

KARIANA RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

September 30, 2011

GENERAL

The following information, prepared as of November 25, 2011, should be read in conjunction with the condensed interim financial statements of Kariana Resources Inc. (the "Company" or "Kariana") for the period ended September 30, 2011, as well as the audited financial statements of the Company for the year ended December 31, 2010. The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the quarter ended September 30, 2011, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

As of January 1, 2011, the Company adopted IFRS and the following disclosure, and the associated condensed interim financial statements, are presented in accordance with the International Accounting Standard 34, Interim Financial Reporting. The comparative periods for fiscal 2010 have been restated in accordance with IFRS.

The risk factors identified in previous management's discussion and analysis (the "MD&A") have also remained substantially unchanged but the risk factor of future financings has assumed a greater importance to the Company in view of the current economic climate and stock market volatility. Management has assessed and will continue to address the implications of recent events in order to ensure that Kariana can continue to achieve its long term objectives.

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS

Certain statements contained in the foregoing management discussion & analysis (the "MD&A") constitutes forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

DESCRIPTION OF BUSINESS

The Company was incorporated on September 14, 2010 pursuant to the *Business Corporations Act*, British Columbia. The Company's principal business activity is the exploration of mineral properties. The Company's shares commenced trading on the Canadian Stock Exchange under the trading symbol "KAA" on August 17, 2011.

The Company is a junior mineral exploration company engaged in the acquisition and exploration of strategic mineral properties. The Company holds an option to acquire an undivided 100% interest in the South Baird Property (the "South Baird Property"), an exploration property situated in the Townships of Baird and Heyson in the District of Red Lake Mining in the Province of Ontario.

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the condensed interim financial statements for the period ended September 30, 2011 and audited financial statements for the period ended December 31, 2010.

The condensed interim statements of financial position as of September 30, 2011 indicates a cash position of \$778,913 (2010 - \$360,732) and total current assets of \$794,921 (2010 - \$360,927). The increase in total current assets was mainly due to the completion of the Company's initial public offering (the "IPO" or the "Offering") on August 15, 2011.

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Current liabilities at September 30, 2011 total \$24,035 (2010 - \$7,500). The increase in current liabilities was caused by regular operating expenses of the Company. Shareholders' equity is comprised of capital stock of \$964,696 (2010 - \$422,500), reserves of \$163,596 (2010 - Nil) and accumulated deficit of \$254,261 (2010 - \$7,716) for a net \$874,031 (2010 - \$414,784).

Working capital, which is current assets less current liabilities, is \$770,886 at September 30, 2011 compared to \$353,427 at December 31, 2010. Management believes that there is sufficient working capital to cover potential option payments, mineral property exploration projects and maintain its day-to-day operations.

During the quarter ended September 30, 2011, the Company reported a net loss of \$168,308 (\$0.02 basic and diluted loss per share). Losses in the quarter ended September 30, 2011 represent operating expenses of \$168,331.

The weighted average number of common shares outstanding for the period ended September 30, 2011 was 8,655,586.

RESULTS OF OPERATIONS

Current Quarter

During the quarter ended September 30, 2011, the Company reported a net loss of \$168,308 (\$0.02 basic and diluted loss per share). The net loss of \$168,308 was due to consulting fees of \$24,531, filing fees of \$3,090, legal fees of \$4,062, meals and travel expense of \$1,358, office and general expenses of \$3,214 and share-based payments of \$132,076.

The consulting fees of \$24,531 included the \$15,000 financial advisory fees and \$1,655 geological consulting service fees paid to a consulting firm (the "Advisory Firm") affiliated to the officers and directors of the Company. The Company also recognized \$6,652 consulting fees for server upgrade services.

The legal fees and filing fees are mainly in connection with the completion of the IPO. Furthermore, the Company granted 600,000 options to the directors and officers of the Company on August 15, 2011 and 230,000 options to a consulting firm on September 1, 2011. As a result, \$132,076 share-based payments was recorded.

During this quarter, there were no operating revenues aside from the interest income of \$23 as the Company was still in the acquisition and exploration stage. The Company's current exploration focus is on the South Baird Property. Costs incurred during the quarter ended September 30, 2011 were primarily related to general and administrative activities, the IPO, and the mineral interest of the South Baird Property. The mineral interest expenditures on the South Baird Property incurred during the quarter ended September 30, 2011 included mineral exploration expenditures of \$11,788 and option payments of \$35,000.

Year-to-Date

During the period ended September 30, 2011, the Company reported a net loss of \$246,545 (\$0.03 basic and diluted loss per share). The net loss of \$246,545 was due to accounting fees of \$16,030, consulting fee of \$24,531, filing fees of \$25,404 in connection with the filing of the prospectus and monthly transfer agent services, legal fees of \$41,562, meals and travel expense of \$1,808, office general expenses of \$5,157 and share-based payments of \$132,076. The legal fees included fees for incorporating the Company, raising the seed capital, acquiring interest in the South Baird Property, finalizing the prospectus and coordinating the initial public offering.

During this period, there were no operating revenues aside from the interest income of \$23 as the Company was still in the acquisition and exploration stage. The Company's current exploration focus is on the South Baird Property. Costs incurred from incorporation to September 30, 2011 were primarily related to general and administrative activities, the IPO, and the mineral interest of the South Baird Property. The mineral interest on the South Baird

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Property included the acquisition cost of \$44,500, drilling cost of \$5,585, field expenditures of \$4,698, geological consulting fee of \$9,207, report and assays cost of \$4,155 and option payments of \$35,000.

As the Company is a junior mineral exploration company without any significant revenue, it will continue to require funds to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during the year. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular year or if available, that it can be obtained on terms satisfactory to the Company.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters:

	Qtr 3 September 30, 2011	Qtr 2 June 30, 2011	Qtr 1 March 31, 2011	Qtr 4 December 31, 2010	Qtr 3 September 30, 2010	Qtr 2 June 30, 2010	Qtr 1 March 31, 2010	Qtr 4 December 31, 2010
Revenue	-	-	-	-	N/A	N/A	N/A	N/A
Net Loss	\$168,308	\$42,367	\$35,870	\$7,716	N/A	N/A	N/A	N/A
Basic and diluted loss per share	\$0.02	\$0.01	\$0.01	0.00	N/A	N/A	N/A	N/A
Total assets	\$794,921	\$384,705	\$410,258	\$422,284	N/A	N/A	N/A	N/A
Working Capital	\$770,886	\$265,190	\$317,557	\$353,427	N/A	N/A	N/A	N/A

The financial data for 2011 quarters are prepared in accordance with IFRS. The financial data for December 31, 2010 quarter is prepared in accordance with Canadian GAAP. In preparing the opening IFRS statements of financial position and the financial statements for the period ended December 31, 2010, there were no effect to the amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

Net Loss

Overall, accounting, consulting, filing and legal fees, and share-based payments are the major components that caused variances in net losses from quarter to quarter.

During the quarter ended September 30, 2011, the major expenses of the Company are the consulting fees of \$24,531, filing fees of \$3,090, legal fees of \$4,062 and share-based payments of \$132,076.

During the quarter ended June 30, 2011, the major expenses of the Company are the accounting fees of \$16,030, accrued legal fees of \$15,000 and filing fees of \$10,149.

During the quarter ended March 31, 2011, the major expenses of the Company are the filing fees of \$12,165 and accrued legal fees of \$22,500.

Total Assets

The third quarter ended September 30, 2011 reflects a increase of \$410,216 in total assets compared to the previous quarter ended June 30, 2011. The increase is mainly due to inflow of cash from the IPO of the Company closed on August 15, 2011.

The second quarter ended June 30, 2011 reflects a decrease of \$25,553 in total assets compared to the previous quarter ended March 31, 2011. The decrease is mainly due to outflow of cash to pay for general and administrative expenses of the Company.

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The first quarter ended March 31, 2011 reflects a decrease of \$12,026 in total assets compared to the previous quarter ended December 31, 2010. The decrease is mainly due to outflow of cash to pay for general and administrative expenses of the Company.

Working Capital

Working capital for the quarter ended September 30, 2011 increased compared to the previous quarters due to the completion of the Company's IPO.

MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

South Baird Property, Ontario, Canada

On September 21, 2010, the Company signed an option agreement (the "Option Agreement") with optionor to acquire an undivided 100% interest in the South Baird Property, subject to a 2% NSR to the optionor, with an option buyout of 50% of the NSR for \$1,000,000 upon or prior to the commencement of commercial production. The South Baird Property is located in the District of Red Lake Mining in the province of Ontario.

As at September 30, 2011, the Company has the following future requirements to fulfil its obligation under the Option Agreement:

Date	Shares	Cash Payments
Paid on September 21, 2010	-	\$12,000 (Paid)
Issue within 30 days of completion of IPO	100,000 (Issued)	-
September 21, 2011	-	\$15,000 (Paid)
September 21, 2012	-	\$20,000
September 21, 2013	-	\$30,000
September 21, 2014	-	\$35,000
Total	100,000	\$112,000

The Company entered into a finder's fee agreement dated November 25, 2010 in connection with the acquisition of the South Baird Property. The Company paid finder's fee in cash of \$25,000 and issued 75,000 common shares on December 23, 2010.

Pursuant to the Option Agreement, the Company issued 100,000 common shares at \$0.20 per share to the optionor on August 17, 2011 after the completion of the Company's IPO.

FINANCING ACTIVITIES

The Company has engaged in the following financing activities during 2011:

On August 15, 2011, the Company has completed its Offering pursuant to its prospectus dated May 13, 2011 (the "Prospectus") filed with the British Columbia, Alberta and Ontario Securities Commissions. Under the Offering, the Company issued 3,000,000 common shares of the Company (the "Shares") at a price of \$0.20 per Share. Canaccord Genuity Corp. (the "Agent") acted as agent for the Offering.

In consideration for acting as agent, the Agent received a commission equal to 10% of the gross proceeds of the Offering paid to the Agent in 300,000 Shares ("Agent's Shares") at a deemed price of \$0.20 per Agent's Share, agent's warrants ("Agent's Warrants") to purchase up to 300,000 Shares (the "Agent's Warrant Shares") at a price of \$0.20 per Agent's Warrant Share for a period of 24 months after closing of the Offering, and a corporate finance fee comprised of \$45,000 payable in cash and 50,000 Shares ("Corporate Finance Shares") at a deemed price of \$0.20 per Corporate Finance Share. The Company had paid Canaccord \$15,000 of the \$45,000 corporate finance fee

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during the year ended December 31, 2010. It was recorded as deferred financing cost at December 31, 2010 year end and have been charged to share capital after the completion of the IPO on August 15, 2011. All of the Agent's Shares were qualified for distribution under the Prospectus. The balance of the securities paid to the Agent, being the Agent's Warrants and the Corporate Finance Shares, are subject to a four-month hold period which will expire on December 15, 2011.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2011, the Company's cash and cash equivalents balance was recorded as \$778,913 (2010 - \$360,732) and the Company had a working capital of \$770,886 (2010 - \$353,427). At September 30, 2011, the Company has share capital of \$964,696 (2010 - \$422,500) representing 11,525,000 (2010 - 8,075,000) common shares, reserves of \$163,596 (2011 - Nil) and an accumulated deficit of \$254,261 (2010 - \$7,716).

The Company has not yet put into commercial production any of its mineral properties and therefore has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations under its Option Agreement and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

CONTRACTUAL OBLIGATIONS

A summary of our contractual obligations at September 30, 2011 is detailed in the table below.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Accounts Payable, Accrued and other Liabilities	\$24,035	\$24,035	N/A	N/A	N/A
Total	\$24,035	\$24,035	N/A	N/A	N/A

Also refer to Mineral Properties and Deferred Exploration Expenditures section above for option payment requirements.

OFF BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

On August 15, 2011, the Company granted 600,000 stock options to the CEO, CFO and directors of the Company. Each option will entitle the purchase of one common share of the Company at market price of \$0.20 for a period of ten years from the date of issuance, subject to the Company's stock option plan and applicable securities rules and regulations.

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On September 1, 2011, the Company entered into an advisory agreement with Baron Global Financial Canada Ltd. ("Baron") affiliated to the officers and directors of the Company to provide accounting and administrative services (the "Advisory Services"). The term of agreement is 12 months and the Company will be charged \$15,000 cash fee plus applicable taxes per month for the Advisory Services provided. An officer of the Company is the managing director of Baron. For the period ended September 30, 2011, the Company has accrued consulting fees of \$15,000 (September 30, 2010 – Nil) and accrued geological consulting fees of \$1,655 (September 30, 2010 – Nil) to Baron. The Company granted 230,000 stock options to Baron on September 1, 2011, whereby the Baron can purchase up to 230,000 shares at a price of \$0.25 per share. The options are vested immediately and are exercisable until September 1, 2016.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the condensed interim financial statements for the quarter ended September 30, 2011.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

All significant accounting policies and critical accounting estimates are fully disclosed in Note 2 of the condensed interim financial statements for the period ended September 30, 2011.

Effective January 1, 2011, IFRS became Canadian GAAP for publicly accountable enterprises. As a result, the Company's interim financial statements for the third quarter of 2011 are reported in accordance with IFRS.

Initial elections upon IFRS adoption

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exceptions and mandatory exceptions to this retrospective treatment. Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

IFRS Exemption options

Share-based payments – IFRS 2 Share-based payments encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had vested by the transition date. The Company has chosen to apply the exemption under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had vested by the transition date.

IFRS Mandatory exceptions

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any differences in accounting policies.

FINANCIAL INSTRUMENTS

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at fair value through profit and loss are measured at amortized cost using the effective interest rate method.

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The Company has implemented the following classifications for its financial instruments:

- a) Cash has been classified as FVTPL.
- b) Receivables have been classified as loans and receivables.
- c) Payables and accruals have been classified as financial liabilities not at fair value through profit and loss.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and currency risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Credit risk

The Company's limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

September 30, 2011	Less than 3 months	3 – 12 months	1 – 5 years	Longer than 5 years	Total
	\$	\$	\$	\$	\$
Cash	778,913	-	-	-	778,913
Payables	23,968	67	-	-	24,035
<hr/>					
December 31, 2010					
Cash	360,732	-	-	-	360,732
Payables	7,500	-	-	-	7,500

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

OTHER MD&A DISCLOSURE REQUIREMENTS

Disclosure of Outstanding Share Data

The following information relates to share data of the Company as at the date of this MD&A.

Common shares

Authorized: Unlimited number of common voting shares without nominal or par value

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Issued: The Company has 11,525,000 common shares issued and outstanding and its share capital is \$964,696.

Share purchase option compensation plan

The Company has adopted a Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan are determined by, and at the discretion of, the Board of Directors.

On August 15, 2011, the Company granted 600,000 stock options to officers and directors of the Company whereby the option holders can purchase up to 600,000 shares at a price of \$0.20 per share. The options are vested immediately and are exercisable until August 15, 2021.

On September 1, 2011, the Company granted 230,000 stock options to a consulting firm whereby the option holder can purchase up to 230,000 shares at a price of \$0.25 per share. The options are vested immediately and are exercisable until September 1, 2016.

As at the date of MD&A, the Company has 830,000 options outstanding.

Warrants

On August 15, 2011, the Company has completed its Offering and issued 300,000 Agent Warrants to the Agent to purchase up to 300,000 Shares at a price of \$0.20 per Agent's Warrant Share for a period of 24 months. The Agent Warrants were valued at fair value of \$31,520. The fair value of these Agent Warrants was \$0.10 per unit where the market price at the date of grant is \$0.20 and the fair value of each Agent Warrant granted is calculated using the Black-Scholes option pricing model assuming a risk-free interest of 1.01% and volatility of 100%.

As at the date of MD&A, the Company has 300,000 warrants outstanding.

Escrow shares

As at September 30, 2011, the Company has 2,624,850 seed common shares held in escrow. All of the seed shares are subject to an escrow agreement pursuant to policies under National Policy 46-201. Under the terms of the escrow agreement, 10% of the escrowed shares were released from escrow upon the date the Company's securities are listed on a Canadian exchange and an additional 15% will be released on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. Shares held in escrow will be cancelled should the Company become de-listed.

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Period ended September 30, 2011	Period ended September 30, 2010
	\$	\$
Accounting fees	16,030	-
Consulting fees	24,531	-
Filing fees	25,404	-
Legal fees	41,562	-
Stock-based compensation	132,076	-

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Accounting fees of \$16,030 included the accounting services provided for T2 corporate income tax return filing and the audit of the Company's year ended December 31, 2010.

Consulting fees of \$24,531 included the financial advisory fee and geological consulting service fee to a consulting firm affiliated to the officers and directors of the Company.

Filing fees of \$25,404 are in connection with the filing of the prospectus and monthly transfer agent services.

Legal fees of \$41,562 included fees for the incorporation and organization of the Company, the raising of seed capital, the acquisition of the Company's interest in the South Baird Property, and the completion of prospectus.

Share-based payments of \$132,076 is recognized since 600,000 options were granted to the directors and officers of the Company on August 15, 2011 and 230,000 options were granted to a consulting firm on September 1, 2011.

The Company has capitalized the following exploration and development costs:

South Baird Property, Ontario, Canada

	\$
Acquisition Costs	12,000
Finder's Fee	32,500
Mineral Property Interest	44,500
Exploration Costs	
Geological consulting	1,857
Balance December 31, 2010	46,357
Exploration Costs	
Drilling	5,585
Field expenses and others	4,698
Geological consulting	7,350
Option payments	35,000
Report and assays	4,155
Balance September 30, 2011	103,145

TRANSITION TO IFRS

Effective January 1, 2011, IFRS became Canadian GAAP for publicly accountable enterprises. As a result, the Company's interim financial statements for the third quarter of 2011 are reported in accordance with IFRS.

The Company developed and executed a changeover plan in order to begin reporting in accordance with IFRS from January 1, 2011. The changeover plan included a diagnostic phase, an impact analysis, evaluation on conversion phase and an implementation and review phase, each of which set out activities to be performed over the life of the project, resulting in the Company's first interim reporting under IFRS for the first quarter of 2011. The implementation and review phase will continue and the company will continue to monitor accounting and regulatory developments and evaluate impacts on our financial reporting, and continuing to fulfill presentation and reporting requirements and culminate in the preparation of our financial reporting under IFRS in 2011.

Throughout 2011, the Company will continue to execute the final phase of our changeover plan. Activities in this respect include continuing on IFRS training for staff, execute business process and internal control changes.

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FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

(a) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9, *Financial Instruments* (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. The Company has not early adopted the standard and is currently assessing the impact it will have on the financial statements.

(c) IFRS 11, Joint Arrangements

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its financial statements.

(d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its financial statements.

(e) IFRS 13, Fair Value Measurements

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently assessing the impact of the standards on its condensed financial statements.

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The Company anticipates that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Company.

RISKS AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

ADDITIONAL INFORMATION

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.