

KARIANA RESOURCES INC.

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

MARCH 31, 2011

GENERAL

The following information, prepared as of June 28, 2011, should be read in conjunction with the condensed interim financial statements of Kariana Resources Inc. (the "Company" or "Kariana") for the period ended March 31, 2011, as well as the audited financial statements of the Company for the period ended December 31, 2010. The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the quarter ended March 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.

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 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 March 31, 2011 and audited financial statements for the period ended December 31, 2010.

The condensed interim statements of financial position as of March 31, 2011 indicates a cash position of \$348,134 (2010 - \$360,732) and total current assets of \$348,901 (2010 - \$360,927). The decrease in total current assets was mainly due to the operating loss incurred during the quarter ended March 31, 2011..

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Current liabilities at March 31, 2011 total \$31,344 (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 \$422,500 (2010 - \$422,500) and accumulated deficit of \$43,586 (December 31, 2010 - \$7,716) for a net \$378,914 (2010 - \$414,784).

Working capital, which is current assets less current liabilities, is \$317,557 at March 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 period ended March 31, 2011, the Company reported a net loss of \$35,870 (\$0.01 basic and diluted loss per share). Losses in the period ended March 31, 2011 represent operating expenses of \$35,870.

The weighted average number of common shares outstanding for the period ended March 31, 2011 was 6,425,000.

RESULTS OF OPERATIONS

Current Quarter and Year-to-Date

During the period ended March 31, 2011, the Company reported a net loss of \$35,870 (\$0.01 basic and diluted loss per share). The net loss of \$35,870 was due to legal fees of \$22,500 filing fees of \$12,165 in connection with the filing of the prospectus and office general expenses of \$1,205. The legal fees included fees for incorporating the Company, raising the seed capital, acquiring interest in the South Baird Property, and finalizing the prospectus,

During this period, there were no operating revenues 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 March 31, 2011 were primarily related to business development, and the mineral interest of the South Baird Property. The mineral interest on the South Baird Property included the acquisition cost of \$44,500 and a geological consulting fee of \$1,857. The Company does not currently have the required financial resources to complete a significant exploration and development program on the South Baird Property beyond the exploration program recommended in the Technical Report.

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 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	Qtr 3 September 30, 2010	Qtr 2 June 30, 2010
Revenue	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net Loss	35,870)	7,716	N/A	N/A	N/A	N/A	N/A	N/A
Basic and diluted loss per share	0.01	0.00	N/A	N/A	N/A	N/A	N/A	N/A
Total assets	348,901	360,927	N/A	N/A	N/A	N/A	N/A	N/A
Working Capital	317,557	353,427	N/A	N/A	N/A	N/A	N/A	N/A

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Net Loss

Overall, legal fees are the major components that caused variances in net losses from quarter to quarter. During the period ended December 31, 2010, the Company accrued \$3,500 legal fees. During the period 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 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 each of the quarters for the period ended March 31, 2011 decreased due to general and administrative expenses of the Company.

MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

South Baird Property, Ontario, Canada

On September 21, 2010, the Company signed an 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 March 31, 2011, the Company has the following future requirements to fulfill 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	-
September 21, 2011	-	\$15,000
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.

FINANCING ACTIVITIES

The Company has engaged in the following financing activities:

- i. On December 3, 2010, the Company issued 1,500,000 common shares at \$0.10 per share for gross cash proceeds of \$150,000
- ii. On November 8, 2010, the Company issued 5,000,000 common shares at \$0.05 per share for gross cash proceeds of \$250,000

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- iii. On September 30, 2010, the Company issued 1,500,000 common shares at \$0.01 per share for gross cash proceeds of \$15,000

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2011, the Company's cash and cash equivalents balance was recorded as \$348,134 (2010 - \$360,732) and the Company had a working capital of \$317,557 (2010 - \$353,427). At March 31, 2011, the Company has share capital of \$422,500 (2010 - \$422,500) representing 6,425,000 (2009 - 4,810,870) common shares and an accumulated deficit of \$43,586 (December 31, 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 March 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	\$31,344	\$31,344	N/A	N/A	N/A
Total	\$31,344	\$31,344	N/A	N/A	N/A

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

For the quarter ended March 31, 2011, the Company has not engaged any transactions with related parties.

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 March 31, 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 March 31, 2011.

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FINANCIAL INSTRUMENTS

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.

March 31, 2011	Less than 3 months	3 – 12 months	1 – 5 years	Longer than 5 years	Total
	\$	\$	\$	\$	\$
Amounts receivable	572	195.00	-	-	767
Payables	31,344	-	-	-	31,344
<hr/>					
December 31, 2011					
Amounts receivable	195	-	-	-	195
Payables	-	-	-	-	-

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

Issued: The Company has 8,075,000 common shares issued and outstanding and its share capital is \$422,500.

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

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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.

No stock options have yet been granted under the plan.

Escrow shares

Included in issued share capital are 2,916,500 shares subject to escrow restrictions which will be released from escrow in tranches over 36 months from its listing.

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Period ended March 31, 2011 \$
Legal Fees	22,500
Filing Fees	12,165
Office and General	1,205

Legal fees of \$22,500 includes fees for the incorporation and organization of the Company, in connection with the raising of seed capital, in connection with the acquisition of the Company's interest in the South Baird Property and in connection of finalizing the prospectus.

Filing fees of \$12,165 are in connection with the filing of the prospectus.

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 first 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.

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

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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.

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.

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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.