



Condensed Interim Consolidated Financial Statements

Quarter Ended June 30, 2022

Expressed in Canadian Dollars

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Sanatana Resources Inc. for the three months ended June 30, 2022 have been prepared by the management of the Company and approved by the Company's board of directors.

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

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Financial Position

	Notes	June 30 2022	March 31 2022
		\$	\$
ASSETS			
Current assets			
Cash	3	1,955,111	1,207,908
Receivables	4	48,115	10,807
Prepaid expenses		25,426	24,371
Short-term investments	5	2,112,653	1,404,582
Total current assets		4,141,305	2,647,668
Non-current assets			
Prepaid exploration and evaluation advance		64,183	101,090
Exploration and evaluation assets	6	3,223,121	2,223,007
Equipment	7	118,212	53,845
Total non-current assets		3,405,516	2,377,942
Total assets		7,546,821	5,025,610
LIABILITIES			
Current liabilities			
Payables and accruals	8	854,021	159,576
Total liabilities		854,021	159,576
EQUITY			
Share capital	9	52,780,426	49,807,374
Obligation to issue shares		-	600,000
Reserves	9	6,724,828	6,594,928
Deficit		(52,812,454)	(52,136,268)
Total equity		6,692,800	4,866,034
Total equity and liabilities		7,546,821	5,025,610

Nature of operations and going concern (Note 1)

Signed on the Company's behalf by:

"Peter Miles"

Peter Miles, Director

"Ian Smith"

Ian Smith, Director

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended June 30	Notes	2022	2021
		\$	\$
Expenses			
Consulting and advisory fees		1,750	1,750
Depreciation	7	4,605	4,059
Director fees		62,500	8,950
Exploration		50,250	15,232
Foreign exchange		-	317
Investor relations		12,831	36,128
Management fees and salaries	11	73,709	69,000
Office and administration		10,365	11,523
Professional fees		34,536	40,883
Rent		1,896	5,202
Share-based compensation	10	115,700	125,900
Transfer agent fees and filing fees		7,096	1,913
Travel and accommodation		10,148	-
Loss before other items		(385,386)	(320,857)
Unrealized loss on short-term investments	5	(296,000)	(18,000)
Other income		5,200	116,263
Gain on settlement of debt	8	-	39,250
Loss and total comprehensive loss for the period		(676,186)	(183,344)
Loss per share - basic and diluted	12	(0.01)	(0.00)
Weighted average common shares outstanding			
- basic and diluted		61,158,258	48,908,001

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity

	Number of Shares	Common Shares \$	Obligation to Issue Shares	Reserves \$	Deficit \$	Equity \$
March 31, 2022	49,204,155	49,807,374	600,000	6,594,928	(52,136,268)	4,866,034
Private placements	19,836,667	2,975,500	(600,000)	-	-	2,375,500
Share issue costs	-	(90,348)	-	14,200	-	(76,148)
Shares issued for mineral properties	330,000	50,400	-	-	-	50,400
Shares issued for finder's fee	250,000	37,500	-	-	-	37,500
Share-based compensation	-	-	-	115,700	-	115,700
Loss for the period	-	-	-	-	(676,186)	(676,186)
June 30, 2022	69,620,822	52,780,426	-	6,724,828	(52,812,454)	6,692,800

	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Equity \$
March 31, 2021	48,604,155	49,716,124	6,213,728	(49,960,806)	5,969,046
Shares issued for debt settlement	350,000	61,250	-	-	61,250
Share-based compensation	-	-	125,900	-	125,900
Loss for the period	-	-	-	(183,344)	(183,344)
June 30, 2021	48,954,155	49,777,374	6,339,628	(50,144,150)	5,972,852

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the three months ended June 30,	Notes	2022	2021
		\$	\$
Cash provided by (used in):			
Operating activities:			
Loss for the period		(676,186)	(183,344)
Adjustments for:			
Depreciation of equipment	7	4,605	4,059
Other income		(5,200)	(102,181)
Unrealized loss on short-term investments		296,000	18,000
Share-based compensation	10	115,700	125,900
Gain on settlement of debt		-	(39,250)
Exploration and evaluation expenditures	6	50,250	(15,232)
Changes in non-cash working capital items:			
Receivables		(37,308)	(57,761)
Prepaid expenses		(1,055)	18,341
Payables and accruals		199,239	6,224
		(53,955)	(225,244)
Investing activities:			
Short-term investments		(1,004,071)	(1,500,000)
Interest received		5,200	-
Prepaid exploration and evaluation advance		36,907	(1,932)
Exploration and evaluation	6	(467,258)	(727,305)
Equipment purchase	7	(68,972)	-
		(1,498,194)	(2,229,237)
Financing activities			
Private placements	9	2,375,500	-
Share issue costs	9	(76,148)	-
		2,299,352	-
Change in cash		747,203	(2,454,481)
Cash, beginning of period		1,207,908	3,038,829
Cash, end of period		1,955,111	584,348

Supplementary cash flow information (note 13)

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

1. Nature of Operations and Going Concern

Sanatana Resources Inc. (“Sanatana” or the “Company”) was incorporated on June 25, 2004 under the British Columbia Business Corporations Act. Sanatana is an exploration stage company, and its principal business activity is the acquisition, exploration and development of mineral properties. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol STA.

The Company has not generated revenue from operations and has no immediate plans that could generate cash from operations. The Company incurred a loss of \$679,597 during the three months ended June 30, 2022 and, as of that date, the Company’s deficit was \$52,812,454. The covid-19 pandemic has led to adverse impacts on the Canadian and global economies, disrupted financial markets and created uncertainty that could affect the Company’s operations. The pandemic mainly affected the Company by making travel to its former Solomon Islands properties impossible and hampered the Company’s ability to meet its spending obligations to maintain exploration rights. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

The head office and principal address of the Company are located at Suite 1910 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. These consolidated financial statements were authorized for issue by the board of directors on August 19, 2022.

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements of the Company for the three months ended June 30, 2022 have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual financial statements as at and for the year ended March 31, 2022 as filed on SEDAR at www.sedar.com. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

Basis of Measurement

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

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

2. Basis of Presentation (continued)

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ExSol (SI) Limited. All significant intercompany transactions and balances have been eliminated upon consolidation.

Critical Accounting Estimates and Judgements

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

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

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

Exploration and Evaluation Expenditures

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

Title to Mineral Property Interests

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

Income Taxes

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

2. Basis of Presentation (continued)

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

Gold Royalty Warrant Valuation

The Company estimates the value of the Gold Royalty warrants at the end of each accounting period. Estimating the fair value of the warrants requires determining the most appropriate valuation model, which is dependent on the terms and of the warrants. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value of the Gold Royalty warrants are disclosed in note 5.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 10.

Flow-through Share Offerings

From time to time, the Company undertakes flow-through share offerings under which the Company renounces its right to deduct exploration costs and so incurs a liability to investors in respect of that renunciation. Determination of the value of that liability is subjective and dependent on assumptions regarding the relative value of flow-through and non-flow-through shares, future income tax rates and other factors.

3. Cash and cash equivalents

Cash at banks earns interest at floating rates in effect from time to time. At June 30, 2022, the weighted average floating rate for cash was 0.88%.

4. Receivables

	June 30, 2022	March 31, 2022
	\$	\$
GST - value added tax	48,115	10,807
	48,115	10,807

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

5. Short-term Investments

	Number	Cost	Carrying Value	
			June 30 2022	March 31 2022
		\$	\$	\$
Ely Gold Royalties Inc. warrants	1,000,000	670,000	108,000	408,000
Guaranteed investment certificates			2,004,653	1,000,582
			2,112,653	1,404,582

On December 3, 2020, the Company was granted warrants that allowed the purchase of up to 1,000,000 common shares of Ely Gold Royalties Inc. ("Ely Gold") at an exercise price of \$1.31 per share on or before December 3, 2025. In August 2021, Ely Gold was acquired by Gold Royalty Corp. and the warrants converted to warrants to purchase up to 245,000 common shares of Gold Royalty Corp. at \$5.35 per share. Gold Royalty Corp. has the right to accelerate expiry of the warrants if the 10-day volume-weighted average price of Gold Royalty Corp. common shares exceeds \$8.02 per share. Shares received on the exercise of warrants will subject to trading restrictions for up to one year.

The shares of Gold Royalty Corp. are traded on the NYSE American exchange but the warrants held by the Company are not publicly traded. The Company employed the Black-Scholes option-pricing model using the following assumptions to determine their fair value:

	June 30, 2022	March 31, 2022
Share price	\$2.90	\$5.15
Risk-free interest rate	3.00%	2.42%
Estimated volatility	46%	44%
Dividend yield	1.78%	0.97%
Expected life	3.43 years	3.68 years

Changes in the current period valuation assumptions resulted in a decrease of the carrying value of the warrants of \$296,000 (2021- \$18,000). This amount was charged to profit / loss.

Guaranteed investment certificates earned a weighted average interest rate of 1.65%.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

6. Exploration and Evaluation Assets

The exploration and evaluation assets of the Company comprise:

	March 31 2021	Additions	Impairment	March 31 2022	Additions	June 30 2022
	\$	\$	\$	\$	\$	\$
Canada						
Gold Rush Project	1,267,674	955,333	-	2,223,007	55,156	2,278,163
Oweegee Dome	-	-	-	-	904,558	904,558
Enid	-	-	-	-	15,400	15,400
Fortune	-	-	-	-	25,000	25,000
	1,267,674	955,333	-	2,223,007	1,000,114	3,223,121
Solomon Islands						
Tirua Property	531,811	24,735	(556,546)	-	-	-
	1,799,485	980,068	(556,546)	2,223,007	1,000,114	3,223,121

6. Exploration and Evaluation Assets (continued)

Gold Rush Project

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. The option agreement and finder’s warrants received TSX-V approval in July 2020.

Sanatana holds separate options on the Gold Rush North and Gold Rush South Projects which the Company can exercise independent with one another. Sanatana may acquire a 100% interest by issuing 1,050,000 common shares (issued) and \$30,000 in cash (paid) to South Shore for each of Gold Rush North and Gold Rush South.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

6. Exploration and Evaluation Assets (continued)

In addition, the Company must pay cash and issue shares over a three-year period to the underlying holders of the property interests. Effective July 2021, the parties to the Gold Rush North option agreement amended the option terms. As amended, Sanatana must pay cash and issue shares as follows:

Timing	Gold Rush North		Gold Rush South	
	Cash Payments \$	Share Issuances ¹	Cash Payments \$	Share Issuances ¹
August 2020	-	-	-	\$10,000 ²
July 2021 ^{3,4}	17,000	100,000 shares	25,000	150,000 shares
July 2022	40,000	\$40,000	40,000	\$40,000
July 2023	50,000	\$50,000	50,000	\$50,000

1. Share issuances are made at the higher of (a) Sanatana's 30-day VWAP on the TSX-V prior to the issue date and (b) \$0.09 per share.

2. Settled through the issuance of 41,822 common shares

3. Gold Rush North: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000. The cash was paid in August 2021 and the shares issued in November 2021.

4. Gold Rush South: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000. The cash was paid in August and December 2021 and the shares issued in December 2021.

In addition, Sanatana agreed to spend a minimum of \$250,000 on the Gold Rush Project prior to July 2021 and satisfied this requirement. Upon 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 the commencement of commercial production, which may be reduced by 1% by paying the respective royalty holder \$1,000,000.

Sanatana paid a finder's fee of 200,000 common shares and 200,000 warrants with each warrant exercisable to acquire one common share at a price of \$0.20 per common share until August 6, 2022.

Expenditures incurred and capitalized were as follows:

	March 31 2021	Change	March 31 2022	Change	June 30 2022
	\$	\$	\$	\$	\$
Acquisition costs	600,800	72,000	672,800	-	672,800
Contractor and consultant	466,825	603,644	1,070,469	28,400	1,098,869
Project management fees	80,000	57,500	137,500	8,000	145,500
Field and camp	50,050	69,042	119,092	12,922	132,014
Sampling and assays	28,650	93,959	122,609	-	122,609
Transport and accommodation	41,349	57,481	98,830	5,332	104,162
Permitting and other	-	1,707	1,707	502	2,209
Gold Rush Project	1,267,674	955,333	2,223,007	55,156	2,278,163

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

6. Exploration and Evaluation Assets (continued)

Oweegee Dome

In July 2021, the Company entered into an agreement with ArcWest Exploration Ltd. ("ArcWest") to option up to 80% of ArcWest's Oweegee Dome porphyry copper-gold project in British Columbia's Golden Triangle. The agreement is subject to TSX-V approval.

The Company can earn an initial 60% interest in the Oweegee Dome project by funding, over a four-year period, cumulative exploration expenditures of \$6,600,000 and by making staged cash and share payments totaling \$500,000 and 2,000,000 shares on receipt of TSX-V approval, respectively:

Event or Date	Cash	Shares	Cumulative Exploration Expenditures
	\$		\$
Signing letter of intent ²	12,500	-	-
On TSX-V approval ²	12,500	-	-
December 31, 2021 ^{1, 3}	25,000	300,000	600,000
December 31, 2022	50,000	400,000	1,600,000
December 31, 2023	100,000	600,000	3,600,000
December 31, 2024	300,000	700,000	6,600,000
	500,000	2,000,000	

¹ - Expenditure requirement satisfied

² - Paid

³ - These payments and share issuances were satisfied in April 2022.

Upon completion of the first option and receipt of the initial interest notice from Sanatana, Sanatana will have a 60-day period to elect to earn an additional 20% interest, for an aggregate 80% interest, or form a joint venture ("JV").

The second option can be attained by completing and delivering to ArcWest a feasibility study on or before December 31, 2027. In order to keep the second option in good standing, the Company must pay ArcWest \$150,000 on each anniversary of the delivery of the initial interest notice until such time that the feasibility study has been completed and delivered to ArcWest.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

6. Exploration and Evaluation Assets (continued)

Following the exercise or lapse of the second option, the parties will form a JV to hold and operate the properties, and each party will proportionately fund or dilute. In the event a production decision is made by the JV to place the property into production, Sanatana shall arrange project financing for the JV, the repayment of which shall be made out of cash flows from the property. Should Sanatana or ArcWest's interest be diluted to less than 10%, then that interest will convert to a 2% net smelter return royalty, 1% of which may be purchased by the other party for \$5,000,000 at any time.

Costs incurred prior to April 26, 2022, the date that the Company received TSX-V approval for the option agreement, were charged to operations as follows:

	Year Ended	
	March 31	April 1-26
	2022	2022
	\$	\$
Acquisition costs	12,500	-
Contractor and consultant	521,644	5,250
Project management fee	88,350	45,000
Field and camp	55,408	-
Transport and accommodation	104,822	-
Permitting and other	2,500	-
Oweegee Dome	785,224	50,250

Costs incurred after April 26, 2022 were capitalized as follows:

	March 31	Change	June 30
	2022		2022
	\$	\$	\$
Acquisition costs	-	145,000	145,000
Contractor and consultant	-	211,076	211,076
Project management fees	-	20,750	20,750
Field and camp	-	35,974	35,974
Sampling and assays	-	3,111	3,111
Transport and accommodation	-	488,209	488,209
Permitting and other	-	438	438
Oweegee Dome	-	904,558	904,558

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

6. Exploration and Evaluation Assets (continued)

Enid Property

In June 2022, the Company acquired a 100% interest in the Enid property, which comprises 41 mineral claims, in the Timmins, Ontario region. The Company paid cash of \$10,000; issued 30,000 common shares; and provided a 2% net smelter royalty ("NSR"). The Company may purchase 1% of the NSR for \$350,000 and a further 0.5% of the NSR for \$500,000 at any time.

Fortune Property

In the quarter ended June 30, 2022, the Company staked the Fortune property in the Timmins, Ontario region and undertook preliminary work for a small drilling program.

Tirua Property

On November 2, 2018, pursuant to a prospecting agreement, the Company received a letter of intent, from the Ministry of Mines, Energy and Rural Electrification (the "Ministry") in the Solomon Islands to issue a prospecting licence, subject to the completion of surface access agreements, allowing for exploration of the Tirua property. The prospecting agreement was approved by the TSX-V in November 2019.

Sanatana was granted prospecting licence PL-03/19 (the "PL") over the Company's 282 square kilometre Tirua property in January 2019. The PL granted Sanatana the right to prospect for minerals until January 30, 2022 at which time it could be renewed for two more two-year periods, for a total seven-year term.

In September 2021, the Company concluded that the favourable outlook for development of the Oweege Dome property combined with the uncertain prospects for development of the Tirua property due to the covid-19 pandemic indicated that the Company should direct its efforts towards the Oweege Dome property. The Company therefore fully impaired the carrying value of the Tirua property effective September 30, 2021 and has not capitalized any costs since that date. In January 2022, the Company gave notice to the Ministry that Sanatana would not be able to continue exploration on the Tirua property.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

7. Equipment

	Computer Equipment	Vehicles	Equipment	Total
	\$	\$	\$	\$
Cost				
March 31, 2021	10,271	75,518	80,797	166,586
Disposal	(10,271)	-	(63,497)	(73,768)
March 31, 2022	-	75,518	17,300	92,818
Purchases	-	54,615	14,357	68,972
June 30, 2022	-	130,133	31,657	161,790
Accumulated Depreciation				
March 31, 2021	10,271	18,740	65,827	94,838
Expense for the year	-	11,688	6,215	17,903
Disposal	(10,271)	-	(63,497)	(73,768)
March 31, 2022	-	30,428	8,545	38,973
Expense for the period	-	3,705	900	4,605
March 31, 2022	-	34,133	9,445	43,578
Net book value				
March 31, 2022	-	45,090	8,755	53,845
June 30, 2022	-	96,000	22,212	118,212

In the period ended September 30, 2021, the Company concluded that it was unlikely to continue work on its Solomon Islands properties. Accordingly, the Company fully depreciated its equipment located in the Solomon Islands.

8. Payables and Accruals

	June 30 2022	March 31 2021
	\$	\$
Trade payables	618,064	95,579
Accrued liabilities	142,165	52,980
Due to related parties	93,792	11,017
	854,021	159,576

In April 2021, the Company issued 350,000 common shares with a deemed value of \$61,250 to settle a \$100,500 liability due to a supplier. The Company recorded a gain on settlement of \$39,250.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

9. Share Capital and Reserves

Authorized share capital

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

Common Shares

Fiscal 2023

Oweegee Dome Property

In April 2022, the Company issued 300,000 common shares with a grant-date fair value of \$45,000 as partial consideration for the Oweegee Dome property and issued 250,000 common shares with an issue-date fair value of \$37,500 as part of a finder's fee for the Oweegee Dome property (note 6). The common shares issued are subject to a hold period expiring on August 27, 2022.

Enid Property

In June 2022, the Company issued 30,000 common shares with a grant-date fair value of \$5,400 as partial consideration for the purchase of the Enid property (note 6). The common shares issued are subject to a hold period expiring on October 18, 2022.

April 2022 Private Placement

In April 2022, the Company completed a private placement with Teuton Resources Corp. The Company issued 4,000,000 units priced at \$0.15 per unit for gross proceeds of \$600,000. Each unit comprised one share and one-half of a share purchase exercisable to acquire a further common share at a price of \$0.20 per common share until April 26, 2024. All securities issued in the private placement are subject to a statutory hold period expiring on August 27, 2022.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

9. Share Capital and Reserves (continued)

May and June 2022 Private Placement

In May and June 2022, the Company completed a private placement in two tranches consisting of, in aggregate, 15,836,667 units of the Company at a price of \$0.15 per unit for gross proceeds of \$2,375,500. Each unit issued comprised one common share of the Company and one-half of one common share purchase warrant to acquire one common share of the Company at a price of \$0.20 for a period of two years following closing. In connection with the private placement in May and June 2022, the Company paid cash finder's fees totalling \$31,410 and issued 209,400 finder's warrants. Each finder's warrant is exercisable into one common share at an exercise price of \$0.20 for a period of two years following closing, 120,000 warrants expire on May 11, 2024 and 89,400 warrants expire on June 1, 2024. All securities issued to investors and finders were subject to a hold period of four months and one day following closing.

The finder's warrants were valued using the Black-Scholes option pricing model using the following assumptions:

	May 2022	June 2022
Share price	\$0.15	\$0.15
Dividend yield	0%	0%
Risk-free interest rate	2.73%	2.79%
Estimated volatility	98%	98%
Expected life in years	2	2

Fiscal 2022

In April 2021, the Company issued 350,000 common shares with a deemed value of \$61,250 to settle a \$100,500 liability due to a supplier.

In November 2021, the Company issued 100,000 common shares as part of an option payment for the Gold Rush North property (note 6).

In December 2021, the Company issued 150,000 common shares as part of an option payment for the Gold Rush South property (note 6).

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

10. Share Capital and Reserves (continued)

Reserves

Reserves comprise the fair value of stock option grants, agent warrants prior to exercise and settlement of amounts with existing shareholders.

Warrants

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

	Number Of Warrants	Weighted Average Exercise Price
March 31, 2021	16,665,186	\$0.39
Issued	-	-
Expired	(13,373,186)	0.41
March 31, 2022	3,292,000	0.32
Issued	10,127,733	0.20
Expired	(100,000)	1.00
June 30, 2022	13,319,733	0.22

At June 30, 2022, the following warrants were outstanding:

Expiry Date	Exercise Price	Financing Warrants	Compensatory Warrants
August 6, 2022 ¹	\$0.10	-	564,000
August 18, 2022 ¹	\$0.20	-	200,000
December 9, 2022	\$0.35	1,500,000	-
December 17, 2022	\$0.35	900,000	28,000
April 26, 2024	\$0.20	2,000,000	-
May 11, 2024	\$0.20	6,883,333	120,000
June 1, 2024	\$0.20	1,035,000	89,400
		12,318,333	1,001,400

¹ Expired unexercised.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

11. Share-Based Payments

The Company has a rolling stock option plan that allows the Company's board of directors to issue options to purchase up to 10% of the common shares outstanding at the grant date. Directors, officers, consultants and employees of the Company are eligible to receive stock options, subject to the policies of the TSX-V. The directors may set option terms, but options granted under the plan typically have a life of five years and vest over an 18-month period. Share-based payments expense is amortized over the vesting period. The Company's shareholders reconfirmed the option plan in April 2022.

In April 2021, the Company granted incentive stock options to a director of the Company to purchase up to 400,000 common shares of the Company at a price of \$0.16 per share. The stock options are exercisable on or before April 29, 2025 and vest in stages with 25% vesting immediately and the remainder to vest 25% every six months from the date of the grant.

In October 2021, the Company granted incentive stock options to a director and a contractor of the Company to purchase up to 600,000 common shares of the Company at a price of \$0.16 per share. The stock options are exercisable on or before October 28, 2026 and vest in stages with 25% vesting immediately and the remainder to vest 25% every six months from the date of the grant. Of the options granted 400,000 stock options were granted to a director of the Company.

	Number Of Options	Weighted Average Exercise Price
March 31, 2021	3,870,000	\$0.38
Granted	1,000,000	\$0.16
Forfeited or expired	(500,000)	\$0.40
March 31, 2022	4,370,000	\$0.33
Granted	2,550,000	\$0.20
Forfeited or expired	-	-
June 30, 2022	6,920,000	\$0.28

At June 30, 2022, the following options were outstanding:

Exercise Price	Outstanding Options			Exercisable Options	
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
\$0.16	1,000,000	\$0.16	4.16 years	600,000	\$0.16
\$0.20	2,550,000	\$0.20	4.93 years	637,500	\$0.20
\$0.35	3,000,000	\$0.35	3.25 years	3,000,000	\$0.35
\$0.60	370,000	\$0.60	0.24 years	370,000	\$0.60
	6,920,000	\$0.28	3.84 years	4,607,500	\$0.32

The Company incurred an expense of \$115,700 (2021 - \$125,900) for share-based payments for the three months ended June 30, 2022.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

10. Share-Based Payments (continued)

Options granted in the period were valued using the Black-Scholes option-pricing model with the following assumptions:

For the three months ended June 30	2022
Share price	\$0.175
Dividend yield	0%
Risk-free interest rate	3.06%
Estimated volatility	96%
Expected life in years	5

The weighted average grant-date fair value of options issued in the three months ended June 30, 2022 was \$0.13.

11. Related Party Transactions and Balances

The Company incurred key management and board of directors' compensation as follows:

For the period ended June 30	2022	2021
	\$	\$
Short-term compensation	151,142	105,648
Share-based payments	75,400	97,600
Total	226,542	203,248

Balances due to related parties that are included in accounts payable and accrued liabilities comprise:

	June 30 2022	March 31 2021
	\$	\$
Directors and officers	87,691	7,010
S2 Management Inc.	6,101	2,331
	93,792	9,341

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

12. Loss per Share

The net loss per share for the three months ended June 30, 2022 excludes the exercise of share options and share purchase warrants that would be anti-dilutive. At June 30, 2022 no options (2021 – nil options) and no share purchase warrants (2021 - nil warrants) were in the money.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2022

13. Supplemental Cash Flow Information

Non-cash transactions included the following:

For the three months ended June 30	2022	2021
	\$	\$
Shares issued for exploration and evaluation assets	87,900	-
Fair value of finders' warrants granted	14,200	-
Change in payables for exploration and evaluation assets	495,206	(11,272)
Settlement of liability through share issuance	-	61,250

14. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At June 30, 2022, all exploration and evaluation assets and equipment were located in Canada.