KARIANA RESOURCES INC.

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

December 31, 2012

GENERAL

The following information, prepared as of March 11, 2013, should be read in conjunction with the audited financial statements of Kariana Resources Inc. (the "Company" or "Kariana") for the year ended December 31, 2012 and December 31, 2011. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the year ended December 31, 2012, 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, 2012 and December 31, 2011.

The audited statements of financial position as of December 31, 2012 indicate a cash position of $347,959 (2011 - $686,498) and total current assets of $395,219 (2011 - $720,229). The decrease in total current assets was mainly due to management fees and consulting fees incurred during the year ended December 31, 2012. Non-current assets at December 31, 2012 totalled $138,393 (2011 - $103,145).

Current liabilities at December 31, 2012 total $23,496 (2011 - $2,418). Shareholders' equity is comprised of share capital of $1,022,791 (2011 - $925,291), reserves of $214,485 (2011 - $163,596) and accumulated deficit of $727,160 (2011 - $267,931) for a net $510,116 (2011 - $820,956).

Working capital, which is current assets less current liabilities, is $371,723 at December 31, 2012 compared to $717,811 at December 31, 2011. 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, 2012, the Company reported a net loss of $459,229 ($0.04 basic and diluted loss per share) compared to a net loss of $260,215 ($0.03 basic and diluted loss per share) during the year ended December 31, 2011. Losses in the year ended December 31, 2012 represent operating expenses of $459,338 (2011 – $260,266).

The weighted average number of common shares outstanding for the year ended December 31, 2012 was 11,944,399 (2011 – 9,378,836).

COMPARISON RESULTS OF OPERATIONS

During the year ended December 31, 2012, the Company reported a net loss of $459,229 (2011 - $260,215) and a basic and diluted loss per share of $0.04 (2011 - $0.03). The net loss of $459,229 was due to accounting fees of $15,780 (2011 - $16,030), consulting fees of $185,282 (2011 - $70,578), transfer agent and filing fees of $17,219 (2011 - $27,981) in connection with monthly transfer agent services and regular filing with CNSX and securities commission, legal fees of $7,668 (2011 - $2,963), meals and travel expense of $4,598 (2011- $4,437), office general expenses of $5,403 (2011 - $6,201), management fees of $75,000 (2011 - $Nil) and share-based payments of $148,388 (2011 – $132,076). During the year ended December 31, 2012 expenses were offset by interest income of $109 (2011 - $51),

During the year, there were no revenues aside from the interest income of $109 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 year ended December 31, 2012 were primarily related to general and administrative activities, the IPO, and the option payment and exploration work performed on the South Baird Property. From incorporation to December 31, 2012, the cost incurred on the South Baird Property included the acquisition cost of $67,000, geological consulting fee of $21,943, finder's fee of $32,500, field expenditures of $7,002, drilling expenditures of $5,585 and report and assays cost of $4,363.

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, 2012

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:

	In accordance with IFRS	**In Accordance with IFRS**	**As per Canadian GAAP**
	Year Ended December 31, 2012	**Year Ended December 31, 2011**	**Period from September 14, 2010 (Inception) to December 31, 2010**
	$	**$**	**$**
OPERATIONS			
Revenue	Nil	Nil	Nil
Net Loss	(459,229)	(260,215)	(7,716)
Other income	109	51	Nil
Basic and diluted loss per share	(0.04)	(0.03)	(0.002)
BALANCE SHEET			
Working capital (deficiency)	371,723	717,811	352,427
Total assets	533,612	823,374	422,284
Total non-current liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

During the year ended December 31, 2012 the Company incurred a net loss of $459,229 ($0.04 basic and diluted loss per share) compared to a net loss of $260,215 ($0.03 basic and diluted loss per share) for the year ended December 31, 2011 and a net loss of $7,716 ($0.002 basic and diluted loss per share) for the period from September 14, 2010 to December 31, 2010. The increase in net loss was mainly due to consulting and management expenses incurred during the year. Additional explanations for the fluctuation in net loss are summarized below:

Accounting Fees
For the 2012 fiscal year, a total of $15,780 (2011 – $16,030) in accounting fees was recorded. The accounting fees was recorded for the audit services provided for the financial statements and T2 corporate income tax return filing for the year ended December 31, 2011.

Consulting Fees
For the 2012 fiscal year, $185,282 (2011 - $70,578) in consulting fees was recorded. During fiscal 2011, the Company entered into a 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, 2012, the Company has paid consulting fees of $180,000 (2011 – $60,000) for the Advisory Services and geological consulting fees of $855 (2011 – $1,135) to the consultant. The Company has also incurred $4,427 (2011 – $9,443) in IT consulting services during the year ended December 31, 2012.

Transfer Agent and Filing Fees
For the 2012 fiscal year, $17,219 (2011 – $27,981) in transfer agent and filing fee was recorded in connection with regular filing with CNSX and securities commission.

Legal Fees
For the 2012 fiscal year, $7,668 (2011 - $2,963) in legal fees was recorded.

Management Fees
For the 2012 fiscal year, $75,000 in management fees was recorded due to payments to key management personnel and entities over which they have control or significant influence (related party transactions.)

Share-Based Payments
During fiscal 2012, the Company recognized share-based payments of $148,338 (2011 - $132,076). Refer to Note 4 – Capital and Reserves of the audited financial statements for the year ended December 31, 2012.

Total Assets
Total assets as at December 31, 2012 was recorded as $533,612 (2011 - $823,374). Total assets consist mainly of cash and short term investment.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited financial information of the Company for the eight most recently quarters of operations. This information is derived from unaudited quarterly financial statements prepared by management. These financial data are prepared in accordance with IFRS.

	Qtr 4 December 31, 2012	Qtr 3 September 30, 2012	Qtr 2 June 30, 2012	Qtr 1 March 31, 2012	Qtr 4 December 31, 2011	Qtr 3 September 30, 2011	Qtr 2 June 30, 2011	Qtr 1 March 31, 2011
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	$74,537	$74,266	$85,376	$225,050	$13,670	168,308	$42,367	$35,870
Basic and diluted loss per share	$0.006	$0.006	$0.007	$0.019	$0.001	$0.02	$0.005	$0.01
Total assets	$533,612	$595,588	$682,842	$765,349	$823,374	$898,066	$384,705	$410,258
Working Capital	$371,723	$443,538	$555,022	$640,398	$717,811	$770,886	265,190	$317,557

Net Loss

Overall, accounting, consulting, management 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, 2012, the major expenses of the Company are the consulting fees of $46,047 and management fees of $22,500.

During the quarter ended September 30, 2012, the major expenses of the Company are the consulting fees of $46,902 and management fees of $22,500.

During the quarter ended June 30, 2012, the major expenses of the Company are the consulting fees of $46,287 and management fees of $22,500.

During the quarter ended March 31, 2012, the major expenses of the Company are the consulting fees of $46,047 and accrued accounting fees of $14,280.

Fourth Quarter

In the fourth quarter ended December 31, 2012, the Company incurred a net loss of $74,537 (2011 - $13,670). The current period's loss was mainly caused by consulting fees of $46,047 (2011 - $46,047) and management fees of $22,500 (2011 – $Nil).

Working Capital

Working capital for the quarter ended December 31, 2012 decreased compared to the previous quarters due to decrease in cash.

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.

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.

As at December 31, 2012, the Company has the following future requirements under the Option Agreement:

Date	Shares	Cash Payments
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 (Paid)
September 21, 2013	-	$30,000
September 21, 2014	-	$35,000
Total	**100,000**	**$112,000**

FINANCING ACITIVITES

At December 31, 2012, there were 12,025,000 common shares issued and outstanding (December 31, 2011 – 11,525,000).

On August 15, 2011, the Company completed its IPO raising gross proceeds of $600,000. A total of 3,000,000 common shares of the Company were issued at a price of $0.20 per share pursuant to the final prospectus of the Company dated May 13, 2011.

As part of the IPO, the Company incurred share issuance costs of $187,209, which included 300,000 Shares ("Agent's Shares") at a value of $0.20 per Agent's Share, agent's warrants ("Agent's Warrants") to purchase up to 300,000 shares at a price of $0.20 per share for a period of 24 months after closing of the IPO, and a corporate finance fee comprised of $45,000 and 50,000 shares at a value of $0.20 per share.

On August 17, 2011, the Company issued 100,000 common shares of the Company at a value of $0.20 per share, for a total value of $20,000, pursuant to the provisions of the South Baird Option Agreement (Note 3).

On February 28, 2012, the Company issued 500,000 common shares of the Company at a value of $0.195 per share, for a total value of $97,500, to an officer of the Company as a share-based payment towards a signing bonus.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2012, the Company's cash and cash equivalents balance was recorded as $347,959 (2011 – $686,498) and the Company had a working capital of $371,723 (2011 - $717,811). As at December 31, 2012, the Company has share capital of $1,022,791 (2011 – $925,291) representing 12,025,000 (2011 – 11,525,000) common shares, reserves of $214,485 (2011 – $163,596) and an accumulated deficit of $727,160 (2011 – $267,931).

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, 2012 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	$23,496	$23,496	N/A	N/A	N/A
Total	**$23,496**	**$23,496**	**N/A**	**N/A**	**N/A**

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

Management believes that the Company has sufficient cash to meet its current obligation for the next twelve months.

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 aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Year Ended December 31,	
Services provided by:	2012	2011
Baron Global Financial Canada Ltd.	$180,855	$61,655
Pashleth Investment Ltd.	$75,000	-
Share-based payments	$148,388	$132,076

Baron Global Financial Canada Ltd. ("Baron") is related by way of a director, who is also the managing director of Baron.

Pashleth Investment Ltd. is owned by Joel Dumaresq, the CEO and director of the Company.

Related Party Payable:

	Year Ended December 31, 2012	2011
Pashleth Investment Ltd.	$ 22,500	-

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, 2012.

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, 2012.

FINANCIAL INSTRUMENTS

Classification of Financial Instruments:

(a) Fair Values

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as at December 31, 2012 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, 2012 $	Balance, December 31, 2011 $
Cash	347,959	–	–	347,959	686,498
Short-term investment	11,500			11,500	11,500

The fair values of other financial instruments, which include receivables, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments and loan payable.

(b) 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.

(c) Liquidity risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure (Note 6). The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settled financial liabilities.

Contractual maturity analysis is as follows:

December 31, 2012	Less than 3 months	3 – 12 months	1 – 5 years	Longer than 5 years	Total
	$	$	$	$	$
Cash	347,959	-	-	-	347,959
Short-term investment	-	11,500	-	-	11,500
Account Payable	23,496	-	-	-	23,496
December 31, 2011					
Cash	686,498	-	-	-	686,498
Short-term investment	-	11,500	-	-	11,500
Account Payable	2,418	-	-	-	2,418

(d) 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.

(e) 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 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 December 31, 2012 and the date of this MD&A, the Company has 12,025,000 common shares, 300,000 warrants, and 1,180,000 options issued and outstanding.

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Year ended December 31, 2012	Year ended December 31, 2011
	$	$
Accounting fees	15,780	16,030
Consulting fees	185,282	70,578
Transfer agent and Filing fees	17,219	27,981
Share-based payments	148,388	132,076

Management fees	75,000	-

Accounting fees of $15,780 (Dec 31, 2011 - $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, 2011.

Consulting fees of $185,282 (Dec 31, 2011 - $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.

Transfer agent and filing fees of $17,219 (Dec 31, 2011 - $27,981) are in connection with regular filing with CNSX and securities commission and monthly transfer agent services.

Share-based payments of $148,388 (Dec 31, 2011 – $132,076) were recognized since 500,000 common shares were issued and 350,000 options were granted on Feb 28, 2012 to an officer of the company.

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
Acquisition Costs	20,000
Exploration Costs	
Report and assays	208
Field expenses and others	2,304
Geological consulting	12,736
Balance December 31, 2012	138,393

FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2012 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.

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.