Form 51–102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Sanatana Diamonds Inc.
1925 – 925 West Georgia Street
Vancouver, BC V6C 3L2

Item 2. Date of Material Change

December 30 & December 31, 2010.

Item 3. News Release

News Release dated December 30, 2010 was disseminated via Marketwire and filed on SEDAR on December 30, 2010 and News Release dated December 31, 2010 was disseminated via Marketwire and filed on SEDAR on December 31, 2010.

Item 4. Summary of Material Change

Sanatana Diamonds Inc. (the "**Company**") has closed the previously announced private placement of flow-through shares in two tranches for gross proceeds of $1,726,500.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Further to the Company's news releases dated December 15, 2010 and December 17, 2010, the Company closed the first tranche of the private placement (the "**Offering**") on December 30, 2010 and issued 9,705,883 flow-through shares (the "**FT Shares**") for gross proceeds of $1,650,000 of which 2,352,941 FT Shares were purchased by the MineralFields Group.

On closing of the first tranche of the Offering, the Company paid Limited Market Dealer Inc. ("**LMD**") a cash commission equal to 6% of certain of the subscriptions placed by LMD (being $18,000) and issued to LMD broker's warrants (the "**Broker's Warrants**") equal to 7% of certain of the FT Shares sold by LMD (being 123,529 Broker's Warrants). Each Broker's Warrant entitles LMD to purchase one additional non flow-through common share in the capital of the Company (a "**Common Share**") at an exercise price of $0.25 per Common Share until December 30, 2011.

In connection with the first tranche closing, the Company also paid an aggregate cash commission of $66,900 to certain arm's length finders (equal to 6% of the subscriptions placed by the respective finders) and issued 413,823 Broker's Warrants to certain arm's length finders (equal to 7% of the FT Shares placed by the respective finders).

The Company closed the second tranche of the Offering on December 31, 2010 and issued an additional 450,000 FT Shares for gross proceeds of $76,500. In connection with the second tranche closing, the Company also paid an aggregate cash commission of $4,590 to an arm's length finder (equal to 6% of the subscriptions placed by the finder).

The Company will renounce an amount equal to the gross proceeds derived from the sale of the FT Shares under the Offering to purchasers in accordance with the provisions of the Income Tax Act (Canada). All securities issued in the closing of the first tranche and the second tranche will be subject to a hold period which expires May 1, 2011.

The funds raised from the Offering will be used for the purposes described in the December 15th News Release.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51–102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

The following senior officer of the Corporation is knowledgeable about the material change and this Material Change Report and may be contacted:

Peter Miles, President and Chief Executive Officer, telephone: 604-408-6680.

Item 9. Date of Report

DATED at Vancouver, British Columbia, this 4th day of January, 2011.