SANATANA RESOURCES INC.

Condensed Interim Financial Statements

First Quarter Ended June 30, 2011

Expressed in Canadian Dollars

Unaudited – Prepared by Management

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Sanatana Resources Inc. for the three months ended June 30, 2011 have been prepared by the management of the Company and approved by the Company's audit committee.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditor.

Sanatana Resources Inc.

(formerly Sanatana Diamonds Inc.)
Unaudited – Prepared by Management

Condensed Interim Statements of Financial Position

	Notes	June 30, 2011	March 31, 2011	April 1, 2010
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		3,718,811	4,210,157	2,801,892
Receivables		88,691	38,290	28,081
Prepaid expenses		46,042	54,078	42,462
Total current assets		3,853,544	4,302,525	2,872,435
Non-current assets				
Reimburseable bonds and deposits	6	276,488	277,447	446,975
Prepaid exploration and evaluation advance		35,237	-	-
Exploration and evaluation assets	7	1,408,905	969,909	2,930,072
Property and equipment	8	216,807	225,802	271,568
Total non-current assets		1,937,437	1,473,158	3,648,615
Total assets		5,790,981	5,775,683	6,521,050
LIABILITIES				
Current liabilities				
Payables and accruals		226,377	70,908	120,549
Provision		120,000	120,000	120,000
Total current liabilities		346,377	190,908	240,549
Non-current liabilities				
Deferred income tax liability		431,600	431,600	-
Total liabilities		777,977	622,508	240,549
EQUITY				
Share capital	9	37,498,015	37,457,496	34,272,603
Reserves		3,454,598	3,359,668	2,783,660
Deficit		(35,939,609)	(35,663,989)	(30,775,762)
Total equity		5,013,004	5,153,175	6,280,501
Total equity and liabilities		5,790,981	5,775,683	6,521,050

These condensed interim financial statements are authorized for issue by the audit committee on September 27, 2011. They are signed on the Company's behalf by:

"Pete Miles", Director
Peter Miles

"Edward Marlow", Director
Edward Marlow

The accompanying notes are an integral part of these condensed interim financial statements.

Sanatana Resources Inc.

(formerly Sanatana Diamonds Inc.)
Unaudited – Prepared by Management

Condensed Interim Statements of Comprehensive Loss

For the three months ended June 30,	Notes	2011	2010
		$	$
Expenses			
Depreciation	8	8,995	1,878
Director fees	11	15,000	10,000
Equipment maintenance		-	25,424
Filing fees		11,254	4,496
Investor relations		8,032	1,557
Management fees and salaries	11	68,858	60,610
Office and administration		15,209	17,294
Professional fees		11,539	2,505
Property investigations		2,247	23,227
Rent		20,327	20,808
Share-based compensation	10	103,000	-
Transfer agent fees		4,044	825
Travel and accommodation		10,538	19,192
Loss before undernoted		(279,043)	(187,816)
Abandoned claim costs		-	(23,608)
Interest income		3,423	701
Loss and total comprehensive loss for the period		(275,620)	(210,723)
Loss per share - basic and diluted	12	(0.00)	(0.00)
Weighted average common shares outstanding - basic and diluted	12	81,659,811	62,762,623

The accompanying notes are an integral part of these condensed interim financial statements.

Sanatana Resources Inc.

(formerly Sanatana Diamonds Inc.)
Unaudited – Prepared by Management

Condensed Interim Statements of Changes in Equity

	Number of Shares	Common Shares $	Reserves $	Deficit $	Equity $
Balance - April 1, 2010	62,762,623	34,272,603	2,783,660	(30,775,762)	6,280,501
Loss for the period	-	-	-	(210,723)	(210,723)
Balance - June 30, 2010	62,762,623	34,272,603	2,783,660	(30,986,485)	6,069,778

	Number of Shares	Common Shares $	Reserves $	Deficit $	Equity $
Balance - April 1, 2011	81,585,172	37,457,496	3,359,668	(35,663,989)	5,153,175
Agent warrants exercised	115,294	36,894	(8,070)	-	28,824
Warrants exercised	14,500	3,625	-	-	3,625
Share-based compensation	-	-	103,000	-	103,000
Loss for the period	-	-	-	(275,620)	(275,620)
Balance - June 30, 2011	81,714,966	37,498,015	3,454,598	(35,939,609)	5,013,004

The accompanying notes are an integral part of these condensed interim financial statements.

Sanatana Resources Inc.

(formerly Sanatana Diamonds Inc.)
Unaudited – Prepared by Management

Condensed Interim Statements of Cash Flows

For the three months ended June 30,	Notes	2011	2010
		$	$
Cash provided by (used in):			
Operating activities			
Loss for the period		(275,620)	(210,723)
Adjustment for:			
Depreciation of property and equipment	8	8,995	1,878
Interest income		(3,423)	(701)
Stock-based compensation	10	103,000	-
Changes in non-cash working capital items:			
Receivables		(50,401)	(1,312)
Prepaid expenses		8,036	8,290
Payables and accruals		63,248	(16,288)
		(146,165)	(218,856)
Investing activities:			
Exploration and evaluation assets	7	(382,012)	(184,116)
Reimbursable bonds and deposits		959	-
Property and equipment purchases	8	-	(795)
Rio Tinto contribution	7	-	79,612
Interest received		3,423	701
		(377,630)	(104,598)
Financing activities:			
Issuance of common shares	9	32,449	-
		32,449	-
Decrease in cash and equivalents		(491,346)	(323,454)
Cash and equivalents, beginning of period		4,210,157	2,801,892
Cash and equivalents, end of period		3,718,811	2,478,438
Cash and equivalents comprise:			
Cash		153,389	12,616
Equivalents		3,565,422	2,465,822
		3,718,811	2,478,438

Supplementary cash flow information (note 13)

The accompanying notes are an integral part of these condensed interim financial statements.

1. Nature of Operations and Continuance of Operations

Sanatana Resources Inc. ("Sanatana" or the "Company") was incorporated as Sanatana Diamonds Inc. on June 25, 2004 under the British Columbia Business Corporations Act. The Company changed its name to Sanatana Resources Inc. on April 28, 2011. Sanatana is an exploration stage company, and its principal business activity is the acquisition, exploration and development of mineral properties. The Company has an option to acquire up to a 51% interest in certain Ontario gold exploration claims, diamond mineral property rights in the Northwest Territories and an option to acquire a gold exploration property in Yukon.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations, and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties in which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, and non-compliance with regulatory requirements.

The head office and principal address of the Company are located at Suite 1925 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

2. Basis of Preparation

Statement of Compliance

The financial statements of the Company for the year-ending March 31, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed interim financial statements for the three-month period ended June 30, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Company's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements.

2. Basis of Preparation (continued)

These condensed interim financial statements should be read in conjunction with the Company's March 31, 2011 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 16.

Basis of Measurement

The condensed interim financial statements have been prepared on a historical cost basis.

The financial information is presented in Canadian dollars, which is the functional currency of the Company.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of $172,620 during the three months ended June 30, 2011 and, as of that date the Company's deficit was $35,836,609. However, the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

3. Summary of Significant Accounting Policies

The accounting policies set out below are expected to be adopted for the year ending March 31, 2012 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS balance sheet at April 1, 2010 for the purpose of the transition to IFRS, unless otherwise indicated.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

3. Summary of Significant Accounting Policies

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transfee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Reclamation Deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits are classified as loans and receivables.

Property and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company. Such costs include appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

3. Summary of Significant Accounting Policies

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent Costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in income or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Office furniture	Straight line over 5 years
Computer equipment	Straight line over 3 years
Leasehold improvements	Straight line over 3 years
Exploration equipment	Straight line over 5-25 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

3. Summary of Significant Accounting Policies

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has three cash-generating units for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

Financial Instruments

Financial Assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

3. Summary of Significant Accounting Policies

Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income except to the extent that may relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. Summary of Significant Accounting Policies

Government Grants

From time to time the Company receives government incentive programs such as investment tax credits. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense. In the event the investment tax credits received are less than the amount claimed, the difference will be reflected in operations in the period in which it is determined.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Share Offerings

The Company from time to time, issues common shares to finance its exploration program that transfer the tax deductibility of qualifying resource expenditures to investors. These are referred to as “flow-through share” offerings. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures typically within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company’s period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

3. Summary of Significant Accounting Policies

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

3. Summary of Significant Accounting Policies

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs'. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for year-ends beginning on or after July 1, 2011; however, the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will or may have an effect on the Company's future results and financial position:

(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, 2013. The Company is in the process of evaluating the impact of the new standard.

(b) 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 condensed financial statements.

(c) 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 un 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 condensed financial statements.

(d) IFRS 13, Fair Value Measurements

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair 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, expect 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 standard 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.

3. Summary of Significant Accounting Policies

The following new standards, amendments and interpretations, that have not been early adopted in these condensed interim financial statements, will not have an effect on the Company's future results and financial position:

a) IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
b) IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12 (Effective for periods beginning on or after January 1, 2012)
c) Amendments to IFRS 9: Financial Instruments (Effective for periods beginning on or after January 1, 2013)

4. Critical Accounting Estimates and Judgements

Sanatana Resources Inc. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates with future period amounts discounted to reflect the time value of money. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

4. Critical Accounting Estimates and Judgements (continued)

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Income Tax

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 13.

5. Cash and Cash Equivalents

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Short-term investment deposits included in cash and cash equivalents bear interest at fixed rates to maturity.

6. Reimbursable Bonds and Deposits

Balance April 1, 2010	$ 446,975
Net bond redemptions	(169,528)
Balance March 31, 2011	277,447
Net bond redemptions	(959)
Balance June 30, 2011	$ 276,488

7. Exploration and Evaluation Assets

The exploration and evaluation assets of the Company are comprised as follows:

	Balance April 1, 2010	Change	Balance March 31, 2011	Change	Balance June 30, 2011
	$	$	$	$	$
Watershed property					
Accumulated costs	-	901,562	901,562	425,461	1,327,023
Net	-	901,562	901,562	425,461	1,327,023
Mackenzie Diamond Project					
Accumulated costs	37,533,027	132,277	37,665,304	1,582	37,666,886
Impairment	(26,700,000)	(2,882,737)	(29,582,737)	-	(29,582,737)
Contribution payments	(7,902,955)	(111,265)	(8,014,220)	-	(8,014,220)
Net	2,930,072	(2,861,725)	68,347	1,582	69,929
Piche Lake property					
Accumulated costs	167,370	-	-	-	-
Impairment	(167,370)	-	-	-	-
Net	-	-	-	-	-
Boulder Claims					
Accumulated costs	-	247,161	247,161	11,953	259,114
Impairment	-	(247,161)	(247,161)	-	(247,161)
Net	-	-	-	11,953	11,953
	2,930,072	(1,960,163)	969,909	438,996	1,408,905
Total impairment		$(3,129,898)		$ -	

Watershed property

	Balance April 1, 2010	Change	Balance March 31, 2011	Change	Balance June 30, 2011
	$	$	$	$	$
Acquisition costs	-	850,000	850,000	50,250	900,250
Contractor and consultant	-	22,562	22,562	334,917	357,479
Helicopter and fixed wing aircraft costs	-	-	-	5,845	5,845
Expediting	-	-	-	5,216	5,216
Project management fees	-	27,000	27,000	23,427	50,427
Field and camp	-	2,000	2,000	803	2,803
Transport and accomodatior	-	-	-	5,003	5,003
Watershed property, net	-	901,562	901,562	425,461	1,327,023

7. Exploration and Evaluation Assets (continued)

In February 2011, the Company signed a definitive agreement with Augen Gold Corp. ("Augen") granting the Company an option to acquire up to a 51% undivided interest in the rights to 46 mineral concessions (the "Claims") and the first right of refusal to acquire an additional nine mineral concessions (the "ROFR Claims"), all located in Ontario and owned by Augen.

Pursuant to the terms of the definitive agreement, the Company has an option to earn a 50% undivided interest in the Claims (the "50% Interest") by completing the following:

	Exploration Expenditures	Shares		Cash Payments	
	$			$	
by April 2, 2011	-	2,000,000	(issued)	150,000	(paid)
by March 23, 2012	1,000,000	1,500,000		-	
by March 23, 2013	1,500,000	1,500,000		-	
by March 23, 2014	2,500,000	-		-	
	5,000,000	5,000,000		150,000	

If the Company earns the 50% Interest, the parties will enter into a joint venture agreement with respect to the Claims and the Company will have the right to earn a further 1% interest (for a total interest of 51%) in the Claims by completing and delivering to Augen a pre-feasibility study by March 23, 2016.

The definitive agreement includes a provision that while the Company and Augen are parties to an option or joint venture with respect to the Claims or the ROFR Claims, Augen has the option to purchase up to 10% of any securities issued in equity offerings by the Company on the same terms and conditions of such offering.

Mackenzie Diamond Project

On July 31, 2004, and March 4, 2005, the Company entered into a series of agreements with the Jaeger Joint Venture ("Jaeger"), an entity partially owned by a director of the Company, to purchase the rights to any diamonds located on a series of properties (the "MacKenzie Diamond Project") in the Inuvialuit, Gwich'in and Sahtu mining districts in the Northwest Territories, Canada. In June 2005, the Company acquired from Jaeger all other mineral rights, excluding uranium rights, to the prospecting permits to which it already owned diamond rights. Jaeger retains a 10% production carried interest and a member of Jaeger retains a 2% net smelter returns royalty ("NSR"). In addition, in terms of the agreements, the Company has agreed to pay 100% of the exploration and mine construction costs.

The Company has a joint venture agreement with diamond producer Rio Tinto Exploration Canada Inc. ("Rio Tinto"), a subsidiary of the Rio Tinto Group. Pursuant to the joint venture, the Company acts as the operator and Rio Tinto has a 15% interest in the Company's Mackenzie diamond project, which can be increased to a maximum of 60% based on certain milestones. Rio Tinto elected not to participate in the Company's summer 2010 exploration program resulting in its interest being diluted, although the amount of dilution to date has not been material.

At June 30, 2011 the Company held 445,000 hectares (March 31, 2011 – 728,000 hectares, April 1, 2010 – 728,000 hectares) of permits and unpatented mining claims.

7. Exploration and Evaluation Assets (continued)

Boulder Claim Group

	Balance March 31, 2010	Change	Balance March 31, 2011	Change	Balance June 30, 2011
	$	$	$	$	$
Boulder Claim Group					
Acquisition costs	-	38,640	38,640	-	38,640
Helicopter and fixed wing aircraft costs	-	14,074	14,074	-	14,074
Sampling and assays	-	10,168	10,168	-	10,168
Contractor and consultant	-	83,153	83,153	4,840	87,993
Permitting and other	-	1,541	1,541	7,113	8,654
Project management fees	-	45,125	45,125	-	45,125
Field and camp	-	4,300	4,300	-	4,300
Transport and accomodation	-	50,160	50,160	-	50,160
Total costs incurred		247,161	247,161	11,953	259,114
Mineral property impairment	-	(247,161)	(247,161)	-	(247,161)
Boulder claims, net	-	-	-	11,953	11,953

In June 2010, the Company entered into a non-binding letter of intent to form a joint venture to explore for bedrock gold mineralization on the Boulder Claim Group. As consideration, Sanatana paid $38,640 to maintain the Boulder Claim Group in good standing until June 2011.

The Company undertook an assessment of its mineral properties during the year ended March 31, 2011 and, due to a lack of exploration success, recorded an impairment of $247,161 against the Boulder Claims property.

In the three months ended June 30, 2011, the Company reevaluated previous exploration results and recommenced its exploration program.

8. Property and Equipment

	Office Furniture	Computer Equipment	Leasehold Improvements	Exploration Equipment	Total
	$	$	$	$	$
Cost					
At March 31, 2010	34,703	25,663	41,357	363,497	465,220
Additions	-	795	-	-	795
At March 31, 2011 and June 30, 2011	34,703	26,458	41,357	363,497	466,015
Accumulated Depreciation					
At March 31, 2010	25,328	25,429	41,357	101,538	193,652
Charge for the year	6,665	498	-	39,398	46,561
At March 31, 2011	31,993	25,927	41,357	140,936	240,213
Charge for the period	715	66	-	8,214	8,995
At June 30, 2011	32,708	25,993	41,357	149,150	249,208
Net book value					
At March 31, 2010	9,375	234	-	261,959	271,568
At March 31, 2011	2,710	531	-	222,561	225,802
At June 30, 2011	1,995	465	-	214,347	216,807

In the three months ended June 30, 2011, depreciation of $nil (2010 - $18,174) was capitalized to exploration and evaluation assets.

9. Share Capital and Reserves

a) Authorized share capital

Authorized share capital comprises an unlimited number of common shares with no par value.

b) Issued share capital

9. Share Capital and Reserves (continued)

Common Shares

The following is a summary of changes in common share capital from April 1, 2010 to June 30, 2011:

	Number of Shares	Issue Price $	Common Shares $
Balance - April 1, 2010	62,762,623		34,272,603
Private placement of flow through units	10,155,883	0.17	1,726,500
Private placement of units	6,666,666	0.15	1,000,000
Share issuance for Augen JV option	2,000,000	0.35	700,000
Less share issue costs	-	-	(241,607)
Balance - March 31, 2011	81,585,172		37,457,496
Agent warrants exercised	115,294	0.32	36,894
Warrants exercised	14,500	0.25	3,625
Balance - June 30, 2011	81,714,966		37,498,015

Reserves

The following is a summary of changes in reserves from April 1, 2010 to June 30, 2011:

	$
April 1, 2010	2,783,660
Share-based compensation	525,000
Fair value of broker warrants	51,008
Balance, March 31, 2011	3,359,668
Fair value of agent warrants exercised	(8,070)
Balance, June 30, 2011	3,351,598

Warrants

The Company's movement in share purchase warrants is as follows:

	June 30, 2011		March 31, 2011	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of period	-	$ -	-	$ -
Granted	4,034,018	0.25	4,034,018	0.25
Exercised	(129,794)	0.25	-	-
Balance, end of period	3,904,224	$0.25	4,034,018	$0.25

9. Share Capital and Reserves (continued)

Summary of outstanding warrants is as follows:

Expiry Date	Exercise Price	Financing Warrants	Broker Warrants
December 30, 2011	$ 0.25	-	422,058
January 14, 2012	$ 0.25	3,318,833	163,333
		3,318,833	585,391

Nature and Purpose of Reserves and Deficit

The reserves recorded in equity on the Company's balance sheet comprise contributed surplus and deficit. Contributed surplus is used to recognize the fair value of stock option grants and agent warrants prior to exercise. Deficit records the Company's cumulative earnings or loss.

10. Share-Based Payments

The Company has a "rolling" stock option plan that allows the Company's board of directors to issue options to purchase up 10% of the common shares outstanding at the grant date. Directors, officers, consultants and employees of the Company are eligible to receive stock options, subject to the policies of the Exchange. The directors may set option terms, but options granted under the plan typically have a life of ten years and vest over an 18-month period. Share-based payments expense is amortized over the vesting period. The Company's shareholders confirmed the option plan in April 2011.

The Company incurred no share-based payments for the three months ended June 30, 2011 and June 30, 2010.

10. Share-Based Payments (continued)

	June 30, 2011		March 31, 2011	
	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Balance, beginning of period	6,910,000	$0.56	5,220,000	$1.16
Granted	-	-	4,350,000	0.30
Expired or cancelled	-	-	(2,660,000)	1.30
Balance, end of period	6,910,000	$0.56	6,910,000	$0.56

Summary of outstanding options at June 30, 2011:

	Outstanding Options			Exercisable Options	
Exercise Price Range	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
$0.30	4,350,000	$0.30	4.64 years	2,175,000	$0.30
$0.75	1,460,000	0.75	1.18 years	1,460,000	0.75
$1.35-$1.40	1,100,000	1.35	1.72 years	1,100,000	1.35
	6,910,000	$0.56	3.44 years	4,735,000	$0.68

11. Related Party Transactions and Balances

At June 30, 2011, the Company had three employees and had arrangements with contractors to provide administrative, accounting and certain management services. Certain directors and significant shareholders provided management and consulting services to the Company.

11. Related Party Transactions and Balances

Related party transactions in the three months ended June 30, 2011 and 2010 were:

June 30, 2011	Director Fees	Management Fees and Salaries	Capitalized Technical Services Fees (note 7)	Exploration Expense Contribution (note 7)
Edward Marlow	$ 5,000	$ -	$ -	$ -
Harley Hotchkiss	2,500	-	-	-
Nick Archibald	2,500	-	-	-
Peter Miles (a)	2,500	33,000	-	-
Lithosphere Services Inc. (b)	2,500	3,000	-	-
S2 Management Inc. (c)	-	10,710	-	-
Rio Tinto (d)	-	-	-	-
	$ 15,000	$ 46,710	$ -	$ -

June 30, 2010	Director Fees	Management Fees and Salaries	Capitalized Technical Services Fees (note 7)	Exploration Expense Contribution (note 7)
Edward Marlow	$ 5,000	$ -	$ -	$ -
Harley Hotchkiss	2,500	-	-	-
Nick Archibald	2,500	-	-	-
Peter Miles (a)	-	16,500	-	-
Lithosphere Services Inc. (b)	-	-	10,000	-
S2 Management Inc. (c)	-	5,700	-	-
Rio Tinto (d)	-	-	-	66,622
	$ 10,000	$ 22,200	$ 10,000	$ 66,622

a) Mr. Miles is the Company's President and CEO, and a director.
b) Lithosphere Servies Inc. is controlled by Mr. Doyle the Company's VP Exploration and a director
c) S2 Management Inc. is controlled by the Company's CFO
d) Rio Tinto is a shareholder of the Company (note 7).

Balances included in accounts payable and accrued liabilities are as follows:

	June 30, 2011	March 31, 2011	April 1, 2010
Directors and insiders	$ 18,767	$ 10,000	$ 10,085
Lithosphere Services Inc.	-	5,000	-
S2 Management Inc.	2,699	3,528	-

Related party balances are due on demand, bear no interest and are current liabilities.

12. Loss per Share

The calculation of the basic and diluted loss per share for the periods presented is based on the following data:

Three months ended June 30,	2011	2010
Loss for the period	($172,620)	($210,723)
Weighted average number of common shares outstanding	81,659,811	62,762,623
	($0.00)	($0.00)

Diluted loss per share for the periods ended June 30, 2011 and 2010 is the same as basic loss per share as the impact of the exercise of the share options and warrants is anti-dilutive.

13. Supplemental Cash Flow Information

Non-cash financing and investing activities included the following:

For the three months ended June 30,	2011	2010
Non-cash investing activities:		
Amortization in mineral properties	-	18,174
Change in accounts payable regarding mineral properties	92,221	72,943
Non-cash financing activities:		
Fair value of broker warrants exercised	8,070	-

14. Commitments

a) Under the terms of an agreement dated November 25, 2004 with Kiska Metals Corporation, formerly Geoinformatics Explorations Inc. (“Kiska”), a company in which one of the Company's directors was formerly chief executive officer, Kiska is entitled to a 0.9% gross overriding royalty in respect of the Mackenzie Diamond project.

b) A member of Jaeger Joint Venture, from which the Company purchased an interest in the Mackenzie Diamond Project, is entitled to a 2% net smelter return from that project.

c) The Company is contractually committed under a lease agreement to make payments as follows:

Period ending March 31,2012	$ 55,265

d) At June 30, 2011, under the conditions of a flow-through financing and related income tax law, the Company was committed to spending $1,273,000 on eligible exploration expenditures before December 31, 2012.

15. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties.

16. Transition to International Financial Reporting Standards

As stated in Note 2, these are the Company's first condensed interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS.

Initial elections upon IFRS adoption

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 not 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 not vested by the transition date.

Leases - In some cases leases, such as premises leases, are accounted for differently under IFRS and Canadian GAAP. The Company has chosen to apply an exemption under IFRS 1 so that the Company does not have to restate balances at the transition date that might result from lease accounting differences.

Rehabilitation provisions - The determination of rehabilitation provisions under IFRS differs from the method employed under Canadian GAAP. The Company has elected to apply an exemption under IFRS 1 so that it will not have to restate previously determined rehabilitation provisions.

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.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an effect on the total operating, investing and financing cash flows. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for equity and comprehensive income.

16. Transition to International Financial Reporting Standards (continued)

The accounting policies in note 3 have been applied as follows:

- in preparing the condensed interim financial statements for the three months ended June 30, 2011;
- the comparative information for the three months ended June 30, 2010;
- the statement of financial position as at March 31, 2011; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, April 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three months ended June 30, 2010 and the financial statements for the year ended March 31, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

The financial information prepared under IFRS and that prepared under Canadian GAAP for periods beginning on April 1, 2010 have the following major differences:

(i) Under IFRS, share-based payment transactions which are subject to graded vesting should have the separate tranches valued and amortized over the respective vesting periods separately as if each tranche was a separate award. Canadian GAAP allows the entire award to be valued together and to be amortized on a straight-line basis over the vesting time of the entire award. The Company's stock options typically vest over an 18-month period. The requirement to adopt graded vesting under IFRS accelerates recognition of share-based compensation expense with the result that the share-based compensation is increased in the year ended March 31, 2011 under IFRS.

(ii) Under IFRS, flow-through instruments are accounted for as combined instruments comprising a liability component and an equity instrument upon issuance of the flow-through instruments. Upon renunciation of the expenditures for Canadian income tax purposes, the liability is reversed and a taxable temporary difference is recorded. Under Canadian GAAP flow-through instruments are accounted for as equity instruments only. Upon renunciation of the expenditures for Canadian tax purposes, a taxable temporary difference effected at the issuer's applicable tax rate is recorded and charged to equity as cost of issuance of flow-through instruments. The Company recognized a future income tax liability under Canadian GAAP relating to the tax benefit transferred to flow-through shareholders. Under IFRS, the Company would have had to recognize an income tax expense of the same amount.

(iii) Under IFRS, the Company revisited the useful life of the components of its drill with the result of changing its annual depreciation expense from $60,000 to $28,000. The decreased depreciation provision under IFRS means that the mineral property write-down would have been $8,000 higher under IFRS since capitalized exploration and evaluation assets included capitalized depreciation of property and equipment.

16. Transition to International Financial Reporting Standards (continued)

	March 31, 2011 $	June 30, 2010	April 1, 2010 $
Total assets under Canadian GAAP	5,677,017	6,154,430	6,454,384
Adjustments for different accounting treatments:			
(i) Share-based compensation	-	-	-
(ii) Treatment of flow-through shares	-	-	-
(iii) Property and equipment assets			
- adjustment to exploration and evaluation assets		(8,000)	
- adjustment to property and equipment	98,666	74,666	66,666
Total assets under IFRS	5,775,683	6,221,096	6,521,050
Total liabilities under Canadian GAAP	622,508	151,318	240,549
Adjustments for different accounting treatments:			
(i) Share-based compensation	-	-	-
(ii) Treatment of flow-through shares	-	-	-
(iii) Property and equipment assets	-	-	-
Total liabilities under IFRS	622,508	151,318	240,549
Total equity under Canadian GAAP	5,054,509	6,003,112	6,213,835
Adjustments for different accounting treatments:			
(i) Share-based compensation			
- adjustment to expense	(23,000)	-	-
- adjustment to reserves	23,000	-	-
(ii) Treatment of flow-through shares			
- adjustment to share capital	3,965,799	3,965,799	3,965,799
- adjustement to deficit	(3,965,799)	(3,965,799)	(3,965,799)
(iii) Property and equipment assets			
- adjustment to impairment provision	-	(8,000)	-
- adjustment to accumulated depreciation	98,666	74,666	66,666
Total equity under IFRS	5,153,175	6,069,778	6,280,501

	Three Months Ended June 30, 2010 $	Year Ended March 31, 2011 $
Comprehensive loss under Canadian GAAP	(210,723)	(4,465,627)
Adjustments for different accounting treatments:		
(i) Share-based compensation	-	(23,000)
(ii) Future income taxes		(431,600)
(iii) Depreciation expense	-	24,000
(iii) Mineral property write-down	-	8,000
Comprehensive loss under IFRS	(210,723)	(4,888,227)

17. Events after the Reporting Period

In September 2011, the Company issued 239,283 shares pursuant to a finder's fee agreement in connection with the Watershed property.