SANATANA
RESOURCES INC.

Consolidated Financial Statements

Years Ended March 31, 2023 and 2022

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Sanatana Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sanatana Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a loss of $3,588,682 during the year ended March 31, 2023 and, as of that date, the Company's deficit was $55,724,950. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 8 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $4,084,951 as of March 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Zachary Faure.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 6, 2023

Sanatana Resources Inc.

Consolidated Statements of Financial Position

Expressed in Canadian Dollars

	Notes	March 31 2023 $	March 31 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	5	339,369	1,207,908
Receivables	6	37,341	10,807
Prepaid expenses		16,203	24,371
Short-term investments	7	88,000	1,404,582
Total current assets		480,913	2,647,668
Non-current assets			
Prepaid exploration and evaluation advance		1,071	101,090
Exploration and evaluation assets	8	4,084,951	2,223,007
Equipment	9	105,234	53,845
Total non-current assets		4,191,256	2,377,942
Total assets		4,672,169	5,025,610
LIABILITIES			
Current liabilities			
Payables and accruals	10	234,189	159,576
Liability to renounce exploration expenditures	11	174,525	-
Total liabilities		408,714	159,576
EQUITY			
Share capital	12	53,072,827	49,807,374
Obligation to issue shares		-	600,000
Reserves	12	6,915,578	6,594,928
Deficit		(55,724,950)	(52,136,268)
Total equity		4,263,455	4,866,034
Total equity and liabilities		4,672,169	5,025,610

Nature of operations and going concern (Note 1)
Events after the reporting period (Note 21)

Signed on the Company's behalf by:

"Peter Miles"	*"Ian Smith"*
Peter Miles, Director	Ian Smith, Director

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

Sanatana Resources Inc.

Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

Year Ended March 31	Notes	2023 $	2022 $
Expenses			
Consulting and advisory fees		41,726	7,000
Depreciation	9	26,567	17,903
Director fees		103,500	49,450
Exploration		64,894	815,445
Foreign exchange		317	1,452
Investor relations		42,112	85,873
Management fees and salaries	14	275,537	271,614
Office and administration		44,779	48,798
Professional fees		73,799	139,411
Rent		7,584	18,526
Share-based compensation	13	296,200	381,200
Transfer agent fees and filing fees		23,385	27,300
Travel and accommodation		18,547	-
Loss before other items		(1,018,947)	(1,863,972)
Impairment of exploration and evaluation assets		(2,310,892)	(556,546)
Unrealized loss on short-term investments	7	(316,000)	(4,000)
Gain on settlement of debt	10	-	39,250
Other income		57,157	209,806
Loss and total comprehensive loss for the year		(3,588,682)	(2,175,462)
Loss per share - basic and diluted	15	(0.05)	(0.04)
Weighted average common shares outstanding - basic and diluted		69,079,991	49,020,319

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

Sanatana Resources Inc.

Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	Number of Shares	Common Shares $	Obligation to Issue 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
Shares issued for mineral properties	250,000	30,000		-	-	30,000
Share subscriptions	-	-	600,000	-	-	600,000
Share-based compensation	-	-	-	381,200	-	381,200
Loss for the year	-	-	-	-	(2,175,462)	(2,175,462)
March 31, 2022	49,204,155	49,807,374	600,000	6,594,928	(52,136,268)	4,866,034
Private placements	25,336,667	3,525,500	(600,000)	-	-	2,925,500
Flow-through liability	-	(220,000)	-	-	-	(220,000)
Share issue costs	-	(165,047)	-	24,450	-	(140,597)
Shares issued for mineral properties	860,000	87,500	-	-	-	87,500
Shares issued for finder’s fee on mineral property	250,000	37,500	-	-	-	37,500
Share-based compensation	-	-	-	296,200	-	296,200
Loss for the year	-	-	-	-	(3,588,682)	(3,588,682)
March 31, 2023	75,650,822	53,072,827	-	6,915,578	(55,724,950)	4,263,455

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

Sanatana Resources Inc.

Consolidated Statements of Cash Flows
Expressed in Canadian dollars

Year Ended March 31	2023 $	2022 $
Cash and cash equivalents provided by (used in):		
Operating activities:		
Loss for the year	(3,588,682)	(2,175,462)
Adjustments for:		
Depreciation of equipment	26,567	17,903
Investment income included in other income	(11,182)	(10,298)
Unrealized loss on short-term investments	316,000	4,000
Share-based compensation	296,200	381,200
Impairment of exploration and evaluation assets	2,310,892	556,546
Gain on settlement of debt	-	(39,250)
Other income on flow-through premium	(45,975)	(185,136)
Exploration and evaluation expenditures	64,894	785,224
Changes in non-cash working capital items:		
Receivables	(26,534)	18,885
Prepaid expenses	8,168	33,159
Payables and accruals	58,494	41,908
	(591,158)	(571,321)
Investing activities:		
Short-term investments	1,000,582	48
Interest received	11,182	10,298
Prepaid exploration and evaluation advance	100,019	(90,167)
Exploration and evaluation	(4,096,611)	(1,779,779)
Equipment purchase	(77,956)	-
	(3,062,784)	(1,859,600)
Financing activities		
Private placements	2,925,500	600,000
Share issue costs	(140,097)	-
	2,785,403	600,000
Change in cash and cash equivalents	(868,539)	(1,830,921)
Cash and cash equivalents, beginning of year	1,207,908	3,038,829
Cash and cash equivalents, end of year	339,369	1,207,908

Supplementary cash flow information (note 16)

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

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 $3,588,682 during the year ended March 31, 2023 and, as of that date, the Company's deficit was $55,724,950. Although covid-19 has not affected current period operations, a resurgence of the disease could adversely affect the ability of the Company to undertake exploration. 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 Company's board of directors on July 6, 2023.

2. Basis of Presentation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collectively includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB, effective for the Company's reporting for the year ended March 31, 2023.

The consolidated financial statements have been prepared under the historical cost basis except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrued basis of accounting, except for cash flow information. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Certain comparative balances have been reclassified to conform to the current year's presentation.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions, GICs held in a brokerage account and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts. The Company did not have any cash equivalents for the period presented.

b) Basis of Consolidation

These 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. The functional currency of the parent and subsidiary companies is the Canadian dollar.

c) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Statements of comprehensive loss and cash flows for entities whose functional currency is different to the presentation currency are translated into the Company's presentation currency at average exchange rates for the year while their statements of financial position are translated at the year-end exchange rates. Exchange differences arising from the translation are recorded as a component of other comprehensive income (loss). On disposal of a foreign entity, such exchange differences are transferred out of this reserve and are recognized in profit or loss as part of the gain or loss on sale.

d) Short-term investments

Short-term investments comprise warrants to purchase shares of Gold Royalty Corp. and, from time to time, guaranteed investment certificates with a term of more than three months and less than one year and other investments that can be realized within one year. Short-term investments are carried at their market value with any gain or loss charged to profit and loss

e) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

3. Summary of Significant Accounting Policies (continued)

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss for the period.

The Company assesses exploration and evaluation assets for impairment at each financial reporting period when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs and any incidental revenues beyond the capitalized exploration costs would then be recognized on the statement of loss and comprehensive loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

f) Reclamation Deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

g) Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components).

2. Summary of Significant Accounting Policies (continued)

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit and loss.

Depreciation

Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	Straight line over 3 years
Mining equipment	Straight line over 5 years
Vehicles	Straight line over 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

h) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

3. Summary of Significant Accounting Policies (continued)

i) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets/ liabilities classification:

Cash and cash equivalents	FVTPL
Receivables	Amortized cost
Short-term investments	FVPTL
Payables and accruals	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follow: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit and loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. Summary of Significant Accounting Policies (continued)

Derecognition Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains or losses on the derecognition are generally recognized in the consolidated statements of comprehensive loss.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments

Cash is measured at FVTPL using Level 1 inputs.

The Company holds warrants to purchase common shares of Gold Royalty Corp. (see note 7). These warrants are financial instruments that the Company has classified as fair value through profit or loss (“FVTPL”) because the financial asset is held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The fair value of the warrants is estimated at the end of every reporting period and the carrying value is adjusted to fair value with any increase or decrease in value being recognized profit and loss. The warrants are not traded in a public market and fair value is estimated using “significant other observable inputs”, a “level 2” classification.

(j) Asset retirement obligations

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows, adjusted for inflation, associated with reclamation as a liability, at a risk-free rate, when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of loss and comprehensive loss.

The Company has accrued $65,000 (2022 - $40,000) for rehabilitation costs expected to be incurred in the next 12 months.

3. Summary of Significant Accounting Policies (continued)

k) Provisions

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

l) Income Taxes

Income tax expense comprises current and deferred tax expense. Current tax and deferred tax expense are recognized in net income or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

m) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares, share options, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Summary of Significant Accounting Policies (continued)

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

n) Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The premium is recognized as other income as flow-through funds are spent.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company’s reporting year is disclosed separately as a commitment.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “look-back rule”, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial liability until paid.

When the Company issues warrants comprising a flow-through share and a warrant, the warrant is not exercisable for an additional flow-through share and Company does not ascribe a value to the warrant.

o) Earnings / Loss Per Share

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

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

3. Summary of Significant Accounting Policies (continued)

p) Share-based Payments

When equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

q) New accounting standards issued and effective

There are no pronouncements, issued by the IASB or the IFRS Interpretations Committee, that were adopted during the period, or were mandatory for the Company's fiscal periods beginning on or after April 1, 2022 that have a material impact on the Company's financial statements.

r) New accounting standards issued and not yet effective

IASB or the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting years beginning on or after April 1, 2023. The only pronouncement expected to be relevant to the Company's financial statements is that an amendment to IAS 1 will be adopted that changes disclosure from "significant accounting policies" to "material accounting policy information".

4. Critical Accounting Estimates and Judgments

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 estimates and judgements 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 Assets

The application of the Company's accounting policy for exploration and evaluation assets 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.

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.

4. Critical Accounting Estimates and Judgments (continued)

Gold Royalty Corp. Warrant Valuation

The Company estimates the value of the Gold Royalty Corp. 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 Corp. warrants are disclosed in note 7.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees and warrants issued by the Company 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 payments to employees are disclosed in note 13. The assumptions and models used for estimating fair value of warrants is disclosed in note 12.

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.

5. Cash and cash equivalents

Cash on hand in banks earns interest at floating rates in effect from time to time. At March 31, 2023, the weighted average floating rate for cash and cash equivalents was 1.2%. Cash and cash equivalents comprise:

	March 31 2023 $	March 31 2022 $
Cash	136,028	1,207,908
Cash equivalents	203,341	-
	339,369	1,207,908

6. Receivables

	March 31 2023 $	March 31 2022 $
Goods and services tax	37,341	10,807
	37,341	10,807

7. Short-term Investments

	Number	Cost	Carrying Value March 31 2023	Carrying Value March 31 2022
		$	$	$
Gold Royalty Corp. warrants	245,000	670,000	88,000	408,000
Guaranteed investment certificates			-	1,000,582
			88,000	1,404,582

The Company holds 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 be 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:

	March 31 2023	March 31 2022
Share price	$2.92	$5.15
Risk-free interest rate	3.90%	2.42%
Estimated volatility	46%	44%
Dividend yield	1.85%	0.97%
Expected life	2.68 years	3.68 years

Changes in the current period valuation assumptions resulted in a decrease of the carrying value of the warrants of $316,000 (2022- $4,000). This amount was charged to profit / loss.

8. Exploration and Evaluation Assets

The exploration and evaluation assets of the Company comprise:

Fiscal 2023	Gold Rush $	Oweegee Dome $	Fortune Project $	Total $
Acquisition costs				
March 31, 2022	672,800	-	-	672,800
Additions				
Cash	22,500	112,500	10,000	145,000
Shares	9,100	110,500	5,400	125,000
Impairment	(704,400)	-	-	(704,400)
March 31, 2023	-	223,000	15,400	238,400
Deferred exploration costs				
March 31, 2022	1,550,207	-	-	1,550,207
Contractor and consultant	26,050	1,781,435	56,903	1,864,388
Project management fees	8,000	145,400	-	153,400
Field and camp	15,072	100,750	9,494	125,316
Sampling and assays	3,895	186,961	4,124	194,980
Transport and accommodation	62	1,542,928	12,606	1,555,596
Permitting and other	3,206	5,450	500	9,156
Impairment	(1,606,492)	-	-	(1,606,492)
March 31, 2023	-	3,762,924	83,627	3,846,551
Net book value				
March 31, 2022	2,223,007	-	-	2,223,007
March 31, 2023	-	3,985,924	99,027	4,084,951

8. Exploration and Evaluation Assets (continued)

Fiscal 2022	Gold Rush $	Tirua $	Total $
Acquisition costs			
March 31, 2021	600,800	484,000	1,084,800
Additions			
Cash	42,000	-	42,000
Shares and warrants	30,000	-	30,000
Impairment	-	(484,000)	(484,000)
March 31, 2022	672,800	-	672,800
Deferred exploration costs			
March 31, 2021	666,874	47,811	714,685
Contractor and consultant	603,644	-	603,644
Project management fees	57,500	-	57,500
Field and camp	69,042	-	69,042
Sampling and assays	93,959	-	93,959
Transport and accommodation	57,481	-	57,481
Permitting and other	1,707	24,735	26,442
Impairment	-	(72,546)	(72,546)
March 31, 2022	1,550,207	-	1,550,207
Net book value			
March 31, 2021	1,267,674	531,811	1,799,485
March 31, 2022	2,223,007	-	2,223,007

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. Sanatana issued 2,100,000 common shares and paid $60,000 in cash to South Shore. Together, the Gold Rush North property and the Gold Rush South property are referred to as the “Gold Rush Project”. Sanatana held separate options on the Gold Rush North and Gold Rush South properties which the Company could exercise independently. The option agreement and finder’s warrants received TSX-V approval in July 2020.

In addition to the consideration paid to South Shore, the Company had to pay cash and issue shares over a three-year period to the underlying holders of the property interests in order to earn in to the properties. The option terms were subsequently amended and, in September 2022, the Company relinquished its interest in the Gold Rush South property and wrote off the carrying value of $954,274. As amended, Sanatana must pay cash and issue shares on the Gold Rush North property as follows:

8. Exploration and Evaluation Assets (continued)

Date	Gold Rush North	
	Cash Payments $	Share Issuances[1]
August 2020	-	-
July 2021 [2]	17,000	100,000 shares
October 2022 [3]	22,500	130,000 shares
July 2023	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. 2021 option terms were amended: originally $30,000 in cash and shares with a value of $30,000.
3. 2022 option terms were amended: originally $40,000 in cash and shares with a value of $40,000.

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 is 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 warrants, which have now expired, to purchase up to 200,000 common shares .

In March 2023, the Company fully impaired the carrying value of the Gold Rush North property as it has limited plans for exploration as the Company is focusing on the Oweegee Dome project.

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 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 totalling $500,000 and 2,000,000 shares respectively and undertaking drilling on the property:

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

1. - Expenditure / drilling requirement satisfied
2. – Paid / issued

8. Exploration and Evaluation Assets (continued)

Upon earning a 60% interest, 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 Company may earn the additional 20% interest, the second option, by completing 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 the feasibility study has been completed and delivered to ArcWest.

Following the exercise or lapse of the option to earn an additional 20% interest, 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 2022 $	Period April 1-26 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	-
	785,224	50,250

Fortune Project

The Fortune Project comprises two adjacent properties, the Enid property and the Fortune property.

Enid Property

In June 2022, the Company acquired a 100% interest in the Enid property, which comprises mineral claims, in the Timmins, Ontario region. The Company paid cash of $10,000; issued 30,000 common shares with an issue-date value of $5,400; 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

The Company staked the Fortune property in the Timmins, Ontario region and undertook a preliminary sampling program.

8. Exploration and Evaluation Assets (continued)

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 PL subject to the completion of surface access agreements ("SAA"), which allows 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 January 2022, the Company gave notice to the Ministry that Sanatana would not be able to continue exploration on the Tirua property.

In accordance with its accounting policies, the Company did not capitalize any expenses associated with the Tirua property through to November 26, 2019 when it received TSXV approval. Prior to that date, the Company expensed items as incurred and charged $632,246 to operations.

In September 2021, the Company concluded that the favourable outlook for development of the Oweegee 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 Oweegee Dome property. The Company therefore fully impaired the carrying value of the Tirua property effective September 30, 2021.

Sutakiki Property

In February 2020, Sanatana entered into a letter agreement with Cobre Nuevo Exploration ("CNE"), a private Australian company, regarding the Sutakiki property in the Solomon Islands. The letter agreement outlined terms for Sanatana to acquire the Sutakiki property and enter into a joint venture with CNE. In October 2021, CNE terminated the letter agreement and so Sanatana will not be undertaking further work at Sutakiki. The Company did not capitalize expenditures on the Sutakiki property and so no impairment was recognized.

Certain exploration expenses, when incurred, were recoverable from CNE plus a management fee. Any recovery was recognized when received. In the year ended March 31, 2022, the Company did not incur any exploration expenses but recovered $14,371 from CNE.

9. 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	2,983	60,615	14,358	77,956
March 31, 2023	2,983	136,133	31,658	170,774
Accumulated Depreciation				
March 31, 2021	10,271	18,740	65,827	94,838
Depreciation expense	-	11,688	6,215	17,903
Disposal	(10,271)	-	(63,497)	(73,768)
March 31, 2022	-	30,428	8,545	38,973
Depreciation expense	411	21,458	4,698	26,567
March 31, 2023	411	51,886	13,243	65,540
Net book value				
March 31, 2022	-	45,090	8,755	53,845
March 31, 2023	2,572	84,247	18,415	105,234

10. Payables and Accruals

	March 31 2023	March 31 2022
	$	$
Trade payables	126,401	95,579
Accrued liabilities	92,807	52,980
Due to related parties	14,981	11,017
	234,189	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.

11. Income Taxes

A reconciliation of the income tax provision computed at statutory rates of 27% (2022 – 27%) to the reported income tax provision is as follows:

Year ended March 31	2023 $	2022 $
Loss for the year before taxes	(3,588,682)	(2,175,462)
Expected income tax recovery (expense) at statutory rate	(969,000)	(587,000)
Increase (decrease) in income tax recovery resulting from:		
Permanent differences	111,000	54,000
Impact of flow-through shares	31,000	-
Share issue costs	(38,000)	(1,000)
Impact of mineral property rights sale		(4,000)
Adjustment to foreign tax and exchange rates	41,000	(514,000)
Change in unrecognized tax assets	824,000	1,052,000
Income tax recovery (expense)	-	-

The significant components of the Company's deferred income tax assets and liabilities after applying enacted corporate tax rates are as follows:

At March 31	2023 $	2022 $
Deferred tax assets		
Non-capital losses	4,704,000	4,514,000
Share issuance costs and other	247,000	178,000
Exploration and evaluation assets	3,504,000	2,939,000
	8,455,000	7,631,000
Unrecognized deferred tax assets	(8,455,000)	(7,631,000)
Deferred tax assets	-	-

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered. At March 31, 2023, the Company has accumulated Canadian Exploration and Development Expenditures of $12,947,000 (2022 - $10,855,000) and has accumulated non-capital losses totalling $17,416,000 (2022 - $16,711,000), which expire in various amounts from 2026 to 2043.

12. 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 an issue-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 8).

In November 2022, the Company issued 400,000 common shares with an issue-date fair value of $28,000 as partial consideration for the Oweegee Dome property (note 8).

Gold Rush North Property

In September 2022, the Company issued 130,000 common shares with an issue-date value of $9,100 as part of an option payment for the Gold Rush North property (note 8).

Enid Property

In June 2022, the Company issued 30,000 common shares with an issue-date fair value of $5,400 as partial consideration for the purchase of the Enid property (note 8).

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. Proceeds from the private placement were received during the year ended March 31, 2022 and were recorded as an obligation to issue shares as at March 31, 2022. The Company incurred legal and other costs of $10,788.

12. 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, legal and other costs of $33,357 and issued 209,400 finder's warrants valued at $14,200. 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.

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

December 2022 Private Placement

In December 2022, the Company closed a private placement that raised $550,000 through the sale of 5,500,000 flow-through units at $0.10 per unit. Each unit consists of one common share of the Company, issued as a "flow-through share" within the meaning of the *Income Tax Act (Canada)* (a "FT Share"), and one common share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of $0.15 per share until December 30, 2024. In recognition of the rights created under the flow-through shares, the Company set up a liability of $220,000 being the estimated value of tax benefits renounced in favour of participating shareholders.

In connection with the private placement, the Company paid finders' fees of $41,000, legal and other costs of $23,542 and issued 410,000 compensation warrants with an estimated fair value of $10,250. Each compensation warrant entitles the holder to purchase one common share at a price of $0.10 per share until December 30, 2024. The finder's warrants were valued using the Black-Scholes option pricing model using the following assumptions:

Share price	$0.06
Dividend yield	0%
Risk-free interest rate	4.05%
Estimated volatility	99%
Expected life in years	2

All securities issued in the private placement were subject to a statutory hold period which expired on May 1, 2023.

12. Share Capital and Reserves (continued)

Fiscal 2022

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

In November 2021, the Company issued 100,000 common shares with a fair value of value of $9,000 as part of an option payment for the Gold Rush North property (note 8).

In December 2021, the Company issued 150,000 common shares with a fair value of $21,000 as part of an option payment for the Gold Rush South property (note 8).

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:

	Number of Warrants	Weighted Average Exercise Price
March 31, 2021	16,665,186	$0.39
Expired	(13,373,186)	0.41
March 31, 2022	3,292,000	0.32
Issued	16,037,733	0.18
Expired	(3,292,000)	0.32
March 31, 2023	16,037,733	0.18

At March 31, 2023, the following warrants were outstanding:

Expiry Date	Exercise Price	Financing Warrants	Compensatory Warrants
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
December 30, 2024	$0.10	-	410,000
December 30, 2024	$0.15	5,500,000	-
		15,418,333	619,400

13. 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 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 June 2022, the Company granted incentive stock options to directors, officers, employees and contractors of the Company to purchase up to 2,550,000 common shares of the Company at a price of $0.20 per share. The stock options are exercisable on or before June 6, 2027 and vest in stages with 25% vesting on the grant date and the remainder to vest 25% every year from the date of the grant.

	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	(520,000)	$0.53
March 31, 2023	6,400,000	$0.26

At March 31, 2023, the following options were outstanding:

	Outstanding Options			Exercisable Options	
Exercise Price	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
$0.16	1,000,000	$0.16	3.41 years	850,000	$0.16
$0.20	2,550,000	$0.20	4.18 years	1,275,000	$0.20
$0.35	2,850,000	$0.35	2.50 years	2,850,000	$0.35
	6,400,000	$0.26	3.31 years	4,975,000	$0.28

The Company incurred an expense of $296,200 (2022 - $381,200) for share-based payments for the year ended March 31, 2023.

13. Share-Based Payments (continued)

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

Year ended March 31	2023	2022
Share price	$0.175	$0.11
Dividend yield	0%	0%
Risk-free interest rate	3.06%	1.19%
Estimated volatility	96%	109%
Expected life in years	5	5

The weighted average grant-date fair value of options issued in the year ended March 31, 2023 was $0.13.

14. Related Party Transactions and Balances

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

Year ended March 31	2023 $	2022 $
Short-term compensation	454,994	374,092
Share-based payments	192,500	280,840
Total	647,494	654,932

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

March 31	2023 $	2022 $
S2 Management Inc.	3,392	11,017
Officers	11,758	-
	14,981	11,017

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

15. Loss per Share

The net loss per share for year ended March 31, 2023 excludes the exercise of share options and share purchase warrants that would be anti-dilutive. At March 31, 2023 no options (2022 – nil options) and no share purchase warrants (2022 - nil warrants) were in the money.

16. Supplemental Cash Flow Information

Non-cash transactions included the following:

Year Ended March 31	2023 $	2022 $
Shares issued for exploration and evaluation assets	125,000	30,000
Fair value of finders' warrants granted	24,450	-
Change in payables for exploration and evaluation assets	15,116	44,487
Settlement of liability through share issuance	-	61,250
Liability to renounce flow-through expenditures	220,500	-

17. Commitments

In December 2022, the Company undertook a flow-through financing and, as a result, is required to spend $550,000 on eligible exploration expenditures by December 31, 2023. As of March 31, 2023, $435,279 remained unspent.

During the year ended March 31, 2022, the Company recognized $45,975 (2022 - $185,136) in other income related to the renunciation of the flow-through liability.

18. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At March 31, 2023, all exploration and evaluation assets and equipment were located in Canada.

19. Capital Management

The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions. The Company defines capital as equity, consisting of the issued common shares, share purchase options and warrants. The capital structure of the Company is managed to provide sufficient funding for mineral exploration and other operating activities. Funds are primarily secured through a combination of equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, which are all held with major financial institutions.

The Company does not have any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended March 31, 2023.

20. Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash and equivalents. Cash and equivalents generate interest based on market interest rates. At March 31, 2023, the Company was not subject to significant interest rate risk.

Credit Risk
Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to money market investments.

The Company manages its credit risk by investing only in obligations of any province of Canada, Canada or their respective agencies; banker's acceptances purchased in the secondary market and having received the highest credit rating from a recognized rating agency in Canada, with a term of less than 180 days; and bank term deposits and bearer deposit notes, with a term of less than 180 days.

The Company's maximum exposure to credit risk as at March 31, 2023 is the carrying value of cash and cash equivalents, certain short-term investments and receivables.

Liquidity Risk
The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company manages capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and matching the maturity profile of financial assets to development, capital and operating needs. All payables are due within a year.

Currency Risk
Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at March 31, 2023, the Company's exposure to changes in foreign currency was not material.

Fair Value
The following table presents the fair value hierarchy for the Company's financial assets and financial liabilities:

At March 31, 2023	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Cash and cash equivalents	339,369	-	-	339,369
Short-term investments	-	88,000	-	88,000
	339,369	88,000	-	427,369

At March 31, 2022	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets				
Cash and cash equivalents	1,207,908	-	-	1,207,908
Short-term investments	1,000,582	404,000	-	1,404,582
	2,208,490	404,000	-	2,612,490

Accounts payable and accrued liabilities are carried at their amortized cost which approximates their fair value.

21. Events After the Reporting Period

In June 2023, the Company borrowed $800,000 through a secured promissory note. The promissory note is subject to interest at 10%, payable monthly, with outstanding principal and interest due on January 31, 2024. The Company pledged its British Columbia Mining Exploration Tax Credit as security and entered into a general security agreement covering all assets of the Company. The Company expects to use the net proceeds to fund exploration and for general and administrative expenses.

In addition to interest, the lender was paid a fee of $8,000 and reimbursed for its disbursements. The Company may extend the term until July 31, 2024 if the Company is in compliance with the terms of the promissory note. If the Company extends the term of the promissory note, there will be a further fee of $4,000 payable to the lender.