



## Management's Discussion and Analysis

June 30, 2022



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**SANATANA**  
RESOURCES INC.

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# SANATANA RESOURCES INC.

## Management's Discussion and Analysis Period Ended June 30, 2022

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

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

### **INTRODUCTION**

This MD&A was prepared as of August 19, 2022 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended June 30, 2022 and the Company's audited financial statements and related notes for the year ended March 31, 2022. This MD&A is intended to provide the reader with a review of the Company's performance for the period ended June 30, 2022 and through to the date of this report, and the factors reasonably expected to impact future operations and results. This MD&A contains forward-looking statements that are subject to certain risk factors included in this document.

The Company's unaudited condensed interim consolidated financial statements for the period ended June 30, 2022 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee.

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

# SANATANA RESOURCES INC.

## Management's Discussion and Analysis Period Ended June 30, 2022

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### INCORPORATION AND LISTING INFORMATION

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

### OPERATING REPORT

The Company is an exploration stage company and is engaged in the acquisition, exploration and development of exploration and evaluation assets.

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. Exploration results to date have been promising and the Company plans to direct most of its efforts on this property.

In July 2020, the Company entered into an option to acquire the Gold Rush Project, as defined below, in Ontario and subsequently undertook an exploration program. The Company is evaluating exploration results to date to determine its plans for the property but is still undertaking small-scale exploration there in 2022. In April 2022, the Company staked the Fortune property in Ontario and in June 2022, the Company completed the purchase of the Enid property in Ontario.

The Company also has rights to the Empress and Santoy properties in Ontario. The Company may work on Santoy, but does not plan to undertake significant further exploration on the Empress property.

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

### CORPORATE DEVELOPMENTS

- In April 2022, the TSX-V approved the option agreement for the Oweegee Property.
- In April 2022, the Company closed a \$600,000 private placement with Teuton Resources Corp. ("Teuton") (see *Share Capital – Private Placements* below).
- In April 2022, Sanatana retained Jeff Kyba as its BC exploration manager.
- In May and June 2022, the Company closed a private placement that raised gross proceeds of \$2,375,500 (see *Share Capital – Private Placements* below).
- In June 2022, the Company started its 2022 drill program on the Oweegee Dome property.
- In June 2022, the Company awarded options to purchase up to 2,550,000 common shares at \$0.20 per share (see *Share Option Plan* below).
- In June 2022, the Company acquired the Enid property in Ontario (see *Mineral Properties – Enid Property* below).
- In June 2022, the Company commenced an exploration program on the Oweegee property.

### COVID-19

The covid-19 pandemic has largely abated and does not currently have a material impact on the Company's operations.

**SANATANA RESOURCES INC.**  
**Management's Discussion and Analysis**  
**Period Ended June 30, 2022**

**MINERAL PROPERTIES**

***Oweegee Dome Property***

In July 2021, the Company entered into an agreement with ArcWest to option up to 80% of ArcWest's Oweegee Dome porphyry copper-gold project in British Columbia's Golden Triangle. The Oweegee Dome project is situated 45 km east of Seabridge Gold Corp's supergiant KSM-Iron Cap porphyry Cu-Au project. The 31,077-hectare Oweegee Dome project contains two large underexplored porphyry Cu-Au systems named the Delta and Skowill East Zones. The agreement received TSX-V approval in April 2022.

*Option Agreement*

The Company can earn an initial 60% interest in the Oweegee Dome project by funding, over a four-year period, cumulative exploration expenditures of \$6,600,000 and by making staged cash and share payments totaling \$500,000 and 2,000,000 shares, respectively. To date the Company has paid \$50,000 and issued 300,000 common shares:

Event or Date	Cash	Shares	Cumulative Exploration Expenditures
	\$		\$
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 <sup>1</sup>
December 31, 2022	50,000	400,000	1,600,000
December 31, 2023	100,000	600,000	3,600,000
December 31, 2024	300,000	700,000	6,600,000
	500,000	2,000,000	

<sup>1</sup> Expenditure requirement satisfied

<sup>2</sup> Cash paid and shares issued

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

The second option can be attained by completing and delivering to ArcWest a feasibility study on or before December 31, 2027. In order to keep the second option in good standing, the Company must pay ArcWest \$150,000 on each of December 31, 2025, 2026 and 2027 until the feasibility study has been completed and delivered to ArcWest.

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

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## Management's Discussion and Analysis Period Ended June 30, 2022

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### *Finder's Fee*

In connection with the Oweegeee Dome project, the Company paid a finder's fee of \$25,000 in cash plus 250,000 common shares. A further issuance of 225,000 common shares will be made if Sanatana exercises its option to acquire a 80% interest in the Oweegeee property.

### *Historic Exploration*

The Oweegeee project is situated in the "Golden Triangle" area in Northern British Columbia famous for its copper and gold endowment. Detrital zircons recovered from the streams draining the project returned late Triassic to early Jurassic ages, which are similar to Red Chris (Newcrest Mining-Imperial Metals), Saddle North (Newmont) and Galore Creek (Newmont-Teck Resources), good evidence for porphyry Cu-Au systems at Oweegeee.

### *Current Exploration*

In mid-August 2021 the companies field crews entered the field with work completing in late September with the onset of snow. The Company started its 2022 exploration program in June 2022 but has not yet received any results. The 2021 exploration program generated three prospects as summarized below.

#### Delta Prospect

The Delta Prospect, comprises a 20 square kilometre area of alteration containing gossans, Cu-Au mineralized porphyritic intrusions and associated breccias. The system is hosted in turbiditic marine sediments of the Stuhini Group which also hosts the Red Chris and Saddle North porphyry Cu-Au deposits. The Delta prospect contains several zones of greater interest:

- Delta Ridge zone
- Molloy zone
- Snowpatch Creek zone.

*Delta Ridge* - The Delta ridge zone, where there is historic drilling, shallow inclined diamond drill holes intercepted variably mineralized intensely QSP (quartz, sericite, pyrite) altered porphyritic intrusions and breccia over a widespread area. Highlights of this drilling includes drill hole 07-03 that returned 86.3m of 0.10% Cu and 0.228 g/t Au. Our current interpretation is that this intense QSP alteration represents the outer "phyllitic" shell of a porphyry copper system, with the potential to vector into a higher-grade Cu-Au potassic mineralization with depth or laterally. It is worthy to note that the historic drilling was focused on locating VMS-style mineralization without much realization that the alteration and mineralization drilled might represent part of a Cu-Au porphyry system.

Mapping in 2021 progressed from the east to the west of the Delta prospect and revealed numerous outcrops of previously unrecognized intrusive and intrusive breccias, petrology has confirmed these to be fine-grained porphyritic monzodiorites / latites. The mapping, previous drilling, and the alteration are consistent with a typical Cu-Au system buried or partly buried beneath its own alteration cap. A total of 220 grab samples from outcrop or nearby float derived from outcrops were taken while our geological crews systematically mapped from east to west over the Delta prospect. The purpose of the sampling was to assist in alteration mapping and to give alteration / element vectors; the samples were not necessarily well mineralized. Of the grab samples, 18 assayed over 0.1 g/t gold and six over 0.5 g/t Au, the highest value being 3.82 g/t Au and 12 assayed with greater than 0.1% Cu the highest assaying 1.09% Cu with seven over 0.5% Cu. The higher Cu and Au values cluster around the previously reported Molloy Zone.

# SANATANA RESOURCES INC.

## Management's Discussion and Analysis Period Ended June 30, 2022

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Evidence that this deeper higher-grade Cu-Au system exists has been found at the Molloy zone, northwest of the Delta Ridge. Here 11 composite/panel rock chip samples collected in 1997 averaged 0.53% Cu, 1.09 g/t Au and 4.8 g/t Ag. This zone is flanked by a strong Cu-Au soil anomaly where assays returned maximum values of 0.1% Cu and 0.9 g/t Au. This highly prospective area may represent "daylighting" of the deeper porphyry system and it has never been drill tested.

*Molloy* - The Molloy zone represented 15 of these grab samples averaging 0.34% Cu 0.829 g/t Au and 4.15 g/t Ag over 145 metres of strike and 42 metres at its widest point. The outcrop becomes obscured to the southwest along strike by talus and alpine heather which is underlain by anomalous copper-gold values in soils. Looking at the higher-grade samples, 11 from the Molloy zone averaged 0.44% Cu 1.13 g/t Au and 5.54 g/t Ag across 125 metres of strike and 22 metres at its widest point. The best sample was 1.09% Cu, 3.8 g/t Au and 15.25 g/t Ag from sample 420022. The Molloy zone is flanked by a strong 400 by 400 metre Cu-Au soil anomaly where assays returned up to 0.1% Cu and 0.9 g/t Au in soil.

Dias Geophysics has completed a 3-D IP survey of the Delta Prospect. The survey team completed over 10 line-km across six lines roughly orientated north-south and covered the Delta Ridge, Molloy and Snowpatch target areas. The IP results have been received and are currently being interpreted.

In June 2022, the Company mobilized a drill to Oweege Dome and started drilling at the Delta Prospect on July 1, 2022.

### Skowill Prospect

The Skowill prospect is 10 km north of Delta zone and is thought to be a virtually unexplored porphyry Cu-Au system on the property. Historical reports describe the zone as a 2 km long gossan comprising intensely QSP/clay-pyrite altered porphyritic intrusions, widespread breccia and associated copper occurrences. In 2021, field crews discovered the Tarn zone on the eastern edge of the Skowill prospect; it is spatially associated with the contact between Stuhini Group sedimentary rocks and a succession of volcanic rocks that have recently been dated at 206 Ma. The zone is underlain by a prominent geophysical anomaly (magnetic high) and remains completely unexplored aside from basic prospecting and grab sampling. Thirteen grab samples were taken from the Tarn Zone, the three best results returned 0.438%, 0.40% and 0.335% Cu respectively. The highest grade copper sample also reported 5.72% Zn. Of the 13 samples, five reported copper over 0.1%, the remaining eight samples ranged below 0.1% to background. The company conducted an airborne magnetic survey over this area and the Tarn zone is at the head of a tadpole shaped magnetic high anomaly, that coincides with gossaneous zones at surface. The magnetic anomaly may represent a porphyry system or skarns and hornfels on the edge of this system.

### Glacier Prospect

Glacier lies between the Skowill and Delta prospects and to the west. The Glacier prospect has had the least attention to date, it consists of Cu, Te and Au in stream anomalies and some anomalous in copper and Au rock float samples.

Readers are cautioned that Sanatana has not verified the data from the KSM-Iron Cap, Treaty Creek and Red Chris deposits. Further, the presence and style of mineralization on these properties is not necessarily indicative of similar mineralization on the Oweege Dome project. Historical assays from drill programs on its properties have not been verified by Sanatana but have been cited from sources believed to be reliable.

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## Management's Discussion and Analysis Period Ended June 30, 2022

The technical information provided for the Oweegee Dome project was prepared under the supervision of Buddy Doyle. Mr. Doyle is a Qualified Person for the purposes of NI 43-101 – Standards of Disclosure for Mineral Projects and has reviewed and approved the technical information disclosed above.

### Gold Rush Project

#### Option Agreement

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. Together, the Gold Rush North Project and the Gold Rush South Project are referred to as the "Gold Rush Project". The Gold Rush Project covers 2,200 hectares and is located near Timmins, Ontario.

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

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

<sup>1</sup> TSX-V approval granted July 23, 2020

In addition, the Company must pay cash and issue shares over a three-year period to the underlying holders of the property interests. The parties to the option agreement have amended the option terms so that, as amended, Sanatana must pay cash and issue shares as follows:

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

1. Share issuances are made at the higher of (a) Sanatana's 30-day VWAP on the TSX-V prior to the issue date and (b) \$0.09 per share.
2. Settled through the issuance of 41,822 common shares
3. Gold Rush North: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000. The cash was paid in August 2021 and the shares issued in November 2021.
4. Gold Rush South: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000. The cash was paid in August and December 2021 and the shares issued in December 2021.



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## Management's Discussion and Analysis Period Ended June 30, 2022

Sanatana agreed to spend a minimum of \$250,000 on the Gold Rush Project prior to July 6, 2021, which it did. 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% NSR royalty on the Gold Rush Project. In addition, the Gold Rush North Project and the Gold Rush South Project are each subject to a 2% NSR royalty upon commencement of commercial production, which may be reduced by 1% by paying the respective royalty holder \$1,000,000.

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

### *2020 and 2021 Exploration Programs*

The property is noteworthy due to the number of historic gold showings, many of which discovered in the early 1900s, have never seen modern exploration. The Gold Rush project is only the second time that all showings were held under one entity conducting systematic exploration.

All of these showings are hosted in the Kamiscotia Gabbro complex (KGC), a 224 square kilometre gabbro/granodiorite/anorthosite/peridotite intrusive complex 25km west of Timmins.

Prospecting work reveals Ag, Mo, Te, Bi, and W - gold Kirkland Lake style association, which contrasts mineralization around Timmins where gold occurs with arsenopyrite.

Sanatana first focused on North Shaft showing after it returned consistent gold assays from all showings. Surface stripping and washing in October 2020 exposed a series of E-W trending shears. These shears were channel sampled at 25 m intervals using a diamond saw to collect 1 m long channel samples across all exposed rock. This work returned a best result of 4.7 g/t over 1.7m.

In March 2021, Sanatana received its exploration permit and mobilized a drill rig and a scout drill to the Gold Rush Project. The drill program completed 23 holes NQ diameter (3,113 m) on seven separate prospects. This program tested numerous prospects and gold showings on the property. Drilling was faster and also less expensive, at \$200/m (all inclusive), than surface stripping at \$400/m for channel sampling.

Goldrush Prospects, 2021 drill holes, combined metres and samples are tabulated below:

Prospect name	No. of Holes	Total Metres	Total Samples
North Vein	4	560	148
North Shaft	7	891	528
Elora	2	294	107
De Santis	3	386	139
MOG/ De Santis South	3	489	415
Leduc	3	360	350
Massey-Turnbull	1	138	44
Total	23	3,118	1,731

The drill program successfully intersected zones of elevated gold at North Vein, North Shaft and Elora prospects. The table below summarizes gold intercepts using a 0.5 g/t Au cut-off and lists elevated base metal intercepts. The North Vein was truncated to the east by a diabase dyke. One drill hole east of this dyke intersected shear hosted quartz veins that did not report significant gold. Drill hole NV-2021-03, angled to the west of the outcropping quartz vein intersected 2.22 g/t Au over 2 m. This intersection suggests the surface vein may dip 60° north as it extends west. The system is open to the west and must be tested at depth in this area.

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## Management's Discussion and Analysis Period Ended June 30, 2022

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The most interesting drill results were from Gold Zone E at the North Shaft prospect where a fence of holes targeted a quartz-sulphide-carbonate vein stockwork logged in core. Assays confirmed consistent gold mineralization in this E-W quartz-carbonate shear zone, that is open in all directions and at depth. North Shaft's Gold Zone W remains untested by drilling.

Gold was also intersected at the Elora prospect where the drill tested a Max-Min EM response in deep overburden. Two quartz veins hosted in the same shear zone returned 2.72 g/t Au over 2 m and 1.09 g/t Au over 1 m. Geologists identified sphalerite in the second intercept which returned 0.7% zinc. The presence of zinc and gold is unique. The gold-bearing shear zone occurs at the top of two parallel intercepts of disseminated and semi-massive pyrrhotite, which explains the conductors. In one of the semi-massive zones with chalcopyrite 0.15% Cu over 1 m is reported.

Basal till sampling (54 samples) taken in 2021 revealed a 22.6ppb BLEG anomaly and this is currently being followed up by further till sampling.

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

### Laboratory Analytical Methods and QA/QC Protocols

#### Prospecting Rock Samples

Prospecting samples were collected from quartz veins, sulphide-bearing rocks and the wall rocks around the prospects on the Gold Rush Project. The samples were stored at a secure site (Polk Geological), listed on a chain of custody (COC) form in batches, then hand-delivered to the laboratory.

Actlabs, Timmins checked 2020 samples against the COC form, and then samples were dried, crushed, pulverized and split. A 30 g split undertook total digestion using a four-acid attack. Gold was determined using fire assay with AAS finish. Multi-element ICPMS was applied to another sample split for 56 other elements including silver. Internal laboratory QA/QC controls were applied.

In 2021, Sanatana began to use NMAL (Northern Mining Analytical Laboratory), 475 Railway Street, Timmins Ontario, an SCC Accredited lab, who offered better turn-around time for prospecting rock samples. Sanatana's 2021 samples were checked against the COC form by NMAL who then crushed, pulverized and split samples and conducted gold fire assay on a 30g split with AAS finish with detection limit 0.005 to 10 g/t (ppm) Au, and/ or gravimetric gold fire assay with detection limit 0.1 to 1000 g/t (ppm) Au. Laboratory QC results, that included blanks and standards were provided with each assay certificate.

#### Basal Till Samples

For basal till program samples of about 4 litres volume were transported and at a secure site (Polk Geological), listed on a COC form in batches, then hand-delivered to ALS Geochemistry Laboratories in Timmins ("ALS"), where they were checked against the COC form. Sanatana requested ALS to dry, and riffle split samples, which were sent to Lima, Peru where ALS had facilities to conduct cyanide-roll leach BLEG (bulk-leach extractable gold) on remaining fraction using a 24-hour 1-3 kg bottle roll in cyanide solution, followed by AAS (atomic absorption spectroscopy) measurement of gold (Au), silver (Ag), copper (Cu), lead (Pb) and Zinc (Zn).

#### Drill Core Samples

NQ and AQ Samples were stored at a secure site (Polk Geological), listed on a COC form in batches, then shipped by bonded freight to TSL Laboratories of Saskatoon (TSL).

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### **Management's Discussion and Analysis Period Ended June 30, 2022**

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On receipt, TSL checked each batch against the COC form, then organized the batch for processing. TSL's sample preparation includes crushing, riffing splitting and pulverizing each core sample to generate a reject (70% at -10 mesh) and 250-gram pulp (95% at -150 mesh). A 30-gram aliquot of each pulp undergoes Au fire assay / AA analysis and another 0.25 gram aliquot undergoes ICP multielement analysis using multi-acid digestion. Over-limit gold results are re-assayed using fire assay / gravimetric finish.

TSL commits to internal QA/QC protocols that include inserting repeats, certified and in-house standards at regular intervals to provide quality analyses. TSL is independent of Sanatana.

Sanatana also implemented company QA/QC protocols which included the insertion of blanks and standards and performing duplicate analysis of core at 1 in 20 sample intervals.

#### ***Enid and Fortune Properties***

In June 2022, the Company completed the purchase of the Enid property, which comprises 41 mineral claims, in Ontario for total consideration of \$10,000 in cash; 30,000 common shares; and a 2% net smelter return royalty. The Enid property adjoins the 100% owned Fortune property staked by Sanatana. The properties were acquired to cover basal gold till anomalies discovered by Ontario Geological basal till sampling in the 1990s. These anomalies contain pristine gold fragments suggesting a local source. The Company plans to conduct a basal till program on these properties to locate the source of these gold grains and has done preparatory work for a drill program on the Fortune property.

#### ***Santoy Property***

In December 2017, Sanatana signed an asset purchase agreement, which was approved by the TSX-V in April 2018, to acquire the Santoy property in Ontario. The Santoy property is located on the northern shores of Lake Superior, 20 km east of Terrace Bay via Highway 17, Ontario. The property covers an area of 551 hectares (1,362 acres) made up of 32 cell mining claims, half of which are boundary cells. The Company had planned to undertake a drill program on the Santoy property in the spring or summer of 2021 but any work has now been deferred. The property is currently under a permitting moratorium pending federal government negotiations with the local First Nations.

#### ***Empress Property***

In February 2017, the Company entered into an option agreement with Alto Ventures Ltd. ("Alto"), to acquire a 100% interest in the Empress property, part of the project formerly referred to as the Jackfish property, located on the northern shores of Lake Superior, 18 km east of Terrace Bay via Highway 17, Ontario. The Company does not plan to undertake any further work on the Empress property in the foreseeable future. The property is currently under a permitting moratorium pending federal government negotiations with the local First Nations.

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**FINANCIAL**

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

***Selected Quarterly Financial Data***

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

Quarter Ended	Cash and Equivalents and Liquid Short-Term Investments	Exploration and Evaluation Assets	Income (Loss) for the Quarter	Income (Loss) per Share <sup>1</sup> (Basic and Diluted)
	\$	\$	\$	\$
September 30, 2020	1,175,921	1,189,619	(455,081)	(0.02)
December 31, 2020	4,593,957	1,551,008	2,796,027	0.06
March 31, 2021	4,039,459	1,799,485	(827,112)	(0.02)
June 30, 2021	3,088,013	2,530,750	(183,344)	(0.00)
September 30, 2021	2,544,225	2,081,998	(1,013,169)	(0.02)
December 31, 2021	1,979,998	2,145,690	(344,929)	(0.01)
March 31, 2022	2,208,490	2,223,007	(634,020)	(0.01)
June 30, 2022	3,959,764	3,223,121	(676,186)	(0.01)

<sup>1</sup> Sum of quarterly loss per share may not equal year-to-date amounts due to rounding.

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

- December 31, 2020 – The Company recorded a gain of \$3,030,000 on the sale of residual mineral property rights relating to the Watershed Property and share-based compensation of \$248,000.
- March 31, 2021 – The Company paid a \$100,000 bonus to its CEO and recorded share-based compensation of \$248,000.
- September 30, 2021 – The Company fully impaired the carrying value of its Tirua property and recognized a charge of \$557,000 and charged exploration expenditures of \$563,000 to operations while recording a \$339,000 unrealized gain on short-term investments.
- December 31, 2021 – The Company charged exploration costs of \$97,000 to operations, mostly relating to the Oweege Dome property.
- March 31, 2022 – The Company recorded an unrealized loss on short-term investments of \$245,000.

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- June 30, 2022 - The Company recorded an unrealized loss on short-term investments of \$296,000.

***Results of Operations for the Period***

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

- Consulting and advisory fees represents amounts paid for specific consulting projects. In the periods presented, the fees were for general geological consulting.
- Exploration expense reflects exploration expenditures that do not meet the Company's policy for capitalization. Substantially all of the expenditures related to an option payment and exploration work on the Oweege Dome property.
- Investor relations expenses relate to investor communications, including maintaining and updating the website and disseminating news releases.
- Management fees and salaries represent amounts paid to officers, employees and contractors and related benefits, net of amounts capitalized to exploration and evaluation assets or allocated to exploration or property investigation costs.
- Professional fees are amounts billed by lawyers and auditors. The current period expense was for legal fees on various matters. Legal fees associated with private placements are offset against funds raised rather than expensed.
- Rent in the current period relates to the Company's storage locker; the comparative period has office rental in addition. The Company rents month-to-month and there are no leases that meet the capitalization test under *IFRS 16 – Leases*.
- Share-based compensation in the current period represents the fair value of options granted to directors, officers, employees and contractors calculated using the Black-Scholes option pricing model. The Company awarded options in September 2020, April 2021, October 2021 and June 2022 and will recognize the fair value of the options over their vesting periods which end in March 2022, October 2022, April 2023 and December 2023 respectively.
- Travel and accommodation represents the cost for management to travel to Sanatana's exploration and evaluation assets and for corporate development activities. Travel and accommodation expense fluctuates significantly from period to period depending on the initiatives under way. In the comparative period, there was no travel due to the ongoing covid-19 pandemic.
- Unrealized loss on marketable securities primarily relates to the change in the fair value of the Gold Royalty Corp. warrants. The Company held warrants to purchase shares of Ely Gold Royalties Inc. which was acquired by Gold Royalty Corp. in August 2021. The value of the warrants depends on, among other things, the trading price of Gold Royalty Corp. shares and the remaining life of the warrant.
- Other income in the current period represents investment income on short-term investments. Other income in the comparative period includes (1) satisfaction of the obligation to renounce flow-through tax benefits and (2) a recovery of expenditures related to the former Sutakiki property.
- Gain on settlement of debt in the comparative period arose on the settlement of a debt of \$100,500 with shares that had a grant-date fair value of \$61,250.

# SANATANA RESOURCES INC.

## Management's Discussion and Analysis Period Ended June 30, 2022

### **Mineral Property Expenditures Charged to Operations**

Expenditures on mineral properties charged to operations were:

	Three Months Ended	
	June 30	
	2022	2021
	\$	\$
Oweegee Dome		
Acquisition	-	12,500
Exploration	50,250	1,665
	<u>50,250</u>	<u>14,165</u>
Sutakiki		
Field and camp	-	1,067
	<u>-</u>	<u>1,067</u>
Total expense	<u>50,250</u>	<u>15,232</u>

The Company did not secure the exploration rights which would be necessary to capitalize exploration costs for the Oweegee Dome property until April 26, 2022. Amounts incurred prior to this date were expensed and amounts incurred after were capitalized.

### **Changes in Financial Condition**

Changes in the Company's financial condition between March 31, 2022 and June 30, 2022 primarily represent:

- private placements that raised gross proceeds of \$2,975,500, of which \$600,000 was received prior to March 31, 2022;
- decrease in the carrying value of Gold Royalty Corp. warrants;
- operations in the normal course including exploration, primarily on the Oweegee Dome property; and
- increase in accounts payable due to high exploration costs incurred close to period end.

### **Liquidity**

At June 30, 2022, the Company had cash and liquid short-term investments of \$3,960,000 (March 31, 2022 - \$2,208,000) and working capital of \$3,287,000 (March 31, 2022 - \$2,488,000). Specific factors affecting the Company's liquidity are:

- The Company has an option agreement to acquire up to an 80% interest in the Oweegee Dome property that will require exploration, option and finder's fee payments as outlined above. The Company expects to spend a further \$3,000,000 on exploration of the Oweegee Dome property in calendar 2022 but is only required to spend roughly \$250,000 more to maintain the option in good standing.
- The Company has an option agreement to acquire the Gold Rush Project that requires exploration and option payments as detailed above.
- Shares received on the exercise of Gold Royalty Corp. warrants are subject to trading restrictions that may delay the sale of the shares after exercise.

Sanatana expects to address its funding needs through private placements or joint ventures but may not be able to do so on acceptable terms or at all. If the Company's share price improves,

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warrant holders may exercise their share purchase warrants, but there can be no assurance that they will do so.

***Related Party Transactions***

At June 30, 2022, the Company had three employees and arrangements with contractors to provide certain administrative, accounting and management services. In addition, certain directors and officers provide management and consulting services to the Company. The Company is not committed under employment contracts other than a director services contract with Tom Obradovich that provides for the payment of \$10,000 every quarter. Other directors are paid \$500 for each board meeting attended.

The Company paid management fees of \$12,320 to S2 Management Inc., a company controlled by the Company's CFO for CFO and related secretarial services.

In June 2022, the Company's compensation committee recommended payment of an additional \$50,000 director fee to Tom Obradovich in recognition of his success in organizing resources for the Oweege Dome exploration program in a very difficult environment.

***Critical Accounting Estimates***

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

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

The Gold Royalty Corp. warrants are not traded on an exchange so it is necessary to estimate their value. The valuation calculations are subject to many assumptions which can have a material bearing on the conclusion.

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

The Company estimates the obligation to renounce exploration expenditures when it undertakes flow-through financings. The estimate is subject to several assumptions which could significantly change the outcome.

***Financial Instruments***

Generally, Sanatana does not have financial instruments that are likely to be settled for other than face value, so the risk to the business from financial instruments is low. The one exception is the warrants the Company holds to purchase shares of Gold Royalty Corp. These warrants are valued at every reporting period using the Black-Scholes option-pricing model which inevitably involves some subjectivity. The warrants are however not material to the finances or liquidity of Sanatana.

**SHARE CAPITAL**

The Company had 49,204,155 common shares issued and outstanding at March 31, 2022 and 69,620,822 common shares outstanding at June 30, 2022.

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***Private Placements***

*April 2022*

In April 2022, Sanatana issued to Teuton 4,000,000 units of the Company priced at \$0.15 per unit for gross proceeds of \$600,000. Each unit consisted of one share and one-half of a share purchase warrant to acquire a further common share at a price of \$0.20 per common share until April 26, 2024.

*May and June 2022*

In May and June 2022, the Company completed a non-brokered private placement that resulted in the issuance of 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 consisted of one common share of the Company and one-half of one common share purchase warrant entitling the holder to acquire one common share of the Company at a price of \$0.20 for a period of two years following the closing of the relevant tranche of the private placement. The warrants expire in May and June 2024. The Company paid finder's fees of cash of \$31,410; and warrants to purchase up to 209,400 common shares at \$0.20 per share for a period of two years from closing of the relevant tranche.

***Other Share Issuances***

In April 2022, the Company issued 300,000 common shares on account of the Oweege Dome property option agreement and a further 250,000 common shares as a finder's fee for that property.

In June 2022, the Company issued 30,000 common shares as partial consideration for the Enid property.

***Share Option Plan***

*Plan Description*

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

Options granted under the option plan are non-assignable and non-transferable and are issuable for a period of up to ten years. In the case of employment or other contracting arrangements of a director, officer, employee or consultant of the Company being terminated, the options will immediately terminate without right to exercise. The board of directors of the Company determines the exercise price, which may be no less than the discounted market price, as defined in the option plan, at the day of grant. The Company's shareholders re-approved the plan in April 2022.

*Share Option Activity*

In June 2022, the Company awarded directors, officers, employees and contractors options to purchase up to 2,550,000 common shares at \$0.20 per share for five years.



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**Warrants**

Warrants were issued as part of the private placements described above. In addition, the following warrants expired unexercised:

- June 2022 – warrants to purchase up to 100,000 common shares at \$1.00 per share.
- August 2022 – warrants to purchase 564,000 common shares at \$0.10 per share expired unexercised.
- August 2022 – warrants to purchase 200,000 common shares at \$0.20 per share expired unexercised.

**Dividends**

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

**Outstanding Share Information**

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

- 69,620,822 common shares;
- 12,555,733 warrants to purchase common shares; and
- 6,920,000 share options.

Fully diluted share capital based on outstanding shares, options and warrants is therefore 89,096,555 common shares. In addition to issued share purchase warrants and share options, the Company has entered into option agreements to acquire mineral properties that could result in the issuance of additional shares:

- Oweege Dome project: Up to 1,700,000 common shares as option payments and up to 225,000 common shares as a finder's fee, see *Oweege Dome Project* above;
- Gold Rush Project: Common shares with a value of \$180,000 based on the 30-day VWAP of the Company's common shares, see *Gold Rush Project* above.

**RISKS AND UNCERTAINTIES**

Sanatana's business of mineral resource exploration involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future; Sanatana's common shares should therefore be considered speculative. In addition to the covid-19 risks described above, the following are the principal risks that the Company faces:

**Capital Markets and Economic Uncertainty**

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

**Nature of Mineral Exploration and Development Projects**

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

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## **Management's Discussion and Analysis Period Ended June 30, 2022**

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

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

The ability of the Company to develop its mineral properties may be adversely affected by First Nations claims on the land.

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

Success in establishing reserves is the result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration, the availability of suitable contractors and other factors. If mineralization is discovered, the initial phases of drilling may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves through drilling, to determine the optimal metallurgical process and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

### **Conflicts of Interest**

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

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

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

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