

SANATANA RESOURCES INC.

Management's Discussion and Analysis

March 31, 2020



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This management's discussion and analysis ("MD&A") contains certain forward-looking statements that are prospective and reflect management's expectations regarding Sanatana Resources Inc. and its subsidiary's (collectively "Sanatana" or the "Company") future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included in this MD&A including without limitation, statements regarding potential mineralization and resources or reserves, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, exploration results and future plans and objectives of Sanatana are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Sanatana's expectations are disclosed in its documents filed from time to time with the TSX Venture Exchange (the "TSX-V") and other regulatory authorities and include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors.

Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Sanatana undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Introduction

This MD&A was prepared as of July 23, 2020 and should be read in conjunction with the Company's audited financial statements and related notes for the year ended March 31, 2020. This MD&A is intended to provide the reader with a review of the Company's performance for the year ended March 31, 2020 and through to the date of this report, and the factors reasonably expected to impact future operations and results. This MD&A contains forward-looking statements that are subject to risk factors set out above.

The Company's audited consolidated financial statements for the year ended March 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee.

On May 8, 2020, the Company consolidated its share capital on a one-for-ten basis. All share and per-share amounts have been restated to reflect the consolidation.

All financial amounts in this MD&A are in Canadian dollars unless otherwise noted.

Incorporation and Listing Information

Sanatana was incorporated under the British Columbia *Business Companies Act* on June 25, 2004. In November 2005, the Company became a reporting issuer in every province and territory of Canada, except Québec. The Company has one wholly owned subsidiary, ExSol (SI) Limited ("ExSol"), incorporated under the laws of the Solomon Islands. The Company's common shares trade on the TSX-V as a mining exploration and development company under the symbol STA.

Operating Report

The Company is an exploration stage company and is engaged in the acquisition, exploration and development of exploration and evaluation assets. The Company has been primarily focused on the Tirua property in the Solomon Islands. While it also has rights to the Empress and Santoy properties in Ontario, it does not plan to undertake significant further exploration on these properties. In July 2020, the Company entered into an option to acquire the Gold Rush Property in Ontario.

Sanatana's exploration programs are carried out under the supervision of the Company's president, Buddy Doyle. Mr. Doyle meets the qualified person ("QP") requirements of *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* ("NI 43-101") and is responsible for the geoscientific and technical disclosure contained in this document.

Corporate Developments

- In April 2020, the Company satisfied the requirements to complete the purchase of the Empress gold property in Ontario (see *Empress Property* below).
- In July 2020, the Company entered into an option agreement to acquire the Gold Rush Property (see *Gold Rush Property* below).
- In July 2020, the Company announced a private placement to raise up to \$2,000,000 (see *Private Placement* below). The Company expects to use net proceeds for its existing portfolio of exploration projects, initial funding for the Gold Rush Property and for general and corporate purposes.

Covid-19

The covid-19 pandemic has had a material adverse effect on the Company's operations. Since the Company's principal property is located in the Solomon Islands and there are quarantine limitations in Canada and travel bans in effect in the Solomon Islands and Australia (routes from Canada to the Solomon Islands generally pass through Australia). Accordingly, travel to monitor and undertake work is, effectively, impossible. Further considerations are that hospital facilities are limited in the Solomon Islands and travel insurance may not cover covid-related illness.

Furthermore, the Company is in need of financing to complete the recommended course of work under its NI 43-101 technical report (see *Tirua Property* below). Financial markets generally, and junior exploration markets in particular, have been characterized by an aversion to risk and so the Company was not previously able to secure financing. Market conditions improved through the late spring of 2020 and, in July 2020, the Company announced a private placement. The planned private placement will not be sufficient to materially advance the Tirua property even if it were possible to travel but will allow the Company to satisfy its initial obligations under the Gold Rush Property option.

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As a practical matter, the Company's ability to explore and develop the Tirua property will be adversely affected for some time and, in the absence of an extension to the Company's rights, it may not be possible to fulfill the exploration obligations under the property's prospecting licence.

Mineral Properties

Gold Rush Property

Proposed Transaction

In July 2020, the Company entered into an option agreement with South Shore Partnership Inc. ("South Shore") to acquire: (1) a 100% interest in the Gold Rush North Project; and (2) a 100% interest in the Gold Rush South Project (formerly the Turnbull-Carscallen Project) in the Timmins, Ontario region. Together, the Gold Rush North Project and the Gold Rush South Project are referred to as the "Gold Rush Project". The Gold Rush Project covers 2,200 hectares and is located near Timmins, Ontario.

Sanatana holds separate options on the Gold Rush North and Gold Rush South Projects. Sanatana may acquire a 100% interest by issuing 1,050,000 common shares and \$30,000 in cash to South Shore for each of Gold Rush North and Gold Rush South:

Timing	Gold Rush North		Gold Rush South	
	Cash Payments	Share Issuances	Cash Payments	Share Issuances
On or before August 4, 2020	\$15,000	—	\$15,000	—
Upon TSX-V approval	\$15,000	1,050,000 shares	\$15,000	1,050,000 shares

In addition, the Company must pay \$120,000 in cash and issue shares with a value of \$120,000 (based on Sanatana's 30-day volume-weighted-average price ("VWAP") on the TSX-V prior to the issue date) over a three-year period to the underlying holders of the property interests for each of Gold Rush North and Gold Rush South:

Timing	Gold Rush North		Gold Rush South	
	Cash Payments	Share Issuances ¹	Cash Payments	Share Issuances ¹
End of Year 1	\$30,000	\$30,000	\$30,000	\$30,000
End of Year 2	\$40,000	\$40,000	\$40,000	\$40,000
End of Year 3	\$50,000	\$50,000	\$50,000	\$50,000
1. Share issuances are made on the basis of Sanatana's 30-day VWAP on the TSX-V prior to the issue date.				

In addition, Sanatana has agreed to spend a minimum of \$250,000 in the aggregate on the Gold Rush Project prior to the one-year anniversary of the effective date of the option agreement. Upon

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the commencement of commercial production (as that term is defined in the option agreement) from the Gold Rush Project, South Shore will also be granted a 0.5% net smelter return royalty on the Gold Rush Project. In addition, the Gold Rush North Project and the Gold Rush South Project are each subject to a 2% net smelter return royalty upon commencement of commercial production, which may be reduced by 1% by paying the respective royalty holder \$1,000,000.

Sanatana will pay a finder's fee of 200,000 common shares and 200,000 warrants with each warrant exercisable to acquire one common shares at a price of \$0.20 per common share for a period of 24 months.

The option agreement and the finder's fee received TSX-V approval in July 2020.

Historic Exploration

The Gold Rush Property is known to have gold mineralization from historic exploration work recorded in assessment reports. In the claim block for the Gold Rush South Project, historic work reported in assessment reports shows that between 1927 and 1939, a shaft was sunk on the main vein (DeSantis Shaft) to 38 m below surface and from there a 263 m of horizontal development was completed.

In 1972, the workings were dewatered, and an underground sampling/mapping project completed. The DeSantis vein strikes N13°W and dips vertically. It is 52 m long and has a maximum width of 1.2 m at surface, widening to 1.52 m at depth. Sampling from the south drift returned assays ranging from 4.35 g/t Au to 18 g/t Au within the quartz vein. Assays from pulps of grab samples from the trenches taken in 1983 returned up to 7.58% Cu.

Grab samples collected in 1998 from trenches to the south of the shaft returned assays up to 77.35 g/t Au gold (Wilson, MNDM, 2008). Numerous pits and trenches (eg Big Vein Pits) on the property have identified additional quartz veins (parallel veins, off-sets) with assay values ranging from trace to >1.0 opt Au.

Fifteen shallow, small diameter, drill holes averaging 15 m in length were drilled around the DeSantis shaft, mainly to the south, four of these recorded 1 m assays above 1 g/t Au.

In the Gold Rush North Project, historic prospecting discovered a 1.2 km E-W trending zone where 15 grab samples spaced semi-evenly apart, and all had anomalous gold with 10 of which assayed over 4 g/t Au.

Sample results stated in the historic reports have not been verified by the Company, and readers are cautioned not to place undue weight on such results. The historical grades are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the reports are unknown. Grab samples are selected samples and are not indicative of the average grade of mineralization hosted on the Gold Rush Property.

The technical information regarding the Gold Rush Property was prepared under the supervision of Kevin Kivi PGeo. Mr. Kivi is a Qualified Person for the purposes of NI 43-101 and has reviewed and approved the technical information disclosed above.

Tirua Property

Overview

On November 2, 2018, pursuant to a prospecting agreement signed with Trevor Wright, Sol Mar Por Pty Ltd, Brian D Edgar and Stadnyk and Partners (collectively, the "Vendors"), the Company received a letter of intent, from the Ministry of Mines, Energy and Rural Electrification (the

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"Ministry") to issue a PL subject to the completion of surface access agreements ("SAA"), which allows for exploration of the Tirua project. The prospecting agreement is subject to TSX-V approval.

Sanatana's exploration and management team visited the Tirua property in November 2018 to acquire the necessary SAAs and to consider plans for an initial exploration program. The Company has engaged an independent QP to prepare a technical report in accordance with NI 43-101. In January 2019, the Company entered into a SAA with local landowners and the PL was subsequently granted.

The Company hired local geologists, local liaison staff and labourers to supplement the technical management team in the Solomon Islands. The exploration team is based in the small township of Seghe, which has accommodation and a domestic airport and is a 15-minute boat ride from the project.

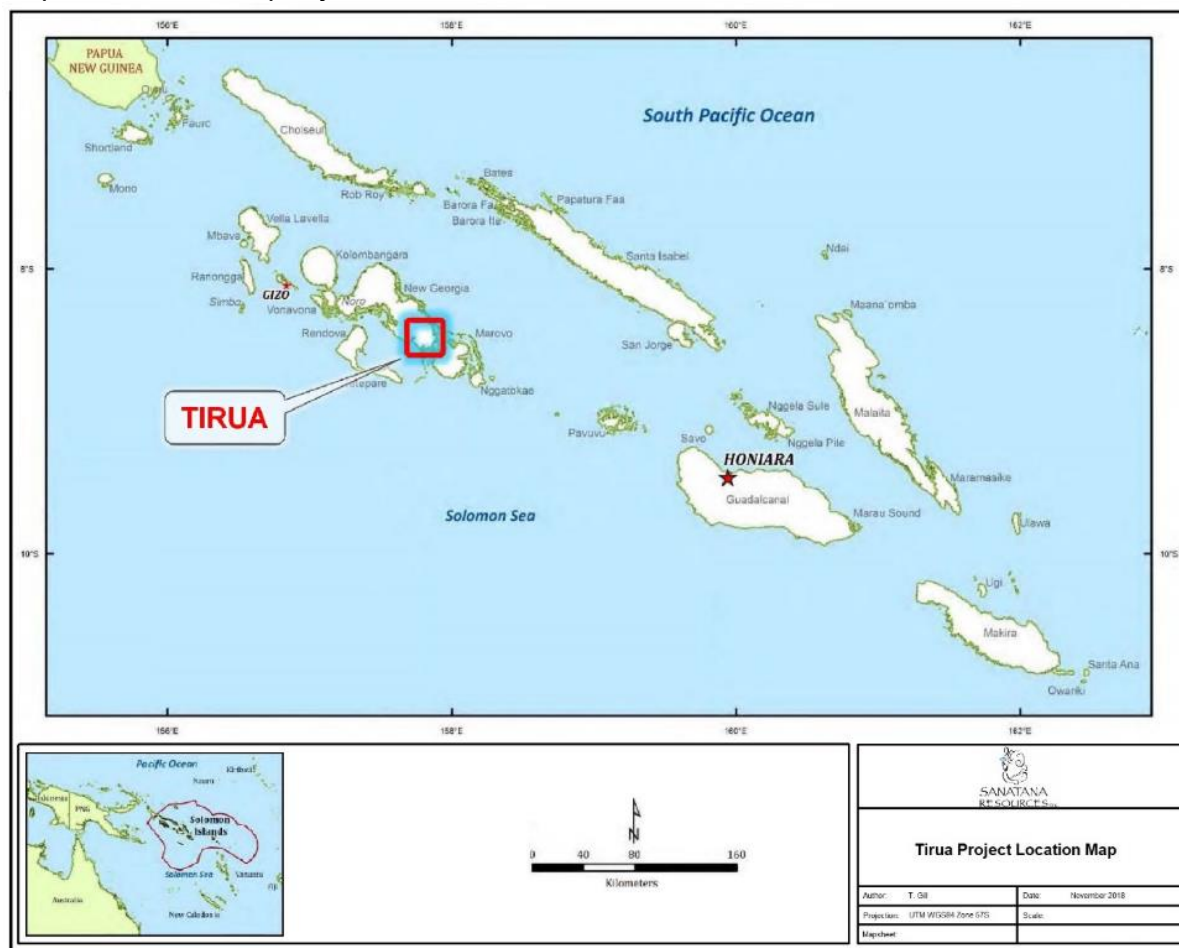
Prospecting Licence

On January 31, 2019, the Minister granted the Company PL-03/19 over the Company's 282 square kilometre Tirua project in the Solomon Islands.

The PL grants Sanatana the right to prospect for minerals until January 30, 2022 at which time it may be renewed for two more two-year periods, for a total seven-year term. Each two-year extension after the first three years requires the total PL area to be reduced by 50%. The 50% reductions can be waived by applying to the Minister with a reasonable case. After making a commercial discovery, the Company may apply to convert any portion of the PL to a mining lease. Mining leases are granted for 21-year periods.

The PL is subject to certain minimum exploration requirements, including expenditure of the equivalent of approximately \$2,700,000 over the first three-year period, and other customary conditions governing the Company's rights and obligations under the PL. As noted above, due to the covid-19 pandemic, travel to the Solomon Islands is not possible and, until such time as the travel ban is lifted, the Company cannot undertake exploration. The Company has discussed the effect of the covid pandemic with the Ministry, which has indicated a willingness to make an accommodation, but the terms of any extension have not been formalized.

Map of the Tirua Property Location:



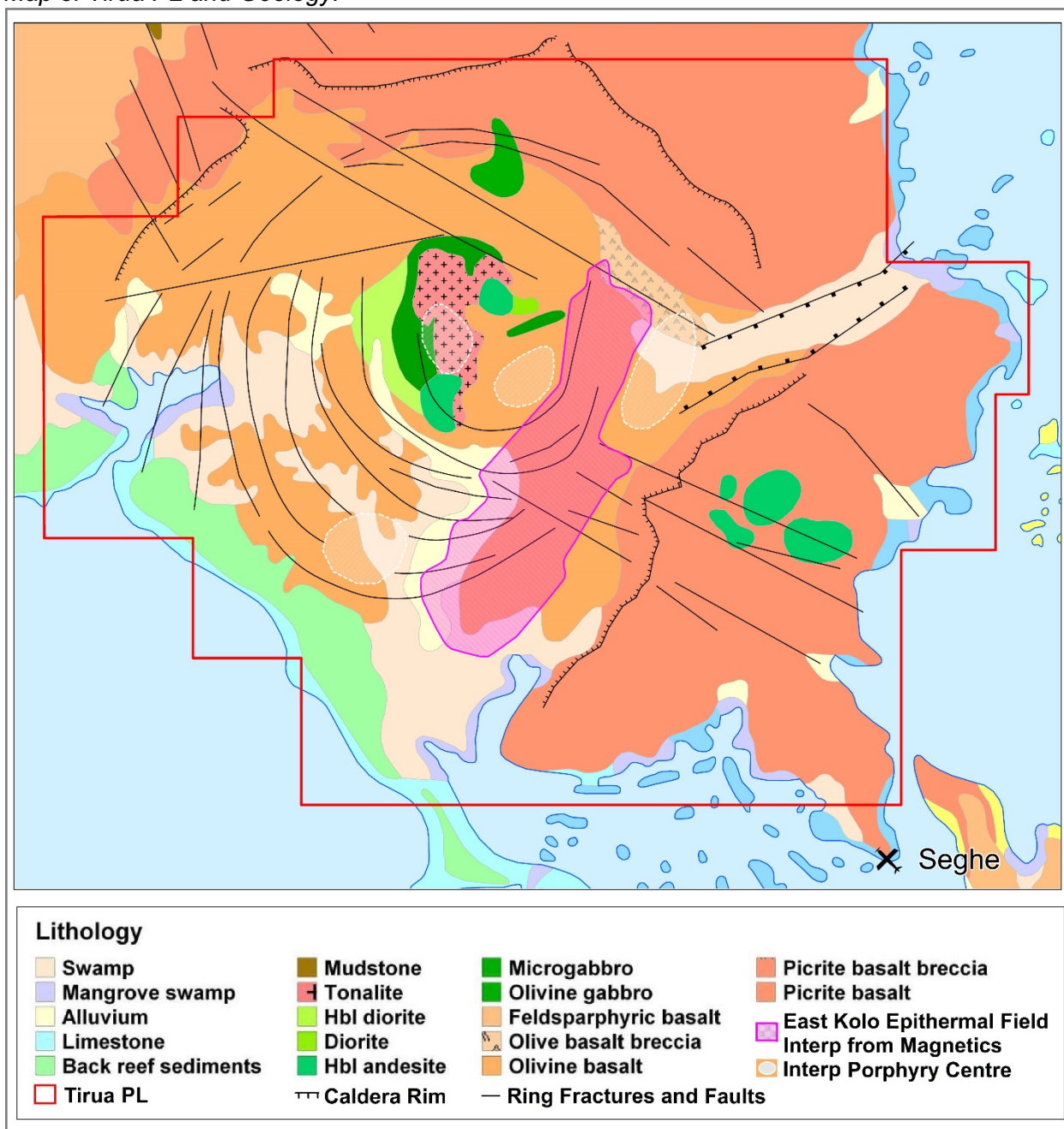
Tirua Property Description

The Tirua property, hosted in the 15 kilometres wide (68 square kilometres area) Kolo volcanic caldera, is located on New Georgia Island, in the Western Province of the Solomon Islands, part of the South Pacific archipelago of volcanic islands around the Ring of Fire. This chain of islands is renowned for hosting large copper and gold deposits, extending from Papua New Guinea in the northwest to Fiji to the southeast, most notably the giant epithermal Ladolam Gold Deposit on Lihir Island and the copper-gold porphyry Panguna deposit on Bougainville, immediately west of New Georgia Island.

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Map of Tirua PL and Geology:



Previous Exploration

Previous surface and geophysical studies at Tirua led to the drilling of 18 diamond drill holes into a porphyry copper target. This and other limited work has demonstrated that the Tirua caldera has gold and copper mineralization, much of which, including significant targets developed by Mr. Wright, remains untested and underexplored.

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Highlights of past exploration:

- Drilling: The best intervals ran 62m @ 0.45% Cu from surface and 3m @ 2.52 g/t Au from 98m.
- Trenching: 15m @ 1.16 g/t Au (open).
- Maximum rock chip float samples of 37.7 g/t Au, 201 g/t Ag, and 0.25% Cu.
- Maximum soil samples of 158 g/t Au, 322 g/t Ag and 0.29% Cu.
- Completion of airborne magnetic and radiometric survey over the entire caldera highlighting a distinct ring structure.
- Widespread alteration and porphyry Cu-Au and epithermal Au mineralization associated with geophysical / structural interpretations.

Note that previous exploration was conducted between 1983 and 2013 and the data has been verified by Mr. Wright from open file reports obtained from the Ministry. These samples may not be indicative of future results.

Exploration Plan

Between May and November 2019 Sanatana conducted a field program and review of the Tirua Project that enhanced its geological understanding of the Kolo Caldera mineralization. Four hundred thirteen soil samples were taken, along with a comprehensive analysis of historical data and drill core that were included in the acquisition of the Tirua Project.

The first results from the ongoing soil sampling program, based on the exploration concepts developed by Sanatana from the analysis of 4,988 historical soil samples along with the reinterpretation of the airborne magnetic data, have been received. The sampling reveals an As, Sb, Mo anomaly in the southern part of the project above a prominent unexplored magnetic anomaly. This prospective area also has sericite, chlorite and phyllic alteration in the rare outcrops found in the local streams.

Infill soil samples were also taken from the SW edge of the Dilma lithocap porphyry zone which returned anomalous Au associated with As which constitutes a coherent Au epithermal anomaly >50ppb, approximately 300m by 700m in size. Alteration mapping and trenching are planned in future exploration programs to further develop this new area.

Samples were sent to MSA Labs ("MSA") of Langley, BC using air freight and a chain of custody. The samples were dried and sieved using the 80# sieve, 30-gram aliquots and then digested in aqua regia and subjected to 52-element ICP-MS analysis. MSA is an independent laboratory not associated with Sanatana.

The Company has completed an environmental baseline study which allows for exploration fieldwork to commence. The first phase of exploration is underway with 415 soil samples having been collected to date, with the aim of infilling and extending the existing grid coverage to better map the geochemical footprint of the interpreted epithermal field and porphyry centres on the ground.

The Company plans to fly a drone-based airborne magnetic survey over the East Kolo Epithermal Field to augment mapping the extent of the alteration in greater detail. Trench sampling and mapping along the pre-existing forestry road network using an excavator will be undertaken when these services can be procured in order to confirm the style of epithermal alteration and tenor of near surface gold mineralization. In the meantime, a limited amount of hand trenching over key areas is planned to get underway once the soil sampling is complete.

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A drill program will be designed to test the highest potential targets for significant epithermal gold and porphyry copper-gold mineralization at depth dependent upon the outcomes of the initial fieldwork.

On occasion, the Company had been prevented from accessing an area that comprises about 15% of the PL. Management believes it has reached a settlement with the landowners under the terms of the SAA to resolve this issue. The Company had expected to formally document confirmation of its rights under the SAA in March 2020 but this objective has been deferred because of covid and will remain so until travel restrictions are lifted.

Principal Prospecting Agreement Terms

The Company entered into the prospecting agreement effective March 12, 2018. In October 2019 the parties to the agreement amended its terms to reflect the passage of time and to conform to regulatory requirements. As amended, the prospecting agreement calls for cash payments of up to \$360,000, of which \$329,362 was spent, to compensate the Vendors for their work in assessing the areas of interest, obtaining a letter of intent from the Solomon Islands government and negotiating land assess rights with indigenous landowners. In addition, the prospecting agreement provides for the issuance of shares of the Company to the Vendors as follows:

Within 10 business days TSX-V approval of the prospecting agreement (issued)	2,420,000
Within 10 business days of the receipt by the Company of a resource report prepared in accordance with NI 43-101 indicating a minimum resource of gold or gold equivalent if other metals are considered to be economic:	
• if at least 1,000,000 ounces	370,000
• if at least 2,000,000 ounces	370,000
• if at least 3,000,000 ounces	370,000
• if at least 4,000,000 ounces	370,000
Maximum number of shares that may be issued	3,900,000

* TSX-V approval was granted on November 26, 2019.

Empress Property

Empress Property Description

In February 2017, the Company entered into an option agreement with Alto Ventures Ltd. ("Alto"), to acquire a 100% interest in the Empress property, part of the projects formerly referred to as the Jackfish property, located on the northern shores of Lake Superior, 18 km east of Terrace Bay via Highway 17, Ontario. The initial transaction was approved by the TSX-V in June 2017. The option agreement was subsequently amended and the changes approved by the TSX-V in

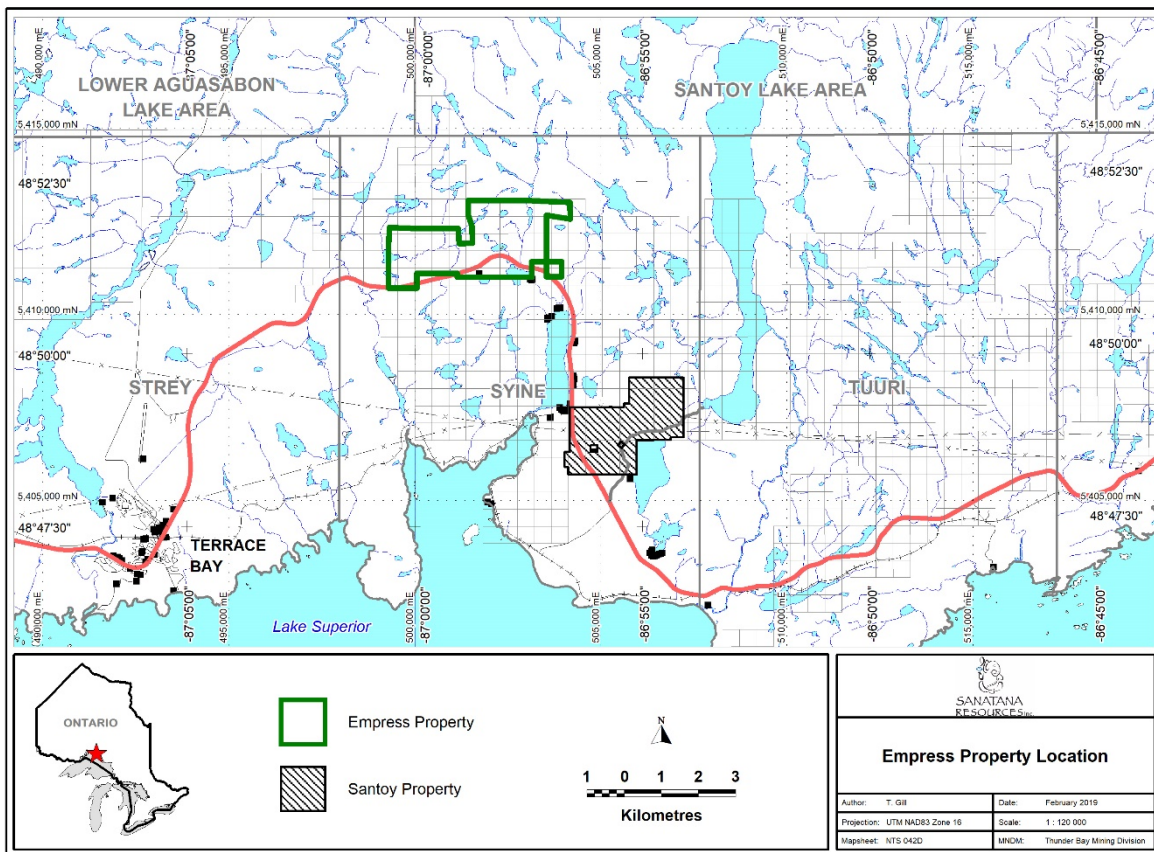
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June 2019. The property comprises 58 cell mining claims, including 36 boundary cell mining claims, covering 733 hectares (1,812 acres).

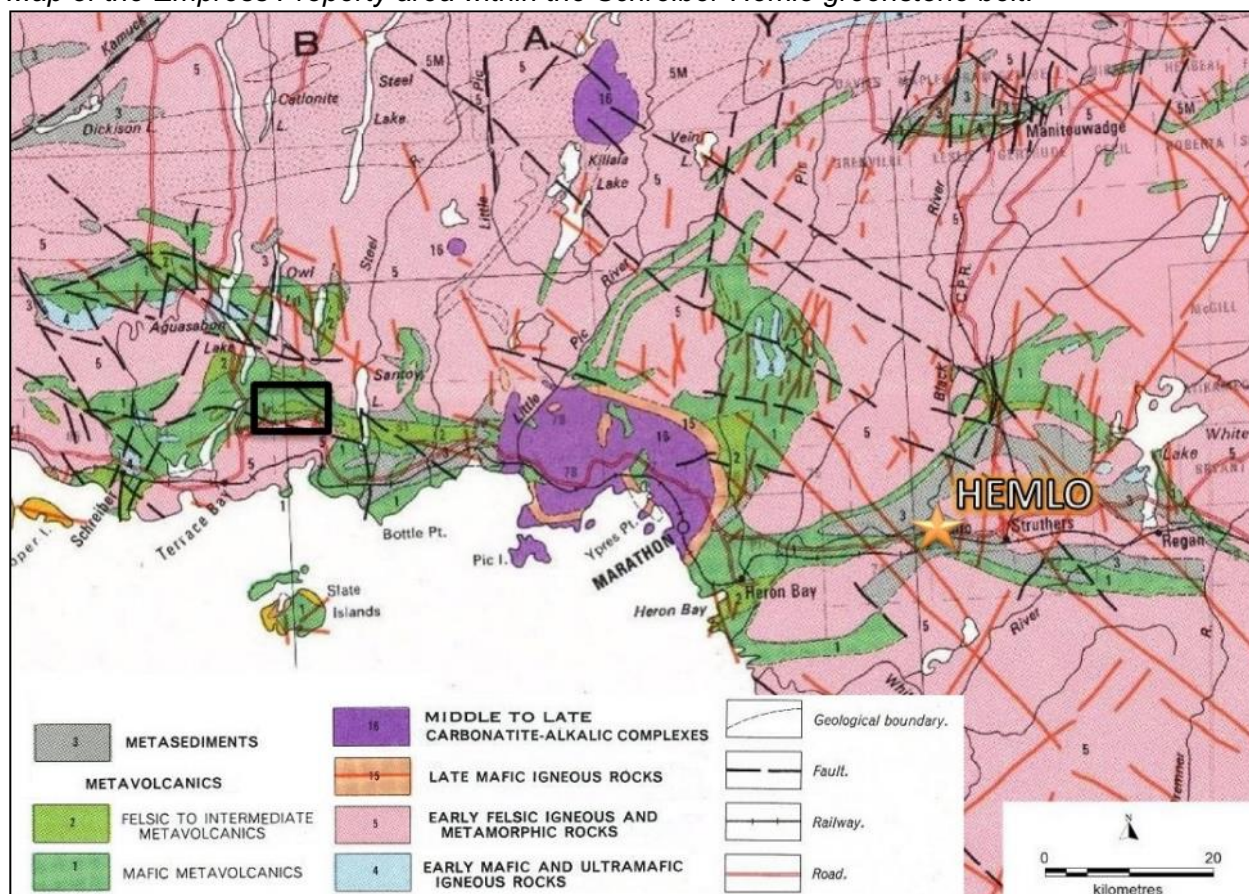
In February 2020, Alto issued a notice of default. Sanatana has until March 8, 2020 to cure the matters raised which primarily related to communication of information. That information was provided and in April 2020 Sanatana completed the Empress Property purchase.

Map of the Empress Property Location:



Geologically, the Empress property lies within the Wawa terrane of the Superior province of the Canadian Shield, specifically the metavolcano-sedimentary Schreiber-Hemlo greenstone belt. The belt is known for its namesake Hemlo gold operations (Barrick Gold Corporation) and similar geological and structural targets analogous to Hemlo exist in the supracrustal greenstone rocks of the northern parts of the Empress property. This folded and foliated sequence of metavolcanic basalts and felsic flows and tuffs intercalated with narrow chert beds trends roughly east - west around the northern margin of the syn tectonic Terrace Bay pluton, that underlies the southern half of the Empress property.

Map of the Empress Property area within the Schreiber-Hemlo greenstone belt:



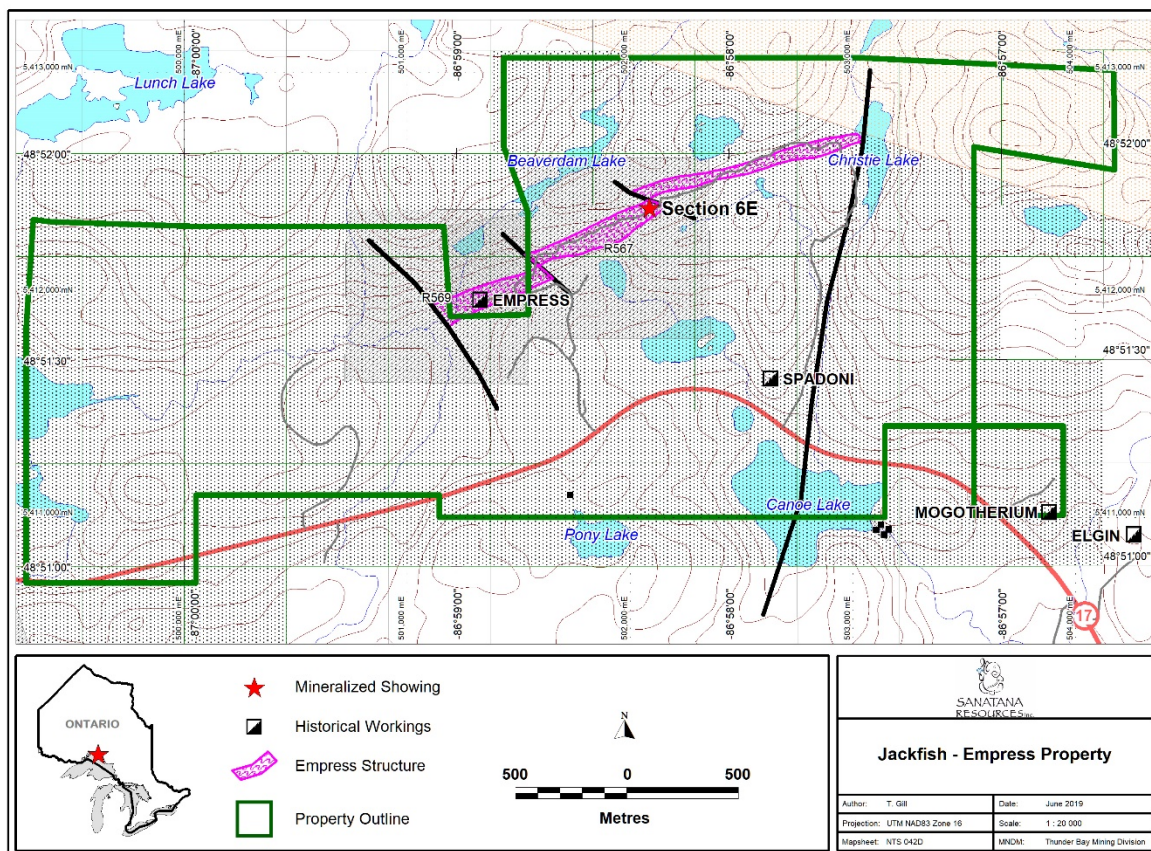
Exploration Target Rationale

The exploration target on the Empress property is the classic greenstone orogenic gold model (sometimes referred to as lode gold or shear zone hosted gold). The exploration program will focus on the Empress Structure, so named after the main trend of historical gold mineralization mined in the late 1800s at the Empress Mine. The Empress Structure is mapped as a deformation corridor up to 50 metres wide dipping steeply to the south for over 1.4 kilometres east-northeast of the old mine. In particular the Section 6 East showing provides the best opportunity for success at intersecting gold mineralization at depth based on previous surface channel sampling results and induced polarization ("IP") geophysical data. Cameco Gold Inc. completed channel sampling at Section 6 East in 1999 that returned an interval of 16.2 m @ 1.3 g/t Au hosted by quartz-sericite schist with quartz veining and disseminated pyrite. The gold mineralized interval was co-incident with a very high chargeability and conductive IP anomaly to a depth of 75 metres.

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Map of the Empress property cell mining claims and exploration targets:



2019 Exploration Program

A four-hole, 402-metre diamond drilling program testing the Section 6 East target was completed in September. The Empress Structure (shear zone) was traversed by each drill hole stepping back south from the stripped outcrop 25 metres at a time (see table of drill hole information), although the drill collar locations had to be placed as the variable topography of the landscape would allow (see map of drill holes).

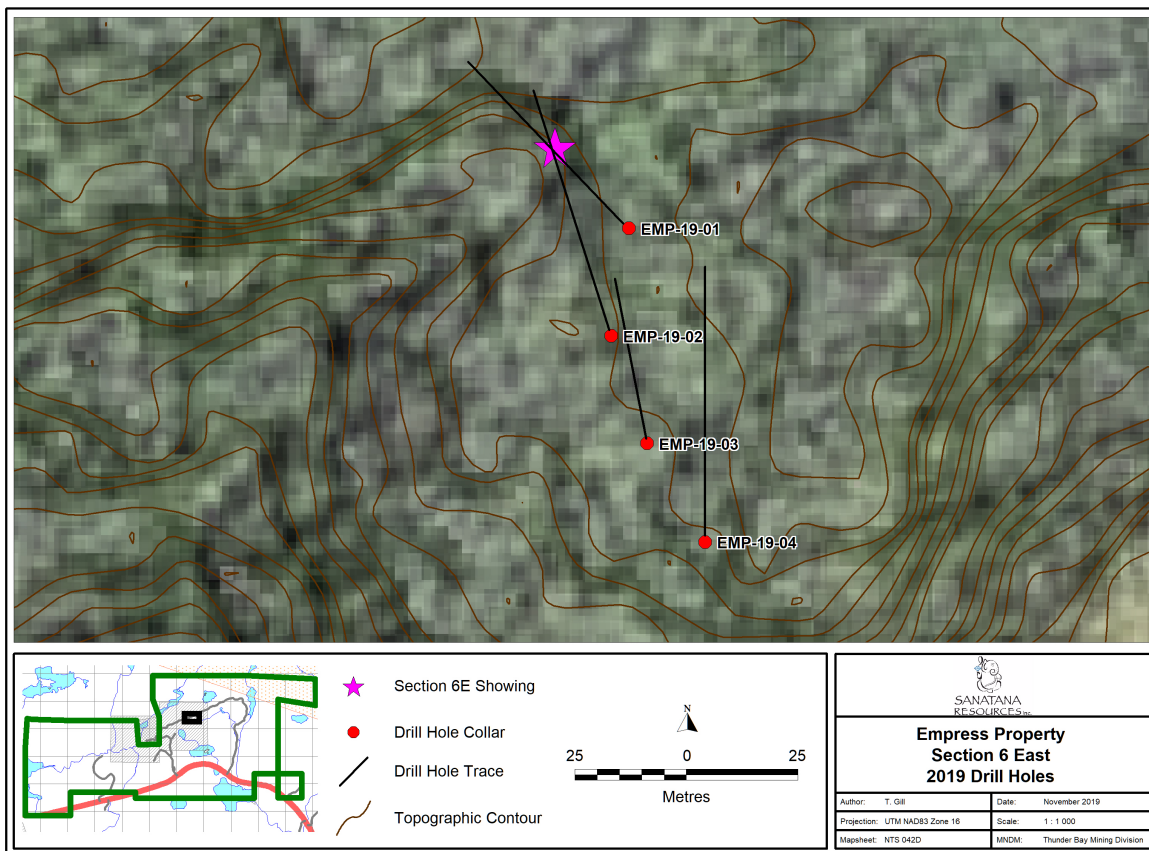
Table of Section 6 East Drill Hole Information:

Hole	UTM East (NAD83)	UTM North (NAD83)	RL (masl)	Date Started	Date Completed	Dip	Azimuth (Grid)	Depth
EMP-19-01	502104	5412374	365 m	7/9/2019	9/9/2019	-60°	310°	100.5 m
EMP-19-02	502100	5412350	363 m	10/9/2019	12/9/2019	-60°	350°	111.0 m
EMP-19-03	502108	5412326	363 m	15/9/2019	18/9/2019	-60°	350°	70.5 m
EMP-19-04	502121	5412304	363 m	20/9/2019	23/9/2019	-60°	000°	120.0 m

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Map of the Section 6 East Drill Holes:



The Empress Structure was interpreted to dip at a fairly shallow angle ($\sim 30^\circ$) to the south based on downhole intercept depths. Although a significant amount of sericite and pyrite alteration within the strongly foliated shear zone was observed in the drill core, the assay results from samples returned very little associated gold (Table 2). Drill holes EMP-19-03 and EMP-19-04 were not logged or sampled.

Hole	From	To	Length	Au
EMP-19-01	15.2 m	16.0 m	0.8 m	0.3 g/t
EMP-19-01	19.1 m	22.0 m	2.9 m	1.7 g/t
EMP-19-01	43.0 m	45.0 m	2.0 m	0.6 g/t
EMP-19-02	37.0 m	40.0 m	3.0 m	0.6 g/t

Exploration Plan

The Company does not plan to undertake any further work on the Empress property in the foreseeable future.

Principal Agreement Terms

Sanatana acquired a 100% interest in the Empress property from Alto by:

- paying cash of \$75,000;

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- issuing 420,000 common shares;
- issuing warrants to purchase up to 100,000 common shares at a price of \$1.00 for a period of three years;
- reimbursing exploration expenditures of \$20,000 on closing; and
- incurring exploration expenditures of at least \$150,000.

In addition, the Company has committed to contingent payments as follows:

- net smelter return ("NSR") royalty on metals of 1% to Alto, for which a 2% NSR royalty already exists in a previous assignment agreement and which royalty has an option to be reduced to 1% for cash payment of \$1,000,000; and
- an additional NSR royalty to Alto of 0.33% on any new property acquired within the area of interest contemplated in the option agreement. Nothing has been acquired with the area of interest.

Santoy Property

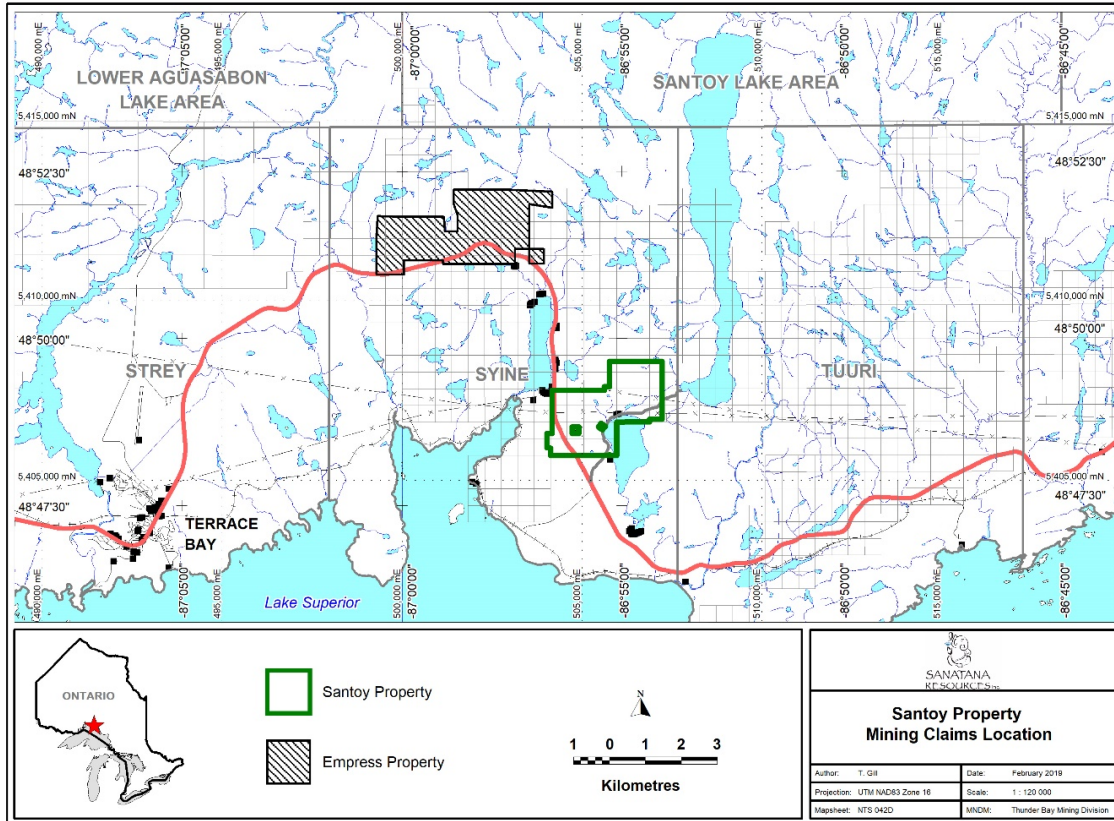
Overview

In January 2018, Sanatana signed an asset purchase agreement, which was approved by the TSX-V in April 2018, with Brian Fowler and Christian Carl ("Fowler and Carl") to acquire the Santoy property in Ontario. The Santoy property is located on the northern shores of Lake Superior, 20 km east of Terrace Bay via Highway 17, Ontario.

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Map of the Santoy Property Location:



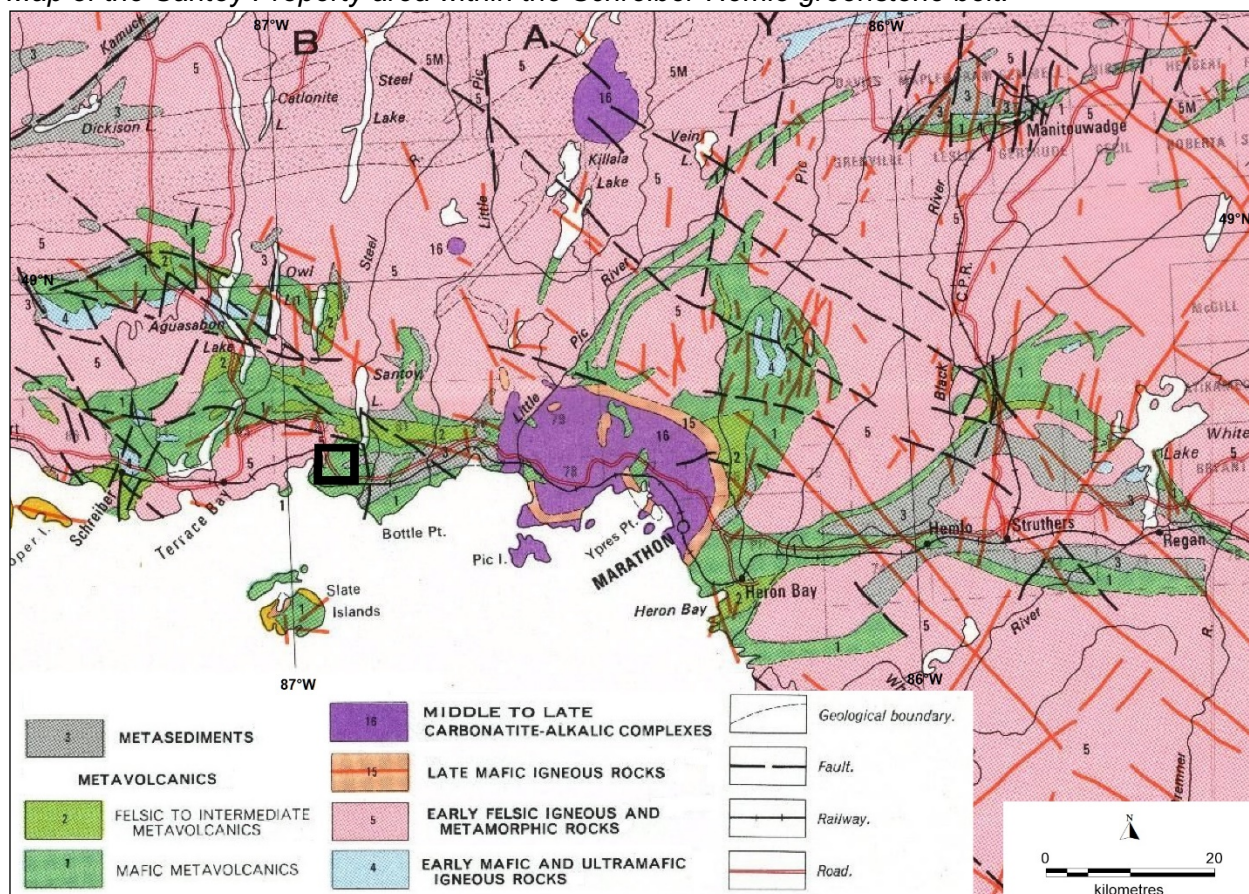
The claims originally comprised 31 units making up three mining claims covering 479 hectares (1,184 acres). Now under the new MLAS introduced April 9, 2018, the property has increased to an area of 551 hectares (1,362 acres) made up of 32 cell mining claims, half of which are boundary cells.

The Santoy property covers the southeast margin of the Terrace Bay pluton granodiorite as well as the contact zone and part of the southern arm of the Schreiber-Hemlo greenstone belt supracrustal sequence that trends northeast - southwest. There is a strongly conductive unit in the greenstone belt sequence delineated as two distinct trends in the publicly available Ontario Geological Survey airborne electromagnetic ("EM") geophysical survey data, one of which relates directly to a historic silver showing in the east and a nickel-copper showing in the west. Elevated cobalt, copper, lead and silver values in soil sample data reviewed from previous assessment reports may also be related to this conductive unit. There is no recorded drilling within the property.

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Map of the Santoy Property area within the Schreiber-Hemlo greenstone belt:



Principal Agreement Terms

To acquire a 100% interest in the property, Sanatana:

- paid Fowler and Carl \$12,500 cash;
- issued 250,000 of the Company's common shares to Fowler and Carl; and
- agreed to pay an NSR royalty on metals of 2% upon the commencement of commercial production to Fowler and Carl, with an option to reduce the royalty to 1% for cash payment of \$1,000,000.

Exploration Completed

The reconnaissance very low frequency EM ("VLF-EM") survey and prospecting work completed in June 2019 was filed for assessment on the property in order to keep all the mining claims in good standing for another year.

Exploration Plan

The Company does not plan to undertake any further work on the Santoy property in the foreseeable future except as required to satisfy the Company's flow-through obligation (see *Liquidity* below).

Watershed Property

In prior years, the Company acquired mineral property rights to the Watershed Property in Ontario. In March 2016, the Company sold its rights to the Watershed Property to a subsidiary of Iamgold Corporation ("Iamgold") but was eligible to receive post-closing contingent payments as follows:

- \$1,500,000 upon a decision to put all or a part of the Watershed Property into commercial production;
- \$1,500,000 upon commencement of commercial production of all or a part of the Watershed Property; and
- 1% net smelter returns royalty ("NSR") on the Watershed Property subject to a buy-out right at any time of 0.5% of the NSR for a further cash payment to Sanatana of \$2,000,000. The purchaser also has a right of first refusal on any sale of the NSR.

The Watershed Property is now part of Iamgold's Côté Lake gold project. To date, Iamgold has not completed any of the milestones that would result in any of the contingent payments being made.

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Financial

Financial amounts in the narrative have been rounded to the nearest thousand dollars.

Selected Annual Financial Data

Year Ended March 31	2020 \$	2019 \$	2018 \$
Results of operations:			
Loss for the year	(1,102,627)	(1,778,407)	(985,848)
Basic and diluted loss per share	(0.06)	(0.12)	(0.07)
Financial condition:			
Cash and cash equivalents	10,470	1,100,867	65,533
Exploration and evaluation assets	524,879	13,404	315,034
Total assets	568,220	1,150,597	426,180
Shareholders' equity	115,276	655,323	212,541
Cash flow:			
Exploration expenditures	(743,038)	(835,778)	(529,052)
Issuance of common shares, net of issue costs	(420)	2,224,675	-

Selected Quarterly Financial Data

The Company did not have any sales, discontinued operations, extraordinary items, cash dividends or long-term liabilities in the period under review. Material factors affecting operations and exploration and evaluation asset expenditures are described elsewhere in this MD&A.

Quarter Ended	Cash and Equivalents \$	Exploration and Evaluation Assets \$	Loss for the Quarter \$	Loss per Share ¹ (Basic and Diluted) \$
June 30, 2018	251,713	327,609	(272,169)	(0.02)
September 30, 2018	74,032	25,000	(692,150)	(0.05)
December 31, 2018	16,426	25,000	(430,609)	(0.03)
March 31, 2019	1,100,867	13,404	(383,479)	(0.02)
June 30, 2019	521,601	178,324	(246,372)	(0.01)
September 30, 2019	169,243	-	(571,805)	(0.03)
December 31, 2019	49,038	507,132	(166,378)	(0.01)
March 31, 2020	10,470	524,879	(118,072)	(0.01)

¹ Sum of quarterly loss per share may not equal year-to-date amounts due to rounding. These values have been restated to reflect the May 2020 share consolidation.

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The Company is an exploration stage company and has not generated any sales or revenues, nor has it had any extraordinary items or discontinued operations in the most recent eight fiscal quarters. As the Company is still in the exploration stage, variances in its quarterly losses are not affected by sales or production-related factors. Variances by quarter reflect overall exploration and corporate activity and certain factors that may not recur each quarter. Significant variations from the normal level of operating loss include:

- June 30, 2018 – The Company expensed \$151,000 of exploration expenditures relating to the Richards *et al* property as the conditions necessary to capitalize this amount were not met.
- September 30, 2018 – The Company recorded a \$552,000 impairment of the Jackfish property.
- December 31, 2018 – The Company incurred \$305,000 in expenditures relating to the Tirua property and \$35,000 in Jackfish-related expenditures that would have been capitalized in prior periods.
- March 31, 2019 – the Company expensed \$79,000 in Jackfish-related expenditures that would have been capitalized in prior periods and \$164,000 in expenditures relating to the Tirua property.
- June 30, 2019 – The Company expensed \$150,000 of exploration activities, primarily on the Tirua property.
- September 30, 2019 – The Company fully impaired the carrying value of the Empress and Santoy properties and incurred a \$263,000 charge to operations as a result.
- March 31, 2020 – Staff reductions and an inability to undertake exploration limited corporate activity and, consequently, reduced the quarterly loss.

Mineral Property Impairment

Effective September 30, 2019, the Company completed a review of its Empress and Santoy properties. Based on exploration results achieved and given the considerable uncertainty that it would be possible to finance further exploration on these properties, the Company concluded that it should fully impair the carrying value of both the Empress and Santoy properties. Since September 30, 2019, the Company has been expensing exploration expenditures incurred on these properties. At March 31, 2020, the Company concluded that the conditions necessary to reverse all or part of the impairment provisions had not been met.

Results of Operations for the Year

The principal factors necessary to understand the Company's results of operations are:

- Abandoned claim costs represents the cost of work on the Empress and Santoy properties after the decision to fully impair the carrying value of these properties.
- Exploration and expense primarily represent expenditures to secure and plan exploration of the Tirua property in the comparative year and expenditures on exploration of the Tirua property in the current year. The test to capitalize such expenses was not met until November 2019.
- Investor relations expenses relate to investor communications, including maintaining and updating the website and disseminating news releases.

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- Management fees and salaries represent amounts paid to officers, employees and contractors and related benefits, net of amounts capitalized to exploration and evaluation assets or allocated to exploration or property investigation costs.
- Professional fees are amounts due to lawyers and auditors.
- Rent relates to the Company's office premises and a storage locker. The Company rents month-to-month and there are no leases that meet the capitalization test under *IFRS 16 – Leases*.
- Share-based compensation in the comparative year represents the fair value of options granted to directors, officers, employees and contractors calculated using the Black-Scholes option pricing model. The Company awarded options in September 2017 and recognized the fair value of the options over their vesting period which ended in March 2019. There have not been any subsequent grants and, accordingly, no share-based compensation expense in fiscal 2020.
- Travel and accommodation represents the cost for management travel to Sanatana's exploration and evaluation assets and for corporate development activities. Travel and accommodation expense fluctuates significantly from period to period depending on the initiatives under way.
- Impairment relates to the Empress and Santoy properties, which were fully impaired following a review the projects effective September 30, 2019 as discussed above.
- Other expense primarily represents an accrual for penalties resulting from the Company's failure to satisfy flow-through exploration expenditures by December 31, 2019.

Results of Operations for the Fourth Quarter

Comprehensive Loss for the Quarter Ended March 31	2020	2019
	\$	\$
Expenses		
Abandoned claim costs	-	79,486
Depreciation	1,706	2,625
Exploration	15,374	160,985
Filing fees	5,543	16,170
Investor relations	5,167	9,501
Management salaries and wages	17,715	54,285
Professional fees	23,707	21,158
Share-based compensation	-	10,700
Other operating expenses	28,432	26,663
Loss before the undernoted	(97,644)	(381,573)
Impairment of exploration and evaluation assets	4,000	(12,500)
Other expense	(25,000)	(489)
Interest and other income	572	11,083
Loss for the period	(118,072)	(383,479)

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The Company's results of operations in the fourth quarter were generally consistent with prior periods and the comparative period other than:

- In the fourth quarter of fiscal 2019, the Company expensed costs for the Empress property but had satisfied the option requirements before the fourth quarter of fiscal 2020.
- In the comparative period, the Company expensed costs associated with the Tirua property as the test for capitalization had not been met. Costs incurred after November 2019 were capitalized.
- Management salaries were lower in fiscal 2020 due to reduced staff levels and the suspension of salary to the Company's CEO.
- Other expense primarily represents penalties incurred due to the failure of the Company to fulfil its flow-through exploration expenditures by December 31, 2019.
- The Company adjusted its impairment provision to reflect a change to an accrual made previously.

Mineral Property Expenditures Charged to Operations

Expenditures on mineral properties charged to operations were:

Exploration Expenses	2020	2019
Tirua		
Acquisition costs	-	268,780
Sampling and assays	9,873	-
Contractor and consultant	47,996	19,228
Project management	101,240	31,450
Field and camp	54,392	16,706
Labour	73,753	1,340
Transport and accommodation	130,286	106,289
Permitting and other	50,113	14,554
Landowner meetings	936	35,674
	<u>468,589</u>	<u>494,021</u>
Sutakiki		
Contractor and consultant	3,236	-
Transport and accommodation	2,688	-
Permitting and other	1,375	-
	<u>7,299</u>	<u>-</u>
	<u>475,888</u>	<u>494,021</u>

The high expenditures on Tirua reflect the longer-than-expected time to obtain TSX-V approval for the transaction. TSX-V approval was necessary to satisfy the Company's accounting policy for capitalization of expenditures.

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Expenditures on mineral properties for which any economic recovery was unlikely were:

Abandoned Claims Costs	2020	2019
Empress / Jackfish		
Sampling and assays	2,366	13,048
Contractor and consultant	-	89,922
Project management	6,696	89,592
Field and camp	18	33,817
Transport and accommodation	1,910	31,604
Permitting and other	-	7,039
	<u>10,990</u>	<u>265,022</u>

Expenditures were high in fiscal 2019 because the company was committed to an exploration program on the Jackfish property while there was considerable uncertainty regarding the ability of the Company to continue exploration subsequently.

Liquidity

At March 31, 2020, the Company had cash and cash equivalents of \$10,000 (March 31, 2019 - \$1,101,000) and a working capital deficiency of \$425,000 (March 31, 2019 – working capital of \$622,000). Specific factors affecting the Company's liquidity are:

- To fulfill its commitment under flow-through financings, the Company must expend \$57,000 on qualifying exploration activities. These expenditures were to be incurred before December 31, 2019 but the Company was unable to complete the work on time. Sanatana now plans to complete the flow-through related program by September 30, 2020.
- The Company has entered into an option agreement to acquire the Tirua project (see *Tirua Project* above); the remaining exploration expenditures required to satisfy the terms of the prospecting licence are estimated at \$2,213,000.
- The Company has entered into an option agreement to acquire the Gold Rush Property that could result in the short-term payments of \$60,000 and longer-term exploration and option payments as detailed above.
- In July 2020, the Company announced a private placement to raise gross proceeds of up to \$2,000,000. If this financing is completed as planned, it will allow the Company to resume normal operations and commence work on the Gold Rush Project.
- A certain vendor has agreed to forebear on payment of a \$175,000 trade account until the Company completes an equity raise greater than \$2,000,000. Since reaching that agreement, the Company has not raised more than \$2,000,000 in a single equity raise.

Sanatana expects to address its funding needs through private placements or joint ventures but may not be able to do so on acceptable terms or at all. If the Company's share price improves, warrant holders may exercise their share purchase warrants, but there can be no assurance that they will do so.

Related Party Transactions

At March 31, 2020, the Company had two employees and arrangements with contractors to provide certain administrative, accounting and management services. In addition, certain

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directors, officers and significant shareholders provide management and consulting services to the Company. The Company is not committed under employment contracts.

In November 2019, the Company settled part of an obligation to its VP Exploration by transferring to him a truck with a market value of \$12,000. Effective January 1, 2020, the Company's CEO agreed to waive accrual of his salary until the Company was on a better financial footing.

Critical Accounting Estimates

The Company's policy is to capitalize exploration and evaluation costs in certain circumstances. There can be uncertainty as to the value of those carrying costs and in title in the underlying assets.

The Company has losses carried forward which should be available to offset any likely taxable income, but flow-through accounting requires estimates of tax effects that could be material.

Share-based payment transactions such as options are subject to assumptions which can have a material bearing on the recorded expense.

Financial Instruments

Sanatana does not have any financial instruments that are likely to be settled for other than face value, so the risk to the business from financial instruments is low.

Share Capital

As noted above, on May 8, 2020, the Company consolidated its share capital on a one-for-ten basis. All share and per-share amounts have been restated to reflect the consolidation.

The Company had 21,212,335 and 18,672,333 common shares issued and outstanding at March 31, 2020 and at March 31, 2019 respectively.

Private Placement

In July 2020, Sanatana announced a non-brokered private placement of up to 11,500,000 units of the Company at \$0.10 per unit; and 7,083,333 flow-through units at \$0.12 per flow-through units for aggregate gross proceeds of up to \$2,000,000.

Each unit will consist of one common share and one-half of a share purchase warrant. Each unit warrant will entitle the holder to purchase one common share at a price of \$0.18 for a period of 18 months from the date of closing of the private placement. Sanatana will be entitled to accelerate the expiry date of the unit warrants to the date that is 30 days following the date a news release is issued by the Company announcing that the weighted average daily trading price of its common shares on the TSX-V is or exceeds \$0.30 for 20 consecutive trading days.

Each flow-through unit will consist of one common shares, which will be designated as a flow-through share pursuant to the *Income Tax Act* (Canada), and one-half of a share purchase warrant. Each flow-through unit warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.20 for a period of 18 months from the date of closing of the private placement. Sanatana will be entitled to accelerate the expiry date of the flow-through unit warrants to the date that is 30 days following the date a news release is issued by the Company announcing that the weighted average daily trading price of its common shares on the TSX-V is or exceeds \$0.35 for 20 consecutive trading days.

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Share and Warrant Issuances

In June 2019, the Company issued to Alto 120,000 common shares and warrants to purchase up to 100,000 common shares at \$1.00 per share as consideration under the Empress property option, see *Empress Property* above.

In November 2019, the Company issued 2,420,000 common shares in connection with obtaining rights to the Tirua property, see *Tirua Property* above.

Share Option Plan

Plan Description

The Company has a rolling share option plan that provides an incentive to directors, officers, employees, management and others who provide services to the Company. Under the option plan, a maximum of 10% of the issued and outstanding common shares at the time an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the option plan, are reserved for options to be granted at the discretion of the board to eligible optionees.

Options granted under the option plan are non-assignable and non-transferable and are issuable for a period of up to ten years. In the case of employment or other contracting arrangements of a director, officer, employee or consultant of the Company being terminated, the options will immediately terminate without right to exercise. The board of directors of the Company determines the exercise price, which may be no less than the discounted market price, as defined in the option plan, at the day of grant. The Company's shareholders re-approved the plan in February 2020.

Dividends

The Company has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

Outstanding Share Information

As of the date of this MD&A, the Company had the following securities issued and outstanding:

- 21,212,335 common shares;
- 3,752,305 warrants to purchase common shares; and
- 570,000 stock options.

Fully diluted share capital based on outstanding shares, options and warrants is therefore 25,534,640 common shares. In addition to issued share purchase warrants and stock options, there are outstanding agreements that could result in the issuance of additional shares and share purchase warrants as noted below.

The Company has announced a private placement that could result in the issuance of up to 18,583,333 common shares and warrants to purchase a further 18,583,333 common shares. It is possible that additional common shares and warrants will be issued as finders' fees in connection with the private placement.

The Company has committed to issue up to 1,480,000 common shares under the terms of its Tirua Property prospecting agreement, see *Tirua Property* above, and agreed to issue shares and warrants in connection with the Gold Rush Property (see *Gold Rush Property* above):

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- 2,100,000 common shares as consideration;
- a number of shares with a value of \$240,000 over a period of three years based on the 30-day VWAP of the Company's common shares as consideration; and
- 200,000 common shares and warrants to purchase up to an additional 200,000 common shares as a finder's fee.

Risks and Uncertainties

Sanatana's business of mineral resource exploration involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future; Sanatana's common shares should therefore be considered speculative.

Capital Markets and Economic Uncertainty

Sanatana will have to raise additional funds to fulfill its Gold Rush purchase and Tirua project obligations and develop the properties, even if it were to find economic mineral resources. The Company's business plan currently relies on obtaining funding through offerings of its equity.

The Company has announced a private placement to raise up to \$2.0 million but there can be no assurance that the company will be successful in closing the transaction as planned.

Nature of Mineral Exploration and Development Projects

The business of mineral exploration involves a high degree of risk. Few of the properties that are explored are ultimately developed into mines. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

Mineral exploration is subject to risks which could result in damage to life or property or the environment. The Company's business is subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment or machinery, labour disputes, or adverse weather conditions. Although the Company maintains insurance to cover normal business risks, the availability of insurance for many of the hazards and risks is extremely limited or uneconomical at this time. Through high operating standards, Sanatana works to reduce these risks.

In the event the Company is fortunate enough to discover a sizable deposit, the economics of commercial production depend on many factors, including the cost of operations, the size, quantity and quality of ore concentration of gold, proximity to infrastructure, financing costs and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

The profitability of the Company's operations will be dependent on the market price of the resources it is seeking, currently gold and diamonds. Resource prices are affected by factors beyond the control of the Company, including international economic and political conditions, levels of supply and demand and international currency exchange rates.

Success in establishing reserves is the result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration, the availability of suitable contractors and other factors. If mineralization is discovered, the initial phases of drilling may take several years until production is possible,

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during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves through drilling, to determine the optimal metallurgical process and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

Risk of Exploration in the Solomon Islands

The Company is subject to operational and political risks that are higher than it has experienced in the past now that it is exploring the Tirua property. Distance from Canada, difficulty in directly supervising operations and a higher proportion of cash payments will increase operational risk. Furthermore, the Solomon Islands are subject to political risk arising from ethnic tensions and the results of climate change that could affect the short- or long-term prospects for the Tirua property.

Conflicts of Interest

Certain of the Company's directors, officers and significant shareholders are or may become shareholders, directors or officers of other natural resource companies, and, to the extent that such other companies may participate in ventures with the Company, these individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or of its terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors or officers may have a conflict.

From time to time, the Company, together with several other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting the Company to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. The Company may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other company or companies.

In accordance with the laws of the province of British Columbia, the directors are required to act honestly and in good faith with a view to furthering the best interest of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed, and the financial position of the Company at that time.

Additional information is available at the Company's website at www.sanatanaresources.com. For all regulatory filings including news releases, please refer to the Company's profile on www.sedar.com.