KARIANA RESOURCES INC.

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

December 31, 2011

GENERAL

The following information, prepared as of April 4, 2012, should be read in conjunction with the audited financial statements of Kariana Resources Inc. (the "Company" or "Kariana") for the year ended December 31, 2011 and the period from incorporation on September 14, 2010 to December 31, 2010. As of January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). The audited financial statements for the year ended December 31, 2011 are prepared in accordance with IFRS. The comparative period from incorporation on September 14, 2010 to December 31, 2010 have been restated in accordance with IFRS.

During the year ended December 31, 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.

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.

CHANGES IN MANAGEMENT

On February 28, 2012, Joel Dumaresq was appointed as the CEO and director of the Company. Herrick Lau has resigned his position as CEO and will continue to act as a director of the Company.

The Company's Board of Directors now consists of following: Lawrence Dick, Joel Dumaresq, Herrick Lau, Christian Klingebiel, Bastian Stein and David Velisek.

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the audited financial statements for the year ended December 31, 2011 and the period from incorporation on September 14, 2010 to December 31, 2010.

KARIANA RESOURCES INC.

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

December 31, 2011

The audited statements of financial position as of December 31, 2011 indicates a cash position of $686,498 (2010 - $360,732) and total current assets of $720,229 (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.

Current liabilities at December 31, 2011 total $2,418 (2010 - $7,500). Shareholders' equity is comprised of share capital of $925,291 (2010 - $422,500), reserves of $163,596 (2010 – Nil) and accumulated deficit of $267,931 (2010 - $7,716) for a net $820,956 (2010 - $414,784).

Working capital, which is current assets less current liabilities, is $717,811 at December 31, 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 year ended December 31, 2011, the Company reported a net loss of $260,215 ($0.03 basic and diluted loss per share) compared to a net loss of $7,716 ($0.00 basic and diluted loss per share) during the period from incorporation on September 14, 2010 to December 31, 2010. Losses in the year ended December 31, 2011 represent operating expenses of $260,266

The weighted average number of common shares outstanding for the year ended December 31, 2011 was 9,378,836 (2010 – 4,810,870).

COMPARISON RESULTS OF OPERATIONS

During the year ended December 31, 2011, the Company reported a net loss of $260,215 ($0.03 basic and diluted loss per share). The net loss of $260,215 was due to accounting fees of $16,030, consulting fee of $70,578, filing fees of $27,981 in connection with the filing of the prospectus and monthly transfer agent services, legal fees of $2,963, meals and travel expense of $4,437, office general expenses of $6,201 and share-based payments of $132,076. During the year ended December 31, 2011 expenses were offset by interest income of $51 (2010 - Nil),

During the year, there were no operating revenues aside from the interest income of $51 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 December 31, 2011 were primarily related to general and administrative activities, the IPO, and the option payment and exploration work performed on the South Baird Property. The cost incurred on the South Baird 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.

KARIANA RESOURCES INC.

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

December 31, 2011

SELECTED ANNUAL INFORMATION

The following table sets out selected financial information derived from the Company's audited financial statements for the most recently completed financial years:

	Year Ended December 31, 2011	Period from September 14, 2010 (Inception) to December 31, 2010
	$	$
OPERATIONS		
Revenue	N/A	N/A
Net Loss	(260,215)	(7,716)
Other income	51	Nil
Basic and diluted loss per share	(0.03)	(0.00)
BALANCE SHEET		
Working capital (deficiency)	717,811	353,427
Total assets	823,374	422,284

During the year ended December 31, 2011 the Company incurred a net loss of $260,215 ($0.03 basic and diluted loss per share) compared to a net loss of $7,716 ($0.00 basic and diluted loss per share) for the period from incorporation on September 14, 2010 to December 31. The increase in net loss was mainly due to the general administrative expenses of the Company during the year and the recognition of share-based payments. Additional explanations for the fluctuation in net loss are summarized below:

Accounting Fees
For the 2011 fiscal year, a total of $16,030 (2010 – $Nil) in accounting fees was recorded. The accounting fees was recorded for the audit services provided for the financial statements of December 31, 2010 and T2 corporate income tax return filing for the period from incorporation on September 14, 2010 to December 31, 2010.

Consulting Fees
For the 2011 fiscal year, $70,578 (2010 - $Nil) in consulting fees was recorded. During fiscal 2011, the Company entered into s consulting agreement with an advisory firm for accounting and administrative services ("Advisory Services") for a monthly fee of $15,000. For the year ended December 31, 2011, the Company has paid consulting fees of $60,000 (2010 – Nil) for the Advisory Services and geological consulting fees of $1,135 (2010 – Nil) to the consultant. The Company has also incurred $9,443 (2010 – Nil) in IT consulting services during the year ended December 31, 2011.

Filing Fees
For the 2011 fiscal year, $27,981 in filing fee was recorded (2010 – $Nil). The increase in filing fee was due to the filing of the prospectus and the regular monthly listing and transfer agents fees after the Company completed its IPO in August 2011.

Legal Fees
For fiscal 2011, $2,963 (2010 - $7,500) in legal fees was recorded.

Meals and Travel Expenses
Meals and travel expenses increased to $4,437 (2010 – $Nil). The increase is due to travel expenses incurred by management for corporate presentation and corporate communication activities.

Office and General

For the 2011 fiscal year, $6,201 (2010 – Nil) in office and general expenses was recorded due to the increase of administrative operation of the Company during the year.

Share-Based Payments

During fiscal 2011, the Company recognized share-based payments of $132,076 (2010 - $Nil). Refer to Note 4 – Capital and Reserves of the audited financial statements for the year ended December 31, 2011.

Total Assets

Total assets as at December 31, 2011 of $823,374 (2010 - $422,284) increased due to the completion of the Company's IPO in August 2011. Total assets consist mainly of cash and short term investment.

SUMMARY OF QUARTERLY RESULTS

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

	Qtr 4 December 31, 2011	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
Revenue	-	-	-	-	-	N/A	N/A	N/A
Net Loss	$13,670	$168,308	$42,367	$35,870	$7,716	N/A	N/A	N/A
Basic and diluted loss per share	$0.03	$0.02	$0.01	$0.01	0.00	N/A	N/A	N/A
Total assets	$823,374	$898,066	$384,705	$410,258	$422,284	N/A	N/A	N/A
Working Capital	$717,811	$770,886	$265,190	$317,557	$353,427	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 December 31, 2011, the major expenses of the Company are the consulting fees of $45,000.

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.

Fourth Quarter

In the fourth quarter ended December 31, 2011, the Company incurred a net loss of $13,670 (2010 - $7,716). The current period's loss was mainly caused by consulting fees of $45,000 (2010 - $Nil). $38,599 of legal fees related to the completion of the Company's IPO recorded during the fiscal year 2011 was reclassified as share issuance cost. Factors affecting the general administrative expenses for the current quarter are similar to those explained under the "Results of Operations" Section.

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 December 31, 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 ACITIVITES

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 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 has expired on December 15, 2011.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2011, the Company's cash and cash equivalents balance was recorded as $686,498 (2010 – $360,732) and the Company had a working capital of $717,811 (2010 - $353,427). At December 31, 2011, the Company has share capital of $925,291 (2010 – $422,500) representing 11,525,000 (2010 – 8,075,000) common shares, reserves of $163,596 (2011 – Nil) and an accumulated deficit of $267,931 (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 December 31, 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	$2,418	$2,418	N/A	N/A	N/A
Total	**$2,418**	**$2,418**	**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

The Company paid or accrued amounts to related parties during the year ended December 31, 2011 as follows:

Services provided by:	Notes	Year Ended December 31, 2011	2010
Baron Global Financial Canada Ltd.	(a)	$61,655	-
Compensation benefits to key management	(b)	$132,076	-

On September 1, 2011, the Company entered into an advisory agreement with Baron Global Financial Canada Ltd. ("Baron") to provide accounting and administrative services. The term of agreement is 12 months. The CEO and director of the Company is also the managing director of Baron. For the year ended December 31, 2011, the Company has paid consulting fees of $60,000 (December 31, 2010 – Nil) and geological consulting fees of $1,655 (December 31, 2010 – Nil) to Baron.

Compensation benefits to key management personnel consist of share-based payments made during the year. On August 15, 2011, the Company granted 600,000 stock options to the officers and directors of the Company. On September 1, 2011, the Company granted 230,000 stock options to Baron.

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 audited financial statements for the year ended December 31, 2011.

SIGNIFICANT ACCOUNTING POLICIES AND CRITIAL ACCOUNTING ESTIMATES

All significant accounting policies and critical accounting estimates are fully disclosed in Note 2 of the audited financial statements for the year ended December 31, 2011.

Effective January 1, 2011, IFRS became Canadian GAAP for publicly accountable enterprises. As a result, the Company's year ended December 31, 2011 financial statements 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.

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

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

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at December 31, 2011 as follows:

	Fair Value Measurements Using				
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2011 $	Balance, December 31, 2010 $
Cash	686,498	–	–	686,498	360,732
Short term investment	11,500			11,500	-

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

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash and short term investment 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.

December 31, 2011	Less than 3 months	3 – 12 months	1 – 5 years	Longer than 5 years	Total
	$	$	$	$	$
Cash	686,498	-	-	-	686,498
Short term investment	-	11,500	-	-	11,500
HST Receivable	6,195	15,986			22,181
Account Payable	2,418	-	-	-	2,418
December 31, 2010					
Cash	360,732	-	-	-	360,732
Account Payable	7,500	-	-	-	7,500

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GIC carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Company during the prior year and are considered to be effective.

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.

EVENTS AFTER THE REPORTING PERIOD DECEMBER 31, 2011

On February 28, 2012, the Company granted 350,000 incentive stock options to an officer and director of the Company. The option has an exercise price of $0.195 and will expire on February 28, 2017. In addition, the Company has issued 500,000 treasury shares to the officer and director as a signing bonus.

OTHER MD&A DISCLOSURE REQUIREMENTS

Disclosure of Outstanding Share Data

The Company's issued and outstanding share capital as at the date of this report is as follows:
(1) Authorized: Unlimited common shares without par value.
(2) As at the date of this MD&A, the Company has 11,525,000 common shares, 300,000 warrants, and 830,000 options issued and outstanding.

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Year ended December 31, 2011 $	Period ended December 31, 2010 $
Accounting fees	16,030	-
Consulting fees	70,578	-
Filing fees	27,981	-
Share-based payments	132,076	-

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 $70,578 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 $27,981 are in connection with the filing of the prospectus and monthly transfer agent services.

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
Acquisition Costs	35,000
Exploration Costs	
Drilling	5,585
Field expenses and others	4,698
Geological consulting	7,350
Report and assays	4,155
Balance December 31, 2011	103,145

TRANSITION TO IFRS

Effective January 1, 2011, IFRS became Canadian GAAP for publicly accountable enterprises. As a result, the Company's audited financial statements for the year ended December 31, 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.

FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the December 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

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(c) IFRS 11, Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

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

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(e) IFRS 13, Fair Value Measurements

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(f) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

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.