for the listing, as well as the concomitant administrative, legal and travel costs. Another independent director was appointed to the board of the Company, with a further being appointed after the second quarter 2011 to ensure compliance with the independence and corporate governance requirements of Canadian securities legislation.

Major contributing items to the increase in expenditures are discussed below.

Employee and Director benefits expenses have increased the accounting cost of share based payments over the period, in the form of options issued. Additional staff and director appointments, as well as salary increases have also contributed to this increase.

Professional services increased as a function of the listing application process, the associated legal fees and the listing fees paid to the TSX.

Impairment and exploration write-offs are due to the increased level of exploration work done mainly in Chile, as well as other potential prospective areas where project evaluation work was high. Any costs incurred not attributable to a specific property acquisition are written off, unless a property is acquired and then costs are capitalised.

Travel has increased with the increased marketing and the TSX listing process.

Administrative expenditures increased largely due to bank charges and stamp duty costs incurred with the remittance of increased funds to Argentina being required as a result of increased levels of exploration activity.

Exchange difference is due to the loan accounts of the subsidiaries being revalued with the US\$ depreciation being the major contributing factor.

Second Quarter 2011 comparison to First Quarter 2011 Income Statement

The following selected financial information is taken from the Company's unaudited consolidated financial statements for the periods indicated.

	Period ended 30 June 2011	Period Ended 31 March 2011
Revenue	(10)	(9)
Employee and Director benefits expense	294	372
Depreciation	20	18
Professional fees	164	116
Impairment and Exploration write offs	215	69
Marketing expenses	43	18
Travel expenses	46	82
Administrative Expenses	68	77
Occupancy Expenses	10	7
Other Expenses	27	17
Exchange (gains)/losses	55	370
Net loss for the Period	932	1,137

Second Quarter results were down over the first Quarter 2011 with the major swing being exchange losses coming from revaluation of intercompany loans at the period end with a greater weakening of the US Dollar in the first quarter. Employee and directors benefits were reduced due to the resignation of John Sutcliffe in 22 March 2011. However some of his ongoing consulting work has gone into new project generation and is therefore included in exploration write-offs. This is reflected in the increase, along with increased new project evaluation costs. The TSX listing fees were incurred in the second quarter therefore reflecting the increase in professional services for the current quarter.

Quarterly Comparison to Prior Quarterly Periods

The following selected financial information is taken from the Company's unaudited interim consolidated financial statements or from the Company's audited December 31, 2010 financial statements.

	QE 2 June 30, 2011	QE 1 March 31, 2011	QE 4 December 31, 2010	QE 3 September 30, 2010
Net Loss Before taxation	932	1137	1,689	905
Loss per Share- Basic	0.52	0.63	0.77	0.58
Weighted Number of shares for each Quarter	181,502,930	181,502,930	179,235,930	158,478,763

Mariana became a reporting issuer under Canadian securities legislation on the 17 June 2011. Until such time the Company was not required to prepare quarterly interim financial statements. For completeness quarter on quarter comparison for the last four quarters above has been included in this discussion.

The movement in expenditure not attributable to capitalised projects has been relatively constant over the period, however for fourth quarter ended December 31, 2010 there was a large increase in the net loss, with the main contributing factor being the large write-off of expenditure incurred in projects that were considered not to be viable or considered in excess of recorded value. The dropping of the La Borita project in Northern Argentina was the main contributor to this increase.

Liquidity and Capital Resources

At June 30, 2011, the Company had cash and cash equivalents of £5.46 million compared with £8.4 million at March 31, 2011. The Company's cash and cash equivalents are invested in highly liquid, low risk, interest-bearing investments with maturities of 180 days or less. The Company maintains deposit accounts in currencies of planned operations so as to act as hedge for anticipated expenditure. No forward exchange contracts have been acquired.

The Company has no loans or bank debt and there are no restrictions on the use of its cash resources. The Company has not issued any dividends and management does not expect this will change in the near future. Additional funds will be required in future to fund the ongoing exploration and planned development activities of the Company.

Contractual Obligations and Lease Commitments

Current committed lease commitments are in respect of office leases in Argentina and Australia. Option payments and payments on properties are contingent on exploration successes and can be cancelled at any time should this be warranted.

The lease commitments in £ 000's are as follows:

	2011 (balance of the year)	2012	2013
Total Office Leases	19	52	19

Financial Instruments

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange currency risk, liquidity and interest rate risk.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, loans and accounts payable and accrued liabilities. The carrying value of financial instruments, which include cash, accounts receivable, prepaid expenses, accounts payable, loans, and accrued liabilities approximate fair value because of the short-term maturity of those instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk is managed by maintaining sufficient cash balances to meet current working capital requirements and access to lines of credit with certain banking institutions. The Company is an exploration company and in order to continue its programs funding is required to be raised. There is no guarantee that additional funding will be obtained. The Company's cash is invested in business

accounts with high-credit quality financial institutions in Guernsey, Canada and Australia and are available on demand.

Credit risk

Credit risk is the risk that one party to a financial instrument, will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its liquid financial assets and would arise from the non-performance by counterparties of contractual financial obligations. The Company limits its exposure to credit risk on liquid assets by maintaining its cash with high-credit quality financial institutions for which management believes the risk of loss to be minimal.

Currency risk

The Company operates in Guernsey, Australia, Argentina, and Chile and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The operating results and the financial position of the Company are reported in UK Pounds. Fluctuations of local currencies in relation to the UK Pound will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company invests its cash in instruments with maturities of up to 180 days from the original date of investment, thereby reducing its exposure to interest rate fluctuations.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

The following transactions were entered into with related parties of Chairman J. Horsburgh during the half year ended June 30, 2011:

- R Horsburgh - services related to publicity and investor relations £9,219.67.
- Scopemedia - services related to website maintenance £2,279.61.

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

Significant Accounting Policies and Critical Accounting Estimates

The condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by Mariana during the interim reporting period. This financial report is in compliance with International Accounting Standard (IAS) 34: Interim Financial Reporting.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current market conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses.

The Company continues to follow the accounting policies described in the audited consolidated financial statements for the year ended December 31, 2010 that was filed on SEDAR upon listing on the TSX on June 17, 2011.

There have been no material changes to the critical accounting estimates discussed in the audited consolidated financial statements for the year ended December 31, 2010 that was filed on SEDAR.

Changes in Accounting Policies including Initial Adoption

The Company has not and does not expect to adopt any new accounting policies subsequent to the end of the most recently completed financial year. The Company also did not initially adopt any new accounting policies during the most recently completed financial year.

Outstanding Share Data

The Company is authorised to issue an unlimited number of Ordinary Shares, of which 181,502,930 are issued as at the date of this report. Each share entitles the holder to one vote. All shares of the Company rank equally as to dividends, voting powers and participation in assets upon a dissolution or winding up of the Company.

At the date of this MD&A, the Company also had 14,848,000 options issued and outstanding, of which 12,437,500 options were issued for the benefit of directors, employees and consultants of the Group under the Company's Share Option Plan. The balance of the options were issued to consultants and as agents compensation options.

Outlook

For the remainder of 2011 Mariana continues to identify new drilling targets at Las Calandrias. The latest results with intercepts outside the initial mineral resource limits, highlight the potential for both high grade gold mineralisation along the NW-SE trending Calandria Sur boundary zone, within the Calandria Norte area and for extensions to bulk-tonnage mineralisation into the volcanoclastics. Surface mapping, trenching and LAG sampling are currently underway to define drill targets in the previously unexplored volcanoclastics. Drilling will resume at Las Calandrias by mid-August with a minimum of 5,000m. Follow up drilling is also planned for Sierra Blanca in late September. Mariana continues to evaluate the merits of its properties as well as those of its joint ventures to ensure appropriate allocation of funds.

Risks

The Company operates in the resource industry, which is highly speculative, and has certain inherent operating, development and exploration risks which could have a negative effect on the Company's operations.

Significant risk factors for the Company include land title, environmental regulations and compliance, litigation, surface rights, health & safety, the ability to obtain additional financing, metal prices, Mineral Reserves and Resources estimates, insurance coverage, infrastructure, key management and staff, legal, climate considerations, changes in government policy, geopolitical climate, government, currency, economic, local community, geological, competition, and general business risk. For details of risk factors, please refer to the Company's Annual Information Form filed on SEDAR at www.sedar.com.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the accounting principles under which the Company's financial statements are prepared. As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period, being the three months ended June 30, 2011, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management Changes

During the second quarter ended June 30, 2011 no management changes have occurred.

Subsequent Events

Post this reporting period Mr Christopher Mitchell was appointed to the board on July 25, 2011 as independent Director and is a member of the Audit and Remuneration Committee.

The Company released its initial Resource estimate on 11 July 2011 and the announcement is available on the Company's website www.marianaresources.com.

Qualified Person

John Horsburgh, Chairman of Mariana, who is a Fellow of the Australasian Institute of Mining and Metallurgy has sufficient experience relevant to the style of mineralization and types of gold deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr. Horsburgh is a qualified person within the meaning of National Instrument 43-101 and is responsible for the technical disclosure in this MD&A.