

Sanatana Receives Offer from Ely Gold Royalties to Purchase Watershed Royalty

Vancouver, British Columbia--(Newsfile Corp. - September 29, 2020) - Sanatana Resources Inc. (TSXV: STA) ("**Sanatana**" or the "**Company**") has agreed to a part and parcel transaction, in which it will sell its Watershed Royalty (the "**Royalty Sale**") to Ely Gold Royalties Inc. (TSXV: ELY) (OTCQX: ELYGF) ("**Ely Gold**") pursuant to the terms of an offer to purchase. The Watershed Royalty was granted to Sanatana in connection with an Asset Purchase Agreement between the Company and Trelawney Auger Acquisition Corp, now IAMGOLD Corporation ("**IAMGOLD**"), dated January 12, 2016, (the "**Purchase Agreement**") whereby IAMGOLD acquired a 100% interest in 46 mining claims in Chester and Yeo Counties, Ontario (the "**Watershed Property**"). The Watershed Property surrounds the Coté Gold Project which is a joint venture between IAMGOLD and Sumitomo Metal Mining Company.

Peter Miles, CEO, states "We are pleased to monetize our Watershed Royalty and co-payments and to establish a relationship with Ely Gold Royalties, a rapidly growing and aggressive gold royalty company. Upon completion of the proposed transactions, Sanatana will have approximately \$4,600,000 in cash and marketable securities on hand. This transaction will improve our balance sheet and liquidity and allow us to more effectively explore our property portfolio and potentially acquire additional projects."

The Transaction

Sanatana will sell the Watershed Royalty to Ely Gold for total consideration of \$3,000,000 to be comprised of \$2,500,000 in cash and 1,000,000 Ely Gold warrants (the "**Ely Warrants**") with an approximate value of \$500,000. The Ely Warrants have a five-year term and will have an exercise price of not less than \$1.32, or such lower price permitted by TSXV (as such term is defined below) policy. Securities issued under the Ely Warrants will be subject to a four-month hold period. The completion of the Royalty Sale is subject to: (i) receipt by Sanatana of a waiver from IAMGOLD of its right of first refusal as provided in Watershed Royalty ("**ROFR**"); (ii) the negotiation of a definitive agreement; and (iii) applicable approval of the TSX Venture Exchange (the "**TSXV**"). The parties have also agreed to a 90-day period of exclusivity with respect to this Transaction. In the event IAMGOLD exercises the ROFR, Sanatana will pay a break fee of \$500,000 to Ely Gold.

Purchase Agreement Assignment

Sanatana and Ely Gold have also signed a term sheet (the "**Term Sheet**") whereby Sanatana has agreed to (i) assign its rights and interest in the Purchase Agreement to Ely Gold (the "**Assignment**") for \$10,000, and (ii) sell \$500,000 in Sanatana common shares (the "**Common Shares**") to Ely Gold on a private placement basis (the "**Private Placement**").

The Purchase Agreement provides for certain deferred payments as follows:

- a. \$1,500,000 upon a production decision by IAMGOLD on the Watershed Property; and
- b. \$1,500,000 upon the commencement of commercial production by IAMGOLD on the Watershed Property (together, the "**Deferred Payments**")

In the event that IAMGOLD exercises the ROFR and either of the Deferred Payments are made to Ely Gold, it will pay 50% of any such Deferred Payments to Sanatana.

Private Placement

In connection with the Assignment, Sanatana is announcing a non-brokered private placement (the "**Private Placement**") of \$500,000 in Sanatana common shares (the "**Common Shares**") to be

purchased by Ely Gold at a price of \$0.33 per Common Share. The proceeds from the Private Placement are expected to be used by the Company for a drone-based magnetic survey and an initial drilling program at the Gold Rush property. Securities issued under the Private Placement will be subject to a four-month hold period which will expire four months and one day from the date of closing of the Private Placement.

The completion of the Assignment and the Private Placement are subject to the negotiation of definitive transaction documentation and applicable approvals from the TSXV.

About the Company

Sanatana Resources Inc. is a mineral exploration and development company with an experienced management team and board of directors. Sanatana is based in Vancouver and is listed on the TSX Venture Exchange (TSXV: STA).

SANATANA RESOURCES INC.

(signed) "Peter Miles"

Peter Miles

Chief Executive Officer

For additional information on the Company, please contact Mr. Peter Miles, Chief Executive Officer at 604-408-6680 or email investor@sanatanaresources.com.

Cautionary Statement Regarding "Forward-Looking" Information

Some of the statements contained in this news release are forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements and information can be identified by the use of words such as "plans," "expects", "intends", "is expected", "potential", "suggests" or variations of such words or phrases, or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements and information are not historical facts and are subject to a number of risks and uncertainties beyond Sanatana's control and may include, without limitation, statements related to the closing of the transaction, the waiver of IAMGOLD's right of first refusal, the ability of the Company to negotiate definitive agreements, the payment of the Deferred Payments and the use of proceeds for the Private Placement.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except as may be required by law.

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