(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2011
(Expressed in Canadian dollars)

April 26, 2012

Independent Auditor's Report

To the Shareholders of
Samaranta Mining Corporation

We have audited the accompanying consolidated financial statements of **Samaranta Mining Corporation** ("Samaranta" or the "Company"), which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and January 1, 2010 and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years ended December 31, 2011 and 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011 and 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP Chartered Accountants
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Samaranta Mining Corporation's ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

SAMARANTA MINING CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	**December 31, 2011**	December 31, 2010	January 1, 2010
Assets		**$**	$	$
Current assets				
Cash and cash equivalents	4	**998,808**	265,799	1,722
HST receivable		**81,515**	45,144	-
Other receivables	5	**187,084**	-	-
Prepaid expenses		**16,102**	77,679	24,104
		1,283,509	388,622	25,826
Non-current assets				
Deposit on premises		**16,098**	16,098	-
Restricted cash	6	**17,250**	-	-
Mining claims and deferred exploration costs	7	**1,515,433**	566,099	-
Equipment	8	**31,763**	30,683	37,999
Total assets		**2,864,053**	1,001,502	63,825
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		**255,427**	971,680	171,877
Due to related parties		**-**	-	504,019
		255,427	971,680	675,896
Equity (Deficiency)				
Share capital	9	**11,607,548**	4,653,787	1,940,818
Subscription received in advance		**-**	70,000	65,413
Contributed surplus		**904,757**	35,848	5,091
Deficit		**(9,882,585)**	(4,721,765)	(2,623,393)
Foreign currency translation reserve		**(21,094)**	(8,048)	-
		2,608,626	29,822	(612,071)
Total liabilities and equity		**2,864,053**	1,001,502	63,825

Nature of operations and going concern – Note 1
Commitments – Notes 7, 9, 15 and 16
Events after the reporting period – Note 16

Approved on behalf of the Board of Directors on April 26, 2012

______ *"Gunther Roehlig"* __________ Director   _____ *"Robert McMorran"* ______ Director
Gunther Roehlig   Robert McMorran

The accompanying notes are an integral part of these consolidated financial statements

SAMARANTA MINING CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	Notes	**2011**	2010
		$	$
Expenses			
Accounting and audit	11	**162,695**	121,258
Consulting fees	11	**134,575**	618,967
Depreciation		**11,077**	11,767
Legal fees		**208,957**	390,293
Management fees	11	**96,000**	132,000
Office and administration		**210,629**	196,996
Project generation (recovery)		**(22,037)**	96,047
Rent		**102,120**	134,451
Share-based compensation		**726,910**	7,156
Transfer and filing fees		**26,701**	-
Travel		**201,878**	248,949
Other income (expense)			
Interest		**9,698**	-
Fees associated with reorganization	17	**(160,000)**	-
Write-down of mining claims		**(41,572)**	(67,416)
Property dispute settlement	7 (e)	**-**	(128,000)
Foreign currency gain		**1,950**	54,908
Share-based payment on reorganization	17	**(3,111,391)**	-
Net loss for the year		**(5,160,820)**	(2,098,372)
Other comprehensive loss			
Cumulative translation adjustment		**(13,046)**	(8,048)
Comprehensive loss for the year		**(5,173,866)**	(2,106,420)
Basic and diluted loss per share		**$ (0.17)**	$ (0.23)
Weighted average number of shares outstanding		**29,824,643**	9,218,703
Number of common shares as at December 31, Fully paid and outstanding		**36,872,147**	15,051,441
Potentially dilutive options and warrants outstanding		**9,147,320**	519,545

The accompanying notes are an integral part of these consolidated financial statements

SAMARANTA MINING CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	2011	2010
Operating activities	$	$
Net loss for the year	**(5,160,820)**	(2,098,372)
Add items not affecting cash:		
Depreciation	**11,077**	11,767
Shares issued in exchange for services	**40,438**	153,981
Share-based compensation	**726,910**	7,156
Write-down of mining claims	**41,572**	67,416
Share-based payment on reorganization	**3,111,391**	-
	(1,229,432)	(1,858,052)
Changes in non-cash operating working capital related to operations:		
Restricted cash	**(17,250)**	-
HST receivable	**(26,052)**	(45,144)
Other receivables	**(187,084)**	-
Prepaid expenses	**76,577**	(53,575)
Accounts payable and accrued liabilities	**(872,378)**	696,168
Net cash used in operating activities	**(2,255,619)**	(1,260,603)
Investing activities		
Deferred exploration costs	**(868,399)**	(537,928)
Deposit on premises	**-**	(16,098)
Purchase of equipment	**(12,128)**	(4,451)
Net cash used in investing activities	**(880,527)**	(558,477)
Financing activities		
Proceeds from issuance of shares, net of share issue expense	**3,841,190**	2,018,912
Cash provided from Legion transaction	**41,011**	-
Subscription received in advance	**-**	64,245
Net cash used in financing activities	**3,882,201**	2,083,157
Foreign exchange effect on cash and cash equivalents	**(13,046)**	-
Increase in cash during the year	**733,009**	264,077
Cash - Beginning of year	**265,799**	1,722
Cash - End of year	**998,808**	265,799
Cash paid for income tax	**-**	-

The accompanying notes are an integral part of these consolidated financial statements

SAMARANTA MINING CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Common shares		Class A preference shares		Class C Super Voting shares		Subscription Received In Advance	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Deficit	Total Shareholders' Equity (Deficiency)
	Number	$	Number	$	Number	$	$	$	$	$	$
Balance, January 1, 2010	50,001	500	38,806,352	1,940,318	-	-	65,413	5,091	-	(2,623,393)	(612,071)
Issuance of shares											
For cash pursuant to private placements	26,914,957	1,307,468	18,903,058	945,153	-	-	(59,658)	-	-	-	2,192,963
As consideration for services rendered	-	-	2,700,000	135,000	-	-	-	-	-	-	135,000
As settlement of debt to related parties	10,400,000	520,000	60,000	3,000	-	-	-	-	-	-	523,000
For cash to a related party	-	-	-	-	500,000	50	-	-	-	-	50
Share issue expense – cash	-	(117,952)	-	(56,150)	-	-	-	-	-	-	(174,102)
Share issue expense - broker compensation warrants	-	(23,600)	-	-	-	-	-	23,600	-	-	-
Conversion of preference shares to common shares at 1:1 ratio	60,469,410	2,967,321	(60,469,410)	(2,967,321)	-	-	-	-	-	-	-
Share subscription received in advance	-	-	-	-	-	-	64,245	-	-	-	64,245
Share-based compensation expense	-	-	-	-	-	-	-	7,157	-	-	7,157
Comprehensive loss for the period	-	-	-	-	-	-	-	-	(8,048)	-	(8,048)
Net loss for the period	-	-	-	-	-	-	-	-	-	(2,098,372)	(2,098,372)
Balance, December 31, 2010	97,834,368	4,653,737	-	-	500,000	50	70,000	35,848	(8,048)	(4,721,765)	29,822

The accompanying notes are an integral part of these consolidated financial statements

SAMARANTA MINING CORPORATION

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2011 and 2010

(Expressed in Canadian dollars)

	Common Shares		Class C Super Voting shares		Subscription Received In Advance	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Deficit	Total Shareholders' Equity
	Number	$	Number	$	$	$	$	$	$
Balance, January 1, 2011	97,834,368	4,653,737	500,000	50	70,000	35,848	(8,048)	(4,721,765)	29,822
Issuance of shares									
For cash pursuant to private placements	27,635,319	4,333,060			(70,000)				4,263,060
As consideration for services rendered	808,750	40,438	-	-	-	-	-	-	40,438
Share issue expense - cash		(421,820)							(421,820)
Share issue expense - broker compensation warrants	-	(142,000)	-	-	-	142,000	-	-	-
Shares cancelled	-	-	(500,000)	(50)	-	-	-	-	(50)
Shares exchanged on 6.5:1 basis	(98,389,513)	-	-	-	-	-	-	-	-
Issue of shares for Legion net assets	8,983,223	3,144,133	-	-	-	-	-	-	3,144,133
Share-based compensation	-	-	-	-	-	726,909		-	726,909
Currency translation adjustment	-	-	-	-	-	-	(13,046)	-	(13,046)
Net loss for the period	-	-	-	-	-	-	-	(5,160,820)	(5,160,820)
Balance, December 31, 2011	36,872,147	11,607,548	-	-	-	904,757	(21,094)	(9,882,585)	2,608,626

The accompanying notes are an integral part of these consolidated financial statements

Note 1 Corporate information and going concern

Samaranta Mining Corporation ("Samaranta" or "the Company") was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008 and is in the business of acquiring, exploring and developing mineral properties. The Company is in the exploration stage and currently has interests in mineral properties in Canada and Colombia. The Company's registered and records office is located at #1100 – 736 Granville Street, Vancouver, Canada, V6Z 1G3.

Effective May 20, 2011 the Company, which had previously been privately held completed a reverse takeover transaction with Legion Resources Corp. ("Legion"), a publicly traded Canadian company, pursuant to which Legion and the Company agreed to merge the companies under the name "Samaranta Mining Corporation" ("Amalco"). At that date Legion's shares ceased trading on the TSX Venture Exchange and trading in the shares of Amalco commenced.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, future profitable production or disposition thereof, and the ability of the Company to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2011, the Company incurred a loss of $5,160,820 and the accumulated deficit as at December 31, 2011 was $9,882,585. As at December 31, 2011, the Company had working capital of $1,028,082 which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding. The Company has announced its intention to undertake a non-brokered private placement (note 16) but there is no assurance that the maximum amount of financing offered will be achieved. These conditions cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Note 2 Basis of preparation and adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting Principles as defined in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011.

Note 2 Basis of preparation and adoption of IFRS – cont'd

Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

Note 3 Summary of significant accounting policies

These consolidated financial statements have been prepared using accounting policies consistent with IFRS. Subject to certain transition elections and exceptions disclosed in Note 18, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010 prepared under Canadian GAAP.

These consolidated financial statements were approved by the board of directors for issue on April 26, 2012.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned Colombian subsidiary, Grupo Mineros del Caribe, S. A. S. ("Grupo") incorporated on April 19, 2010, under the laws of Colombia. The results of Grupo will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances have been eliminated upon consolidation.

In July, 2011, the Company also acquired a 100% interest in Guinean Global Resources SA ("GGA") which has an 80% ownership interest in Group Guinea Investment SA ("GGI"), both Guinea, West Africa companies. In October, 2011 the Company entered into a share purchase option agreement with a privately held Canadian company, Siguiri Gold Mining Corp. ("Siguiri") and its Canadian subsidiary, Siguiri Mining Guinea Ltd.("SMG") whereby Siguiri agreed to purchase the Company's shares in GGR. The cash proceeds from this agreement are currently being held in escrow pending confirmation of share ownership.

Note 3 Summary of significant accounting policies – cont'd

b) Basis of Measurement

The financial statements have been prepared on the going concern basis, under the historical cost convention.

c) Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The area involving a higher degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be the assessment of carrying value and recoverability of mineral properties. The process of estimating the recoverability of mineral properties involves both judgement and uncertainty as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices and exploration costs. As new data or information is received these estimates may change.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief executive officer of the Company

e) Foreign currency translation

Functional and presentation currency
The financial statements are presented in Canadian dollars which is also the functional currency of the Canadian parent. The functional currency of the Colombian subsidiary is the Colombian peso.

The subsidiary's assets and liabilities are translated into Canadian dollars at the closing rate at each period end, and it's income and expenses at the average rate for the period as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates. All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the statement of income in "other income or loss".

Note 3 Summary of significant accounting policies – cont'd

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

g) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company classifies its financial instruments as available-for-sale, loans and receivables and non-derivative financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

i. Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories and are recognized initially at fair value plus transaction costs and then subsequently carried at fair value. Gains or losses arising from re-measurement are recognized in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognized in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income and are included in "other income and loss". Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial assets, a significant and prolonged decline in the value of the instrument is considered to determine whether any impairment has arisen

ii. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalents, and other receivables and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Note 3 Summary of significant accounting policies – cont'd

g) Financial Instruments – cont'd

iii. Non-derivative financial liabilities (excluding financial guarantees) include trade payables and accrued liabilities of amount due to related parties. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities are subsequently measured at amortized cost.

h) Mining claims and deferred exploration costs

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available.

Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

i) Rehabilitation Provision

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts

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 and capitalizes this by increasing the carrying amount of the related property. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Note 3 Summary of significant accounting policies – cont'd

i) Rehabilitation Provision – cont'd

Additional environmental 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. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration site. As at December 31, 2011, the Company does not require a rehabilitation provision.

j) Equipment

Equipment is carried at cost. Amortization is computed using the declining-balance method at a rate of 30% for computer equipment and 20% for furniture.

k) Other liabilities

Provisions for restructuring costs, warranties and legal claims are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material.

l) Income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognized for all taxable temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and for the carry forward of unused tax losses and credits. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Note 3 Summary of significant accounting policies – cont'd

m) 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.

n) Basic and diluted loss per share

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

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise stock options granted to employees and warrants.

o) Share based payments

The Company grants stock options to certain employees and consultants with options vesting in tranches, some immediately and others over a twelve month period. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. As the Company did not have sufficient share trading history the expected volatility was determined by measuring the historical volatility of five other companies which were similar in nature for the same time period as the length of the option period.

Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. This number is reviewed at least annually, with any change in estimate recognized immediately in compensation expense with a corresponding adjustment to contributed surplus.

Note 3 Summary of significant accounting policies – cont'd

p) Accounting standards and amendments issued but not yet adopted

The following new standards and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise noted with earlier application permitted. The Company has not yet assessed the impact of these amendments and standards or determined whether it will early adopt them:

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of International Accounting Standards ("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. This new standard is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.

New standard IFRS 10 "Consolidated Financial Statements"
This standard supercedes IAS 27, "Consolidated and Separate Financial Statements", and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

New standard IFRS 11 "Joint Arrangements"
This standard supercedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities-Non-monetary Contributions by Venturers", and establishes principles for financial reporting by parties to a joint arrangement.

New standard IFRS 12 "Disclosure of Interest in Other Entities"
This is a new standard which applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

New standard IFRS 13, Fair Value Measurement
This is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

Amended standards
There have been amendments to existing standards, including IAS 27, Separate Financial Statements and IAS 28, Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

Note 3 Summary of significant accounting policies – cont'd

p) Accounting standards and amendments issued but not yet adopted – cont'd

IAS 19, Employee Benefits
This standard has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits including redefining short term and other long-term benefits, guidance on the treatment of taxes related to benefit plans, guidance on risk/cost sharing features, and expanded disclosures.

IAS 1, Presentation of Financial Statements
This standard has been amended to require entities to separate items presented in Other Comprehensive Income ("OCI") into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

IFRS 7, Financial Instruments: Disclosures,
This standard has been amended to include additional disclosure requirements in the reporting of transfer transactions and risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The amendment is applicable for annual periods beginning on or after July 1, 2011, with earlier application permitted.

Note 4 Cash and cash equivalents

	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Cash at bank	93,156	265,799	1,722
Short-term bank deposits	905,652	-	-
	998,808	265,799	1,722

Note 5 Other Receivables

	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Proceeds receivable from sale of subsidiary	180,000	-	-
Other	7,084	-	-
	187,084	-	-

Note 5 Other Receivables – cont'd

Effective October 1, 2011 and amended October 21, 2011 the Company entered into a share purchase option agreement with Siguiri Gold Mining Corp ("Siguiri") and Siguiri Mining Guinea Ltd.("SMG") whereby Siguiri agreed to purchase the Company's shares in its wholly owned Guinean subsidiary, Guinean Global Resources SA ("GGR").

As at December 31, 2011 the initial payment of $180,000 due on signing consisting of $125,000 plus $55,000 of costs associated with the acquisition of the Property is recorded as a receivable as the funds are held in escrow pending confirmation of the initial GGR share transfer of 3.5%. The fair value of the Siguiri shares was determined to be nil due to the early stage of development of the Property and because the fair value of the Siguiri shares could not be reliably determined.

Pursuant to the terms of the agreement the GGR shares will be transferred in four tranches in exchange for:

	SMG Cash Payment	Siguiri Share Issuance	SMG Exploration expenditures to be incurred	GGR % of shares Acquired	GGR Cumulative % of shares Acquired
October 31, 2011	125,000	100,000		3.5%	3.5%
October 31, 2012		200,000	500,000	14.5%	18%
October 31, 2013		200,000	1,000,000	31.5%	49.5%
October 31, 2014		1,000,000(1)	1,000,000	51.5%	100%
	125,000	1,500,000	2,500,000		

(1) At SMG's sole option this payment may be either cash of $1,000,000 or 1,000,000 Siguiri shares

The agreement specifies that SMG is also required to complete a NI 43-101 compliant technical report. In addition, prior to or concurrent with the final payment, Samaranta will be granted a 2% NSR on the Property, one-half of which (1% NSR) may be purchased at any time by SMG for $1,000,000.

Note 6 Restricted cash

The Company has lodged a Guaranteed Investment Certificate with its bank as collateral for its corporate credit card facility. Although the facility can be cancelled 45 days after the card has been cancelled, the amount has been reflected as a non current asset as the Company does not anticipate cancelling the facility within the next twelve months.

Note 7 Mining claims and deferred exploration costs

	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Easy Joe - Canadian property	25,000	-	-
Colombian properties	1,490,433	566,099	-
	1,515,433	566,099	-

Colombian Properties	Guadalupe	Magui	Manila 2	Small Frontino	Other prospects	Total
	$	$	$	$	$	$
Balance at January 1, 2010	-	-	-	-	-	-
Land and option payments	188,645	-	-	126,952	-	315,597
Deferred exploration expenditures						
Assaying	7,267	-	-	-	-	7,267
Geological consulting	105,535	67,416	15,028	-	37,160	225,139
Equipment	14,718	-	-	-	9,774	24,492
Field work and office expenses	8,607	-	-	-	3,149	11,756
Fuel, lube, and parts	3,048	-	-	-	-	3,048
General labour	9,289	-	-	-	1,969	11,258
Travel and accommodation	29,083	-	902	-	4,973	34,958
	177,547	67,416	15,930	-	57,025	317,918
Write-off of mining claims	-	(67,416)	-	-	-	(67,416)
Balance at December 31, 2010	366,192	-	15,930	126,952	57,025	566,099

SAMARANTA MINING CORPORATION
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended December 31, 2011and 2010
(Expressed in Canadian dollars)

Note 7 Mining claims and deferred exploration costs – cont'd

Colombian and Guinean Properties	Guadalupe	Manila 2	Small Frontino	Other prospects	Total
	$	$	$	$	$
Deferred land and option payments (recoveries)					
Balance at January 1, 2011	188,645	-	126,952	-	315,597
Currency translation adjustment	(5,400)	-	8,048	-	2,648
Paid (recovered) in the year	548,941	-	(27,503)	162,111	683,549
Recovered on sale of Guinean subsidiary (Note 5)	-	-	-	(127,927)	(127,927)
Written down in year[1]	-	-	-	(34,184)	(34,184)
Balance at December 31, 2011	732,186	-	107,497	-	839,683
Deferred exploration expenditures					
Balance at January 1, 2011	177,547	15,930	-	57,025	250,502
Currency translation adjustment	(32)	-	-	(362)	(394)
Incurred during the year					
Geological consulting	196,612	-	7,613	14,019	218,244
Geophysical consulting	10,000	-	-	-	10,000
Equipment	12,006	7,454	-	4,000	23,460
Field work and other expenses	15,342	-	4,569	-	19,911
Surveying	129,487	-	-	-	129,487
Travel and accommodation	7,392	-	703	9,083	17,178
	370,839	7,454	12,885	27,102	418,280
Recovered on sale of Guinean subsidiary (Note 5)	-	-	-	(10,250)	(10,250)
Written down in year[1]	-	-	-	(7,388)	(7,388)
Balance at December 31, 2011	548,354	23,384	12,885	66,127	650,750
Total at December 31, 2011	1,280,540	23,384	120,382	66,127	1,490,433

1 – Following the completion of the share purchase option agreement with Siguiri in October, 2011, management determined that there were indicators of impairment with respect to the remaining carrying value related to the Guinean Property. The recoverable amount was deemed to be zero given the uncertainties surrounding the future exploration of this Property and accordingly, the remaining carrying value was written off.

Note 7 Mining claims and deferred exploration costs – cont'd

a) Guadalupe, Colombia mineral property

The Guadalupe property comprises two thirty-year mineral exploration concession contracts granted on April 20, 2005. The property consists of approximately 786 hectares located in the Municipality of Segovia, Colombia. On June 8, 2010, the Company entered into an assignment of mining rights agreement to acquire an undivided interest in the rights to these contracts in exchange for cash of US$700,000 (paid) and a surface rental and environmental insurance policy payment of $14,204 (paid).

Pursuant to a participation in production agreement dated June 4, 2010, the Company has committed to pay a 15% net production royalty to a third party in exchange for finder's fees related to the property acquisition. The agreement also contains a US$500,000 penalty provision for any default therein, subject to a force majeure exception. The Company can reduce this royalty to nil in exchange for a cash payment of US$5,000,000 to be paid before June 4, 2015.

An alluvial minerals and net smelter royalty ("NSR") participation agreement dated April 23, 2010 continues to be in effect for this property whereby all of the alluvial minerals extraction rights are owned by the vendor, subject to a 15% net production royalty in favour of the Company.

Also pursuant to this agreement, the vendor has been granted a variable 1% to 4% NSR on all non-alluvial production, with actual NSR rates dependent upon the US$ price of gold. The agreement contains a US$10,000,000 penalty provision for any default therein.

Concession contracts related to exploration and mining in Colombia are governed by Colombian mining laws and have three phases which commence upon its registration in the National Mining Registry (Registro Minero Naciónal): exploration, construction and exploitation. The contracts are currently in the exploration phase which is expected to terminate on April 25, 2016. Concessions ground fees (also known as "canons" in Colombia) are payable during the exploration and construction phases.

b) Magui, Colombia mineral property

Pursuant to an agreement dated June 16, 2009, as amended March 4, 2010, the Company agreed to acquire 75% of two private Colombian companies that collectively owned or had rights to three mineral claims that covered in total approximately 3,555 hectares in Colombia in exchange for cash payments of $50,000 (COP 100,000,000) and incurring US$5,000,000 in exploration expenditures. During the year ended December 31, 2010, the agreement was terminated and costs incurred to date of $ 67,416 were written down to nil.

Note 7 Mining claims and deferred exploration costs – cont'd

c) Manila 2, Colombia mineral property

Pursuant to a mining concessions assignment agreement dated May 31, 2010, the Company has the right to acquire a 98% interest in an area comprising of approximately 5,749 hectares located in Segovia and Remedios, Colombia commonly referred to as the Manila 2 property in exchange for a cash payment of US$104,500 due on future as yet unspecified Colombian regulatory approval dates. The Manila 2 property is subject to a variable 1% to 4% NSR on all non-alluvial production, with actual NSR rates dependent upon the US$ price of gold. The alluvial mining extraction rights relating to the Manila 2 property remain with the vendor, subject to a variable 1% to 4% NSR in favour of the Company with actual NSR rates dependent upon the US$ price of gold.

d) Smaller Frontino mineral property claims

Pursuant to a dispute settlement agreement dated December 3, 2010 and subsequently renegotiated in January, 2011, the Company agreed to acquire two mineral concessions located in Colombia known as the Small Frontino properties in exchange for cash of US$135,000 and it terminated its obligations with respect to the remaining three concessions in exchange for a cash payment of US$33,000. The Company has capitalized $135,000 of the above settlement costs to mining claims and has recorded $83,000 as property dispute settlement expense. In addition $45,000 in related legal expense has also been recorded as property dispute settlement.

e) Frontino operations contract

The Company has entered into a four-year exclusive management contract with the former owners and creditors of Frontino Gold Mines Ltd. (collectively "the vendor") pursuant to which the Company was granted the right to manage the mines owned by the vendor and to develop and implement a sustainable management plan in exchange for a variable 5% to 10% production fee. This contract will commence only if and when the legal ownership of the property has been established to the benefit of the vendor.

Note 8 Equipment

Equipment consists of the following:

	Furniture	Computer Equipment	Total
Cost:	$	$	$
Balance at January 1, 2010	1,252	42,613	43,865
Additions	-	4,440	4,440
Balance at December 31, 2010	1,252	47,053	48,305
Additions	5,826	6,302	12,128
Balance at December 31, 2011	7,078	53,355	60,433
Accumulated depreciation:			
Balance at January 1, 2010	125	5,741	5,866
Depreciation for the period	225	12,541	12,766
Balance at December 31, 2010	350	17,282	17,632
Depreciation for the period	1,345	9,693	11,038
Balance at September 30, 2011	1,695	26,975	28,670
Net book value at:			
January 1, 2010	1,127	36,872	37,999
December 31, 2010	902	29,781	30,683
December 31, 2011	5,383	26,380	31,763

Note 9 Share Capital

Authorized

Unlimited common shares without par value
Unlimited Class B non-voting preference shares without par value
Unlimited Class C Super Voting shares without par value

a) Common shares issued:

On July 1, 2010, the Company entered into a marketing and communications agreement in which it committed to issue a total of 508,750 pre-consolidation common shares valued at $0.05 per share in exchange for certain services rendered in connection with marketing and communication. These shares were issued on February 11, 2011 in exchange for consulting services provided and recorded in the 2011 fiscal year.

Note 9 Share Capital – cont'd

b) Common shares issued - cont'd

On February 11, 2011, the Company issued 1,400,000 pre-consolidation common shares at $0.05 per share in a private placement for which funds of $70,000 had been received in 2010 and the Company entered into a shares-for-debt agreement in which 300,000 pre-consolidation common shares valued at $0.05 per share were issued to a related party in exchange for legal services of $15,000.

On February 17, 2011, the Company completed a private placement of 16,235,319 pre-consolidation common shares at $0.047 per share for gross proceeds of $763,060. In connection with the private placement, finder's fees were paid consisting of cash of $61,045 and 1,298,825 pre-consolidation share purchase warrants. Each warrant prior to amalgamation was exercisable at a price of $0.05 per common share with an expiry of February 17, 2012. Stock-based compensation of $28,000 arising from the issue of these compensation warrants has been charged to share issue costs and credited to contributed surplus.

For purposes of the calculations of compensation charge associated with agent's units granted, the following assumptions were used for the Black-Scholes model.

Risk-free interest rate	2.35%
Expected life	1 year
Expected volatility	95%
Expected dividends	$nil

Also on May 20, 2011 after completion of the merger with Legion, Amalco undertook a brokered private placement of 10,000,000 units issued at $0.35 per unit for gross proceeds of $3,500,000, each unit comprised of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at $0.50 per share until expiry on May 20, 2013. The Company allocated $3,500,000 of the total proceeds to the common shares and a nominal amount to the attached warrants. In connection with the private placement, finder's fees were paid consisting of cash of $340,000 and 800,000 share purchase warrants. Share-based compensation of $114,000 arising from the issue of these compensation warrants has been charged to share issue costs and credited to contributed surplus.

For purposes of the calculations of compensation charge associated with agent's warrants granted, the following assumptions were used for the Black-Scholes model:

Risk-free interest rate	1.66%
Expected life	2 years
Expected volatility	94%
Expected dividends	$nil

Note 9 Share Capital – (cont'd)

At December 31, 2011 there are 772,500 common shares issued and subject to escrow restrictions.

c) Class C Super Voting shares

On May 20, 2011 all of the Class C Super Voting shares were redeemed for cash of $50.

d) Stock Options

On May 20, 2011 the Company granted 1,185,000, 1,325,000 and 60,000 options to officers, non-management directors and a consultant respectively, exercisable at $0.35 per share with a five year expiry. On June 7, 2011 the Company granted 185,000 options to consultants, exercisable at $0.355 per share with a five year expiry. On October 4, 2011 the Company granted 30,000 options to an employee exercisable at $0.35 per share with a five year expiry. All options vested immediately except for 100,000 options issued to a consultant which vest equally at three month intervals over one year. During the year ended December 31, 2011 the Company recorded stock based compensation of $726,910 with respect to these options. There were no options granted during the year ended December 31, 2010.

A summary of the status of the stock option plan is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2010	-	-
Exchanged for Legion options (note 17)	362,500	$0.60
Granted	2,785,000	$0.35
Balance, December 31, 2011	3,147,500	$0.38

Details of stock options outstanding as at December 31, 2011 are as follows:

Number of Shares	Exercise Price	Expiry Date
312,500	$0.600	May 13, 2015
25,000	$0.600	June 29, 2015
25,000	$0.600	July 27, 2015
2,570,000	$0.350	May 20, 2016
185,000	$0.355	June 7, 2016
30,000	$0.350	October 4, 2016
3,147,500		

Note 9 Share Capital – (cont'd)

d) Stock Options – cont'd

The weighted average remaining contractual life of the outstanding options is 4.3 years. The weighted fair value of the share purchase options granted during the year ended December 31, 2011 of $0.23 per option is estimated using the Black-Scholes option valuation model with the following assumptions:

Weighted average exercise price	$0.35
Weighted average grant date share price	$0.30
Average risk-free interest rate	2.35% - 2.57%
Expected life	5 years
Expected volatility	103% - 107%
Expected dividends	Nil
Expected forfeiture rate	9%

e) Share Purchase Warrants:

As at December 31, 2011, 5,000,000 share purchase warrants and 999,819 agents warrants (December 31, 2010 – 157,045) were outstanding.

A summary of the status of the share purchase warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at January 1, 2010	-	-
Issued	1,020,795	-
Balance, December 31, 2010	1,020,795	$0.050
Issued	1,298,825	$0.050
	2,319,620	$0.050
Warrants exchanged on a 6.5:1 basis	(1,962,755)	$0.050
	356,865	$0.325
Issued	5,800,000	$0.500
Expired	(157,045)	$0.325
Balance at December 31, 2011	5,999,820	$0.490

Note 10 Income taxes

The income taxes provision differs from the amounts that would result from applying the Canadian Federal and Provincial income tax rates before tax due to the following:

	Year ended December 31, 2011	2010
Tax rate	26.5%	28.5%
Loss before tax	(5,160,820)	(2,098,372)
Recovery of income taxes at applicable rates	(1,328,000)	(598,000)
Non-deductible (non-taxable) amounts	1,077,000	46,000
Change in non-recognized deferred tax assets	251,000	644,000
Income tax provision	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The income tax benefit of the following tax assets has not been recorded in these financial statements because of the uncertainly of their recovery:

	Year ended December 31, 2011	2010
Deferred income tax assets (liabilities)		
Share issue and reorganization costs	54,000	20,000
Mining claims and deferred exploration costs	1,337,000	337,000
Capital losses	410,000	-
Operating loss carry-forwards	2,092,000	896,000
Unrecognized deferred income tax assets	3,779,000	1,213,000

During the year the Company amalgamated with Legion Resources Corp. ("Legion") and the existing tax balances of Legion were transferred to the Company at that time. At the date of amalgamation Legion had accumulated future income tax assets relating to these tax balances of approximately $410,000 relating to capital losses, $918,000 relating to non-capital losses and $719,000 relating to resource related deductions. The Company did not recognize the benefit of these and its own existing deferred income tax assets as it was considered more likely-than-not that sufficient taxable income will not be generated during the carry-forward periods to utilize the deferred tax assets.

Note 10 Income Taxes – (cont'd)

At December 31, 2011, the Company has accumulated capital losses of approximately $1,548,000, non-capital losses totalling approximately $7,873,000 in Canada. In addition, the Company has tax losses for Colombian purposes of COP$274,147,000 (Cdn$144,000) and resource related deductions of $5,046,000 potentially available of offset against future years' taxable income in Colombia. The non-capital losses expire as follows:

Year ending December 31,	Total
2014	$ 494,000
2015	355,000
2026	339,000
2027	595,000
2028	1,218,000
2029	1,389,000
2030	2,206,000
2031	1,277,000
	$ 7,873,000

Note 11 Related party transactions

The Company incurred charges to directors and officers, a former director or to companies associated with these individuals as follows:

	Year ended December 31, 2011	2010
Accounting	$ 130,989	$ 47,884
Consulting	23,000	568,777
Management fees to key management	96,000	132,000
Office rent	-	105,000
	$ 249,989	$ 853,661

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties. Other than these fees there were no other transactions with related parties or other compensation paid or payable to key management for employee services.

Due to related parties at January 1, 2010 includes $504,019 payable to a former director, an officer and entities controlled by an officer. These amounts were repaid during 2010 by the issue of shares and cash. There were no amounts due to related parties at December 31, 2011 or 2010.

Note 11 Related party transactions – cont'd

Key management of the Company include the President and the Directors. Compensation in respect of services provided by key management consists of management fees of $8,000 per month for all periods reflected and the issue of 2,450,000 stock options to Management and Directors for which share-based compensation of $661,595 was recorded as an expense for the year ended December 31, 2011.(December 31, 2010: 187,500 options for $6,335).

Note 12 Segmented information

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral properties for development. Segmented information is provided on the basis of geographic segments consistent with its operations as follows:

	Year ended December 31, 2011		
	Canada	Colombia	Total
Current assets	$ 1,256,007	27,502	$ 1,283,509
Mining claims and deferred exploration costs	25,000	$ 1,490,433	1,515,433
Equipment	26,008	5,755	31,763
Total Assets	$ 1,340,363	$ 1,523,690	$ 2,864,053

	Year ended December 31, 2010		
	Canada	Colombia	Total
Current assets	$ 328,250	$ 60,372	$ 388,622
Mining claims and deferred exploration costs	-	574,147	574,147
Total Assets	$ 374,741	$ 634,809	$ 1,009,550

Note 13 Management of capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

Note 13 Management of capital – cont'd

To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on private investors as its primary source of operating working capital and 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 investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator. Additional information regarding capital management is disclosed in note 1.

Note 14 Financial instruments

a) Fair value of financial instruments

The Company's financial instruments consist of cash, restricted cash, other receivables, investment in Siguiri and accounts payable and accrued liabilities and amount due to related parties. Cash and restricted cash, other receivables, and accounts payable and accrued liabilities are measured at their amortized cost, which approximates their fair value due to their short-term nature. The investment in Siguiri is measured at fair value.

The Company has classified the fair value of the financial assets according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The investment in Siguiri is classified as level 3 in the hierarchy and determined to have a fair value of zero as at December 31, 2011.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations. The majority of the Company's cash is held through a major Canadian chartered bank, and accordingly, the Company's maximum exposure to credit risk is the carrying amount of its financial assets. The other receivable is being held in escrow pending delivery of shares.

Note 14 Financial instruments – cont'd

c) Interest rate risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss is limited because at present the Company holds all of its surplus cash in an interest bearing account and has an insignificant balance held in a term deposit with no other interest bearing financial assets or liabilities.

d) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 13 of these consolidated financial statements. Accounts payable and accrued liabilities are due within the current operating period. Additional information relating to liquidity risk is disclosed in Note 1.

Note 15 Commitments

The Santa Lucia mineral property is currently the subject of a mining lease contract bid covering an area of approximately 691 hectares in Segovia, Colombia, the lease contract for which is currently pending the completion of a technical study by the regional mining office. On July 15, 2010, the Company agreed to purchase all rights and interests to the Santa Lucia mineral property lease contract if the bid is accepted in exchange for cash payments of US$450,000 payable as follows:

- US$50,000 at date of acceptance of application
- US$150,000 payable within 30 days of signing of the lease contract
- US$150,000 payable 30 days after filing of assignment of the Company's mining rights
- US$100,000 payable upon registering of title.

The Santa Lucia property is subject to a variable 1% to 4% NSR on all non-alluvial production, with actual NSR rates dependent upon the US$ price of gold.

Note 16 Subsequent Events

a) Subsequent to December 31, 2011, the Company also committed, subject to regulatory approval, to issue 150,000 options exercisable at $0.16 per share for a period of ten years, such options to vest equally at three month intervals over one year.

b) Subsequent to December 31, 2011 the Company amended the exercise price of 5,000,000 warrants from $0.50 to $0.12 per warrant.

Note 16 Subsequent Events – cont'd

c) On March 23, 2012 the Company announced that it intended, subject to regulatory approval, to undertake a non-brokered private placement of 6,000,000 units issued at $0.10 per unit for gross proceeds of $600,000, each unit to be comprised of one common share and one-half common share purchase warrant. Each whole warrant would entitle the holder thereof to purchase one common share at $0.15 per share until expiry in two years. In connection with the private placement, finder's fees would be payable consisting of cash and share purchase warrants.

Note 17 Reverse Takeover of Legion Resources Corp.

On May 20, 2011, Samaranta Mining Corporation completed a Plan of Arrangement with Legion Resources Corp. ("the Plan") to effect an amalgamation of the two companies. Pursuant to the Plan, holders of Legion shares received one share of Amalco for every four Legion shares held, and holders of Samaranta shares received one share of Amalco for every six and a half Samaranta shares held resulting in Legion shareholders holding approximately 33% and Samaranta shareholders holding approximately 67% of Amalco. As such the merger constituted a "reverse takeover" with Samaranta identified as the acquirer for accounting purposes.

These consolidated financial statements have been prepared on the basis that the transaction constitutes the issuance of shares by Samaranta for Legion's net monetary assets, accompanied by a recapitalization of Samaranta. Since Legion does not meet the definition of a business under IFRS 3, *Business Combinations*, the transaction is considered to be capital in substance rather than a business combination. As such Samaranta has accounted for the transaction as a reverse takeover ("RTO") where no goodwill or intangible asset representing the stock exchange listing has been recorded. As a result of the accounting treatment for the reverse takeover Legion's operating results before the takeover are not included in these statements. The fair value of consideration for the Legion assets acquired was based on the value of Samaranta common shares issued in exchange. Accordingly the total purchase price was calculated and allocated as follows:

Fair Value of shares issued on reverse acquisition	
Common Shares (8,983,223) at $0.35 per share	$ 3,144,133
Exchange of Options (362,500 exercisable @ $0.60 per share)	-
	$ 3,144,133
Net Identifiable Assets acquired	
Cash	$ 33,799
HST and other receivables	32,532
Deferred Easy Joe Mineral Property Acquisition Costs	25,000
Accrued liabilities	(58,589)
	32,742
Share-based payment on reorganization charged to loss	3,111,391
	$ 3,144,133

Note 17 Reverse Takeover of Legion Resources Corp. – cont'd

The purchase price and allocation is a result of Management's best estimates and assumptions after taking into account all available information. As at December 31, 2011, $160,000 in estimated transaction costs associated with the amalgamation were expensed.

Pursuant to the terms of the Plan the outstanding share options of Legion were exchanged for Amalco options on a 4:1 basis with terms identical to those of Legion existing options and outstanding warrants of Samaranta were exchanged on a 6.5:1 basis with terms identical to those of Samaranta existing warrants. The exchange of options was accounted for as modified options but there was no appreciable increase in value.

Note 18 Transition to International Financial Reporting Standards

The effect of the Company's transition to IFRS, as described in note 2, is summarized in this note as follows:

a) *Transitional elections*

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

Business combinations
The Company elected not to retrospectively apply IFRS 3 "Business Combinations" to any business combinations that may have occurred prior to its transition date.

Share-based payment transactions
The Company elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the transition date.

b) *Mandatory Exception*

Derecognition of financial assets and liabilities
The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively from the transition date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to transition date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Use of estimates
In instances where the Company was required to make an accounting estimate on transition to IFRS these estimates were made on a basis consistent with estimates determined under previous GAAP unless there was a change in accounting policy or objective evidence that the estimate was in error. If such an estimate was not required under previous GAAP these estimates were determined based on market conditions at the date of transition and did not reflect events that occurred after that date.

Note 18 Transition to International Financial Reporting Standards – cont'd

c) Reconciliations of pre-changeover Canadian GAAP Share Capital and Deficit to IFRS

Under pre-conversion Canadian GAAP, the Company considered its Colombian subsidiary to be an integrated foreign operation and as such the financial statements of the subsidiary were translated using the temporal method. Under this method, monetary items of the Colombian subsidiary were translated into Canadian dollars at exchange rates prevailing at the balance sheet date, non-monetary items were translated at exchange rates prevailing when the assets were acquired or obligations incurred, and revenue and expense items were translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translation were included in operations.

Under IFRS the translation of foreign operation financial statements at each balance sheet date for consolidation purposes is translated as follows: assets and liabilities are translated at the closing rate at the date of that balance sheet; income and expenses are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are recognized as Other Comprehensive Income ("OCI").

These adjustments were non-cash accounting adjustments which also resulted in a decrease of $8,048 to each of total assets, total equity and total liabilities and equity from those amounts previously reflected at December 31, 2010. The reconciliations of mining claims and deferred exploration costs, accumulated other comprehensive loss to foreign currency translation reserve, comprehensive loss and , total assets, total equity and total liabilities and equity as previously reported under pre-changeover Canadian GAAP to the amounts now reported under IFRS are as follows:

	December 31 2010	January 1 2010
	$	$
Total mining claims and deferred exploration costs under Canadian GAAP	574,147	-
Adjustment – foreign currency arising from translation	(8,048)	-
Total mining claims and deferred exploration costs under IFRS	566,099	-

Note 18 Transition to International Financial Reporting Standards – cont'd

c) Reconciliations of pre-changeover Canadian GAAP Share Capital and Deficit to IFRS- cont'd

	December 31 2010	January 1 2010
	$	$
Total accumulated OCI under Canadian GAAP	-	-
Adjustment – foreign currency arising from translation	(8,048)	-
Total foreign currency translation reserve under IFRS	(8,048)	-

	December 31 2010	January 1 2010
	$	$
Other comprehensive loss under Canadian GAAP	-	-
Adjustment – cumulative translation adjustment	(8,048)	-
Other comprehensive loss under IFRS	(8,048)	-

	Pre-Conversion Canadian GAAP amount at December 31, 2010	Foreign Currency adjustment arising from translation	Restated IFRS amount at December 31, 2010
	$	$	$
Total assets	1,009,550	(8,048)	1,001,502
Total equity	37,870	(8,048)	29,822
Total liabilities and equity	1,009,550	(8,048)	1,001,502