



## **Condensed Interim Consolidated Financial Statements**

**Period Ended December 31, 2023**

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 nine months ended December 31, 2023 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

Expressed in Canadian Dollars

	Notes	December 31 2023	March 31 2023
		\$	Restated – Note 3 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	4	314,039	339,369
Receivables	5	3,647	37,341
Prepaid expenses		13,871	17,274
Short-term investments	6	10,000	88,000
<b>Total current assets</b>		<b>341,557</b>	<b>481,984</b>
Non-current assets			
Equipment	8	82,749	105,234
<b>Total non-current assets</b>		<b>82,749</b>	<b>105,234</b>
<b>Total assets</b>		<b>424,306</b>	<b>587,218</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables and accruals	9	210,631	234,189
Loan payable	10	768,634	-
Liability to renounce exploration expenditures	16	73,600	174,525
<b>Total liabilities</b>		<b>1,052,865</b>	<b>408,714</b>
<b>EQUITY (DEFICIENCY)</b>			
Share capital	11	53,369,475	53,072,827
Reserves	11	6,991,378	6,915,578
Deficit		(60,989,412)	(59,809,901)
<b>Total equity (deficiency)</b>		<b>(628,559)</b>	<b>178,504</b>
<b>Total equity (deficiency) and liabilities</b>		<b>424,306</b>	<b>587,218</b>

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

# Sanatana Resources Inc.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

	Notes	Three Months Ended		Nine months Ended	
		December 31		December 31	
		2023	2022	2023	2022
			Restated – Note 3		Restated – Note 3
		\$	\$	\$	\$
<b>Expenses</b>					
Consulting and advisory fees		6,113	14,613	30,088	18,113
Depreciation	8	7,525	7,437	22,485	19,208
Director fees		2,000	13,500	12,556	91,000
Exploration	7	194,472	438,555	672,600	4,092,145
Financing	10	30,320	-	68,164	-
Foreign exchange		-	(208)	-	288
Investor relations		4,021	10,876	60,703	32,845
Management fees and salaries	13	67,793	64,172	194,404	206,282
Office and administration		16,019	16,328	39,856	39,969
Professional fees		12,123	6,873	51,667	42,426
Share-based compensation	12	7,200	64,200	64,200	260,600
Transfer agent fees and filing fees		16,587	1,100	28,577	14,628
Travel and accommodation		7,266	-	39,165	10,148
<b>Loss before other items</b>		(371,439)	(637,446)	(1,284,465)	(4,827,652)
Unrealized loss on short-term investments	6	(1,000)	(37,000)	(78,000)	(272,000)
Other income		591	3,722	182,954	10,171
<b>Loss and total comprehensive loss for the period</b>		(371,848)	(670,724)	(1,179,511)	(5,089,481)
<b>Loss per share - basic and diluted</b>	14	(0.00)	(0.01)	(0.02)	(0.08)
<b>Weighted average common shares outstanding - basic and diluted</b>		75,902,561	65,412,662	75,687,010	65,412,662

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

# Sanatana Resources Inc.

## Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

Expressed in Canadian Dollars

	Number of Shares	Common Shares	Reserves	Deficit	Equity (Deficiency)
		\$	\$	\$	\$
<b>March 31, 2023</b>	75,650,822	53,072,827	6,915,578	(59,809,901)	178,504
Private placements of common shares	3,680,000	368,000	-	-	368,000
Share issue costs	-	(122,352)	11,600	-	(110,752)
Shares issued for mineral properties	600,000	51,000	-	-	51,000
Share-based compensation	-	-	64,200	-	64,200
Loss for the period	-	-	-	(1,179,511)	(1,179,511)
<b>December 31, 2023</b>	79,930,822	53,369,475	6,991,378	(60,989,412)	(628,559)

  

	Number of Shares	Common Shares	Obligation to Issue Shares	Reserves	Deficit	Equity
		\$	\$	\$	Restated – Note 3	Restated – Note 3
		\$	\$	\$	\$	\$
<b>March 31, 2022</b>	49,204,155	49,807,374	600,000	6,594,928	(54,359,275)	2,643,027
Private placements of common shares	25,336,667	3,525,500	(600,000)	-	-	2,925,500
Share issue costs	-	(157,942)	-	24,450	-	(133,492)
Shares issued for exploration and evaluation properties	860,000	87,500	-	-	-	87,500
Shares issued for finder's fee	250,000	37,500	-	-	-	37,500
Share-based compensation	-	-	-	260,600	-	260,600
Loss for the period	-	-	-	-	(5,089,481)	(5,089,481)
<b>December 31, 2022</b>	75,650,822	53,299,932	-	6,879,978	(59,448,756)	731,154

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

# Sanatana Resources Inc.

## Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

Period Ended December 31	2023	2022
	\$	Restated – Note 3 \$
<b>Cash and cash equivalents provided by (used in):</b>		
<b>Operating activities:</b>		
Loss for the period	(1,179,511)	(5,089,481)
Adjustments for:	-	-
Depreciation of equipment	22,485	19,208
Investment income included in other income	(8,429)	(10,171)
Unrealized loss on short-term investments	78,000	272,000
Share-based compensation	64,200	260,600
Exploration costs paid with common shares	51,000	-
Financing expense	68,164	-
Other income on flow-through premium	(100,925)	-
Changes in non-cash working capital items:		
Receivables	33,694	(18,467)
Prepaid expenses	3,403	112,551
Payables and accruals	(23,558)	300,212
	(991,477)	(4,153,548)
<b>Investing activities:</b>		
Short-term investments	-	798,324
Interest received	8,429	10,171
Equipment purchase	-	(77,956)
	8,429	730,539
<b>Financing activities</b>		
Private placements	294,400	2,925,500
Share issue costs	(37,152)	(133,493)
Loan proceeds	728,000	-
Loan transaction costs	(27,530)	-
	957,718	2,792,007
<b>Change in cash and cash equivalents</b>	(25,330)	(631,002)
<b>Cash and cash equivalents, beginning of period</b>	339,369	1,207,908
<b>Cash and cash equivalents, end of period</b>	314,039	576,906

Supplementary cash flow information (note 15)

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

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# Sanatana Resources Inc.

## Notes to the Consolidated Financial Statements

Period Ended December 31, 2023

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### 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 \$1,179,511 during the period ended December 31, 2023 and, as of that date, the Company’s deficit was \$60,989,412. 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 audit committee on February 23, 2024.

### 2. Basis of Presentation

#### Statement of Compliance

These condensed interim consolidated financial statements of the Company for the nine months ended December 31, 2023 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, 2023 as filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). 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.

#### 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.

**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
 Period Ended December 31, 2023

**2. Basis of Presentation (continued)**

**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 have not changed from those presented in note 4 of the Company's financial statements for the year ended March 31, 2023.

**3. Changes in Accounting Policies**

**Exploration and evaluation expenditures**

The Company has adopted a new accounting policy for exploration and evaluation expenditures. The Company has determined that the change in accounting policy enhances the relevance of the financial statements for users. In prior years, the Company capitalized exploration and evaluation expenditures when the Company had the legal right to explore a property. The Company has changed this accounting policy to expense exploration and evaluation expenditure including acquisition costs until such time that an appropriate economic assessment has been completed and there is confidence that permits can be obtained to develop the project. The accounting policy change has been applied on a retrospective basis to the consolidated financial statements.

In preparing the opening statement of financial position, the Company adjusted previously reported amounts. The effect of the change in accounting policy is presented below:

<b>Financial position at March 31, 2023</b>	<b>As previously reported</b>	<b>Effect of change in accounting policy</b>	<b>As restated</b>
	\$	\$	\$
Current assets			
Prepaid expenses	16,203	1,071	17,274
Non-current assets			
Prepaid exploration and evaluation advances	1,071	(1,071)	-
Exploration and evaluation assets	4,084,951	(4,084,951)	-
Shareholders' equity (deficiency)			
Deficit	(55,724,950)	(4,084,951)	(59,809,901)



**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

**3. Changes in Accounting Policy (continued)**

<b>Loss and comprehensive loss for the three months ended December 31, 2022</b>	As previously reported	Effect of change in accounting policy	As restated
	\$	\$	\$
Exploration and evaluation expenditures	-	438,555	438,555
Loss and comprehensive loss	(232,169)	(438,555)	(670,724)
Basic and diluted loss per share	\$(0.00)	\$(0.01)	\$(0.01)

<b>Loss and comprehensive loss for the nine months ended December 31, 2022</b>	As previously reported	Effect of change in accounting policy	As restated
	\$	\$	\$
Exploration and evaluation expenditures	64,894	4,027,251	4,092,145
Impairment of exploration and evaluation assets	954,274	(954,274)	-
Loss and comprehensive loss	(2,016,504)	(3,072,977)	(5,089,481)
Basic and diluted loss per share	\$(0.03)	\$(0.05)	\$(0.08)

<b>Cash flow for the nine months ended December 31, 2022</b>	As previously reported	Effect of change in accounting policy	As restated
	\$	\$	\$
Cash flow from operating activities			
Loss and comprehensive loss	(2,016,504)	(3,072,977)	(5,089,481)
Impairment	954,274	(954,274)	-
Exploration expense	64,894	(64,894)	-
Prepaid expenses	14,039	98,512	112,551
Payables and accruals	89,385	210,827	300,212
Net cash used in operating activities	(370,742)	(3,782,806)	(4,153,548)
Cash flows from investing activities			
Prepaid exploration and evaluation	98,512	(98,512)	-
Exploration and evaluation assets	(3,881,318)	3,881,318	-
Net cash used in investing activities	(3,052,267)	3,782,806	730,539
Change in cash and cash equivalents	(631,002)	-	(631,002)

**Loans payable**

Interest expense is calculated using the effective interest rate which considers not only interest payments due on the debt but other fees charged by the lender and transactions costs such as legal fees that are directly attributable to the financing instrument.

**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

**4. Cash and cash equivalents**

Cash on hand in banks earns interest at floating rates in effect from time to time. At December 31, 2023, the weighted average floating rate for cash and cash equivalents was 0%. Cash and cash equivalents comprise:

	December 31 2023	March 31 2023
	\$	\$
Cash	314,039	136,028
Cash equivalents	-	203,341
	314,039	339,369

**5. Receivables**

	December 31 2023	March 31 2023
	\$	\$
Goods and services tax	3,647	37,341
	3,647	37,341

**6. Short-term Investments**

	Number	Cost	Carrying Value	
			December 31 2023	March 31 2023
		\$	\$	\$
Gold Royalty Corp. warrants	245,000	670,000	10,000	88,000

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 ten-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:

	December 31 2023	March 31 2023
Share price	\$1.94	\$2.92
Risk-free interest rate	4.23%	3.90%
Estimated volatility	42%	46%
Dividend yield	0%	1.85%
Expected life	1.92 years	2.68 years

Changes in the current period valuation assumptions resulted in a decrease of the carrying value of the warrants of \$78,000 (2022- \$272,000). This amount was charged to profit / loss.

**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

**7. Exploration and Evaluation Properties**

**Exploration Expenditures**

The Company's exploration expense in the current fiscal year comprises:

<b>Three months ended December 31, 2023</b>	Oweegee Dome	Gold Rush Project	Fortune Project	Santoy	Alto
Restated – Note 3	\$	\$	\$	\$	
Acquisition and staking costs					
Acquisition					
Cash	100,000	-	-	-	-
Shares	51,000	-	-	-	-
	<u>151,000</u>	-	-	-	-
Exploration costs					
Contractor and consultant	23,100	-	1,760	-	-
Project management fees	30,000	-	-	-	-
Field and camp	928	-	-	-	-
Sampling and assays	(12,000)	-	-	-	-
Transport and accommodation	(616)	-	-	-	-
Permitting and other	300	-	-	-	-
	<u>41,712</u>	-	<u>1,760</u>	-	-
Property total	192,712	-	1,760	-	-
Total for all properties	<u>194,472</u>				
<b>Three months ended December 31, 2023</b>	Oweegee Dome	Gold Rush Project	Fortune Project	Santoy	
Restated – Note 3	\$	\$	\$	\$	
Acquisition and staking costs					
Acquisition					
Cash	100,000	-	-	-	-
Shares	51,000	-	-	-	-
	<u>151,000</u>	-	-	-	-
Exploration costs					
Contractor and consultant	177,215	9,563	8,060	5,280	-
Project management fees	99,000	-	-	-	-
Field and camp	12,740	3,737	-	12,510	957
Sampling and assays	(12,000)	-	-	-	-
Transport and accommodation	174,154	3,894	-	1,230	1,921
Permitting and other	1,795	-	-	-	4,384
	<u>452,904</u>	<u>17,194</u>	<u>8,060</u>	<u>19,020</u>	<u>24,422</u>
Property total	603,904	17,194	8,060	19,020	24,452
Total for all properties	<u>672,600</u>				

**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

**7. Exploration and Evaluation Properties (continued)**

The Company's exploration expense in the comparative fiscal year comprises:

<b>Three months ended</b>	Oweegee	Gold Rush	Fortune	Santoy
<b>December 31, 2022</b>	Dome	Project	Project	
Restated – Note 3	\$	\$	\$	\$
Acquisition and staking costs				
Acquisition				
Cash	50,000	22,500	-	-
Shares	28,000	-	-	-
	-	9,100	-	-
Exploration costs				
Contractor and consultant	142,707	-	10,720	-
Project management fees	30,000	-	-	-
Field and camp	12,462	-	369	-
Sampling and assays	98,362	-	-	-
Transport and accommodation	36,252	-	5,835	-
Permitting and other	846	502	-	-
	320,629	502	16,924	-
Property total	398,629	23,002	16,924	-
Total for all properties	438,555			
<b>Nine months ended</b>	Oweegee	Gold Rush	Fortune	Santoy
<b>December 31, 2022</b>	Dome	Project	Project	
Restated – Note 3	\$	\$	\$	\$
Acquisition and staking costs				
Acquisition				
Cash	112,500	22,500	10,000	-
Shares	110,500	9,100	5,400	-
	223,000	31,600	15,400	-
Exploration costs				
Contractor and consultant	1,742,907	26,050	56,903	-
Project management fees	165,650	8,000	-	-
Field and camp	98,225	15,072	9,494	-
Sampling and assays	145,926	2,344	-	-
Transport and accommodation	1,517,928	(1,438)	12,606	-
Permitting and other	4,629	2,705	500	14,644
	3,675,265	52,733	79,503	14,644
Property total	3,898,265	84,333	94,903	14,644
Total for all properties	4,092,145			

**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

**7. Exploration and Evaluation Properties (continued)**

Project expenditures since acquisition are:

	Oweegee Dome \$	Gold Rush Project \$	Fortune Project \$	Santoy \$	Alto \$
Acquisition and staking					
Acquisitions					
Cash	225,000	64,900	10,000	12,500	95,000
Shares and warrants	161,500	288,500	5,400	12,500	204,250
Staking	-	-	3,200	-	-
	<u>386,500</u>	<u>353,400</u>	<u>18,600</u>	<u>25,000</u>	<u>299,250</u>
Deferred exploration costs					
Contractor and consultant	2,485,544	694,325	26,560	6,882	111,373
Project management fees	377,750	93,000	5,000	68,000	91,696
Field and camp	168,898	94,247	-	15,475	11,214
Sampling and assays	174,961	74,048	-	1,777	10,848
Transport and accommodation	1,821,904	62,427	-	7,603	19,456
Permitting and other	9,745	2,065	6,500	16,484	4,409
	<u>5,038,802</u>	<u>1,020,112</u>	<u>38,060</u>	<u>116,221</u>	<u>248,996</u>
Property total	<u>5,425,302</u>	<u>1,373,512</u>	<u>56,660</u>	<u>141,221</u>	<u>548,246</u>

**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 <sup>2</sup>	12,500	-	-	-
On TSX-V approval <sup>2</sup>	12,500	-	-	-
December 31, 2021 <sup>1,2</sup>	25,000	300,000	600,000	-
December 31, 2022 <sup>1,2</sup>	50,000	400,000	1,600,000	1,000
December 31, 2023 <sup>1,2</sup>	100,000	600,000	3,600,000	3,000
December 31, 2024	300,000	700,000	6,600,000	6,000
	<u>500,000</u>	<u>2,000,000</u>		

<sup>1</sup> - Expenditure / drilling requirement satisfied

<sup>2</sup> - Paid / issued

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# Sanatana Resources Inc.

## Notes to the Consolidated Financial Statements

Period Ended December 31, 2023

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### 7. Exploration and Evaluation Properties (continued)

On 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.

#### **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. 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.

In September 2022, the Company relinquished its interest in the Gold Rush South property and in July 2023, the Company relinquished its interest in the Gold Rush North property.

#### **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.

#### **Santoy and Empress Properties**

The Santoy and Empress properties are gold exploration properties in Ontario to which the Company has exploration rights. The Company undertook exploration programs in the period 2017 to 2020. Current period expenditures represent activity necessary to complete old work and maintain rights to the properties.

**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

**8. Equipment**

	Computer Equipment	Vehicles	Equipment	Total
	\$	\$	\$	\$
<b>Cost</b>				
March 31, 2023	2,983	136,133	31,658	170,774
Purchases	-	-	-	-
December 31, 2023	2,983	136,133	31,658	170,774
<b>Accumulated depreciation</b>				
March 31, 2023	411	51,886	13,243	65,540
Depreciation expense	749	17,925	3,811	22,485
December 31, 2023	1,160	69,811	17,054	88,025
<b>Net book value</b>				
March 31, 2023	2,572	84,247	18,415	105,234
December 31, 2023	1,823	66,322	14,604	82,749

**9. Payables and Accruals**

	December 31 2023	March 31 2023
	\$	\$
Trade payables	85,066	126,401
Accrued liabilities	80,000	92,807
Due to related parties	45,565	14,981
	210,631	234,189

**10. Loan Payable**

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 lender withheld \$72,000 to fund periodic interest payments. The Company pledged its British Columbia Mining Exploration Tax Credit ("METC") as security and entered into a general security agreement covering all assets of the Company.

In addition to interest, the lender was paid a fee of \$8,000 and reimbursed for its disbursements. Including lender fees and disbursements, the Company incurred aggregate transaction costs of \$27,530. The effective interest rate including transaction costs is 15.4%.

Subsequent to period end, the Company received a refund of METC that will allow the Company to repay the loan payable.

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**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

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**11. Share Capital and Reserves**

**Authorized share capital**

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

**Common Shares**

**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, 2023	16,037,733	0.18
Issued	3,898,000	0.15
Expired	-	-
December 31, 2023	19,935,733	0.17

At December 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	-
December 22, 2026	\$0.15	2,000,000	-
December 22, 2026	\$0.10	-	140,000
December 29, 2026	\$0.15	1,680,000	-
December 29, 2026	\$0.10	-	78,000
		19,098,333	837,400



**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
Period Ended December 31, 2023

**12. 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 August 2023.

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, 2023	6,400,000	\$0.26
Granted	-	-
Forfeited or expired	(900,000)	\$0.18
December 31, 2023	5,500,000	\$0.27

At December 31, 2023, 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	600,000	\$0.16	2.82 years	600,000	\$0.16
\$0.20	2,050,000	\$0.20	3.43 years	2,050,000	\$0.20
\$0.35	2,850,000	\$0.35	1.75 years	2,850,000	\$0.35
	5,500,000	\$0.27	2.49 years	5,500,000	\$0.27

The Company incurred an expense of \$64,200 for share-based payments in the six-month period ended December 31, 2023 (2022 - \$260,600).

**Sanatana Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
 Period Ended December 31, 2023

**12. Share-Based Payments (continued)**

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

Period Ended December 31	2022
Share price	\$0.175
Dividend yield	0%
Risk-free interest rate	3.06%
Estimated volatility	96%
Expected life in years	5

**13. Related Party Transactions and Balances**

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

	Three Months Ended December 31		Nine months Ended December 31	
	2023	2022	2023	2022
			\$	\$
Short-term compensation	87,142	93,696	258,334	363,228
Share-based payments	4,000	42,000	23,400	169,700
<b>Total</b>	<b>91,142</b>	<b>135,696</b>	<b>281,734</b>	<b>532,928</b>

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

	December 31 2023	March 31 2023
	\$	\$
S2 Management Inc.	1,817	3,392
Officers	43,748	11,758
	45,565	15,150

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

**14. Loss per Share**

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

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# Sanatana Resources Inc.

## Notes to the Consolidated Financial Statements

Period Ended December 31, 2023

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### 15. Supplemental Cash Flow Information

Non-cash transactions included the following:

Period Ended December 31	2023	2022
	\$	\$
Shares issued for exploration and evaluation properties	51,000	97,000
Fair value of finders' warrants granted	11,600	14,200
Liability to renounce flow-through expenditures	73,600	-

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### 16. Commitments

In December 2022, the Company undertook a flow-through financing and, as a result, was required to spend \$550,000 on eligible exploration expenditures by December 31, 2023. As of December 31, 2023, the obligation had been satisfied in its entirety.

In December 2023, the Company undertook a flow-through financing and, as a result, is required to spend \$368,000 on eligible exploration expenditures by December 31, 2024. As of December 31, 2023, this obligation remained unchanged.

During the period ended December 31, 2023, the Company recognized \$174,525 (2022 - \$nil) in other income related to the renunciation of flow-through liability.

### 17. Segmented Information

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

### 18. 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 period ended December 31, 2023.

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# Sanatana Resources Inc.

## Notes to the Consolidated Financial Statements

Period Ended December 31, 2023

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### 19. Financial Instruments and Risk Management

#### 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 December 31, 2023, the Company was not subject to significant interest rate risk. The loan payable (note 10) charges a fixed interest rate.

#### 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 December 31, 2023 is the carrying value of cash and cash equivalents 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 December 31, 2023, the Company's exposure to changes in foreign currency was not material.