SANATANA RESOURCES INC.

Financial Statements

Year Ended March 31, 2018

Expressed in Canadian Dollars

CONTENTS

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Independent Auditor's Report

To the shareholders of Sanatana Resources Inc.

We have audited the accompanying financial statements of Sanatana Resources Inc., which comprise the balance sheets as at March 31, 2018 and March 31, 2017 and the statements of shareholders' equity, operations, comprehensive income, retained earnings and cash flows for the years ended March 31, 2018 and March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sanatana Resources Inc. as at March 31, 2018 and March 31, 2017 and its financial performance and its cash flows for the years ended March 31, 2018 and March 31, 2017 in accordance with International financial reporting standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company has not yet achieved profitable operations, has a deficit of $48,445,129 and expects to incur future operating losses in the development of its business. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) *"BDO Canada LLP"*

Chartered Professional Accountants
Vancouver, British Columbia
July 30, 2018

Sanatana Resources Inc.

Statements of Financial Position

	Notes	March 31, 2018	March 31, 2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	5	65,533	1,169,614
Receivables	6	3,753	6,167
Prepaid expenses		11,576	28,527
Total current assets		80,862	1,204,308
Non-current assets			
Prepaid exploration and evaluation advance		2,042	-
Exploration and evaluation assets	7	315,034	-
Equipment	8	28,242	19,176
Total non-current assets		345,318	19,176
Total assets		426,180	1,223,484
LIABILITIES			
Current liabilities			
Payables and accruals	9, 13	213,639	323,895
Total liabilities		213,639	323,895
EQUITY			
Share capital	11	43,548,571	43,428,571
Reserves	11	5,109,099	4,930,299
Deficit		(48,445,129)	(47,459,281)
Total equity		212,541	899,589
Total equity and liabilities		426,180	1,223,484

Going concern (Note 1)
Commitments (Note 16)
Subsequent events (Note 20)

Signed on the Company's behalf by:

"Peter Miles", Director
Peter Miles

"Darcy Will", Director
Darcy Will

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

Sanatana Resources Inc.

Statements of Loss and Comprehensive Loss

For the year ended March 31,	Notes	2018	2017
		$	$
Expenses			
Depreciation	8	7,236	7,104
Director fees	13	10,000	-
Exploration expenses		124,769	28,029
Filing fees		23,496	13,733
Investor relations		16,117	29,554
Management fees and salaries	13	190,728	268,488
Office and administration		32,741	33,071
Professional fees		38,942	67,768
Rent		58,036	16,922
Share-based compensation	12, 13	178,800	-
Transfer agent fees		7,410	16,387
Travel and accommodation		9,176	43,052
Loss before other income/expenses		(697,451)	(524,108)
Exploration and evaluation assets impairment	7	(336,000)	-
Other expense		-	(5,000)
Gain on settlement of debt		-	26,554
Interest and other income		47,603	179
Loss and total comprehensive loss for the year		(985,848)	(502,375)
Loss per share - basic and diluted	14	(0.01)	(0.00)
Weighted average common shares outstanding - basic and diluted	14	137,846,957	121,095,204

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

Sanatana Resources Inc.

Statements of Changes in Equity

	Notes	Common Shares $	Reserves $	Deficit $	Equity $
Balance - March 31, 2016		42,707,020	4,735,771	(46,956,906)	485,885
Private placement,	11	186,000	194,528	-	380,528
Private placement of flow-through shares	11	543,500	-	-	543,500
Finder's fee	11	5,800	-	-	5,800
Share issuance costs	11	(13,749)	-	-	(13,749)
Loss for the year		-	-	(502,375)	(502,375)
Balance - March 31, 2017		43,428,571	4,930,299	(47,459,281)	899,589
Shares issued for Jackfish Property	7, 11	120,000	-	-	120,000
Share-based compensation	12	-	178,800	-	178,800
Loss for the year		-	-	(985,848)	(985,848)
Balance - March 31, 2018		43,548,571	5,109,099	(48,445,129)	212,541

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

Sanatana Resources Inc.

Statements of Cash Flows

For the year ended March 31,	Notes	2018	2017
		$	$
Cash provided by (used in):			
Operating activities:			
Loss before income taxes		(985,848)	(502,375)
Adjustments for:			
Depreciation of property and equipment	8	7,236	7,104
Interest income		(2,603)	(179)
Other income		(45,000)	-
Gain on settlement of debt		-	(26,554)
Share-based compensation	12	178,800	-
Exploration and evaluation assets impairment	7	336,000	-
Changes in non-cash working capital items:			
Receivables		2,414	10,113
Prepaid expenses		16,951	(17,644)
Payables and accruals		(112,238)	(80,668)
		(604,288)	(610,203)
Investing activities:			
Prepaid exploration and evaluation advance		(2,042)	-
Exploration and evaluation assets	7	(529,052)	-
Equipment purchases		(16,302)	(1,196)
Sale of camp equipment	7	45,000	-
Interest received		2,603	179
		(499,793)	(1,017)
Financing activities			
Issuance of common shares, net of costs		-	620,551
		-	620,551
Change in cash and cash equivalents		(1,104,081)	9,331
Cash and cash equivalents, beginning of year		1,169,614	1,160,283
Cash and cash equivalents, end of year		65,533	1,169,614
Cash and equivalents comprise:			
Cash		65,533	769,614
Equivalents		-	400,000
		65,533	1,169,614

Supplementary cash flow information (note 15)

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

1. Nature of Operations and Continuance of Operations

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 $985,848 during the year ended March 31, 2018 and, as of that date the Company’s deficit was $48,445,129. 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 Company had cash and cash equivalents of $65,553 at March 31, 2018 (March 31, 2017 - $1,169,614).

The head office and principal address of the Company are located at Suite 908 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. These financial statements were authorized for issue by the board of directors on July 30, 2018.

2. Basis of Presentation

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

The 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, 2018.

The financial statements have been prepared under the historical cost basis. 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 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 financial statements are disclosed in note 4.

3. Summary of Significant Accounting Policies

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

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions 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.

3. Summary of Significant Accounting Policies (continued)

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

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

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 the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment 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.

c) Reclamation Deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits are classified as loans and receivables.

d) Property and Equipment

Recognition and Measurement

On initial recognition, property and equipment are 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.

3. Summary of Significant Accounting Policies (continued)

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

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

Subsequent Costs

The cost of replacing part of an item of property and 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 property and 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 property and 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
Office furniture	Straight line over 5 Years
Exploration equipment	Straight line over 5-25 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.

e) 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.

3. Summary of Significant Accounting Policies (continued)

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

f) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets, including prepaid bonds and deposits, are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise payables and accruals. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

3. Summary of Significant Accounting Policies (continued)

g) 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.

h) 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.

i) 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 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)

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. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

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.

j) 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.

k) 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.

3. Summary of Significant Accounting Policies (continued)

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 contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus 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.

l) Standards, Amendments and Interpretations 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, 2018. None of these are expected to be relevant to the Company's financial statements, except for the following:

IFRS 9 Financial Instruments

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 will be effective for the fiscal year beginning April 1, 2018. The impact of adopting IFRS 9 is considered to be not material.

IFRS 15 – Revenue Recognition

The IASB issued IFRS 15, which will be effective for the Company beginning on April 1, 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time and over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company is in the process of assessing the impact of this standard on its financial statements.

3. Summary of Significant Accounting Policies (continued)

IFRS 16 - Leases

IFRS 16 - Leases specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring that lessees recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and will be applicable to the Company's fiscal year beginning April 1, 2019, although early adoption is permitted.

4. Critical Accounting Estimates and Judgements

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

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

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

Exploration and Evaluation Expenditures

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

Title to Mineral Property Interests

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

Income Taxes

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

4. Critical Accounting Estimates and Judgements (continued)

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

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 12.

5. Cash and Cash Equivalents

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Short-term investment deposits included in cash and cash equivalents bear interest at 0.35% to maturity.

6. Receivables

At March 31,	2018	2017
	$	$
GST - value added tax	3,753	6,167
	3,753	6,167

7. Exploration and Evaluation Assets

The exploration and evaluation assets of the Company are comprised as follows:

Jackfish Property

In June 2017, the TSX-V approved the Company's option to acquire a 100% interest in the Jackfish gold property in Ontario from three parties, Alto Ventures Ltd. ("Alto"), Rudy Wahl ("Wahl") and a group of prospectors referred to for convenience as "Richards et al". The option provides that the Company pay $375,000 over a two-year period ($125,000 paid on closing), issue 10,500,000 common shares over a two year period (3,000,000 issued on closing) and reimburse exploration expenditures of $20,000 on closing (paid). In July 2018, the Company entered into an agreement to defer certain cash payments (note 20) but the total amount to be paid remains unchanged. In addition, the Company must spend $600,000 on exploration over 24 months ($225,000 in the first 12 months) and pay cash of $1,000,000 to Richards et al following receipt of a positive feasibility study

7. Exploration and Evaluation Assets (continued)

The Jackfish gold property is subject to royalties as follows:

(a) Net smelter return (“NSR”) royalties on metals of 2% to Wahl and Richards et al, and a gross overriding royalty on diamonds of 2% to Wahl, all of which have an option to reduce these royalties to 1% for cash payments of $1,000,000 to each party.

(b) NSR royalty on metals of 1% to Alto, for which a 2% NSR royalty already exists in a previous assignment agreement and which royalty has an option to be reduced to 1% for cash payment of $1,000,000.

(c) Additional NSR royalty to Alto of 0.33%, to Wahl of 0.33% and to Richards et al of 0.34% on any new property acquired within the area of interest contemplated in the option agreements.

The Company’s accounting policy is to only capitalize exploration expenditures once it has secured legal ownership or option rights. The Jackfish option transaction was formally approved on June 21, 2017 but the Company incurred expenditures of $55,403 on exploration and planning activities prior to that date. These costs were charged to operations, $27,374 in the current fiscal year and $28,029 in fiscal 2017.

Subsequent to year end, the Company entered into agreements with Alto and Wahl to defer cash payments by six months in exchange for agreeing to issue 350,000 common shares. The Company did not reach agreement with Richards et al and accordingly impaired the carrying value of the Jackfish Property by $336,000, which represents the purchase price and capitalized exploration costs associated with the Richards et al property.

Santoy Property

Sanatana has signed an asset purchase agreement, which is subject to TSX-V approval, with Brian Fowler and Christian Carl ("Fowler and Carl") to acquire the Santoy Property adjacent to the Company's Jackfish Property.

To acquire a 100% interest in the Santoy Property, Sanatana must, in aggregate:

a) Pay Fowler and Carl $12,500 cash;

b) The Company received TSX-V approval in April 2018 to issue 250,000 of the Company's common shares to Fowler and Carl (the shares were issued in April 2018 and are subject to a hold period that expires in August 2018); and:

c) Pay a net smelter return royalty on metals of 2% upon the commencement of commercial production to Fowler and Carl, with an option to reduce the royalty to 1% for cash payments of $1,000,000.

7. Exploration and Evaluation Assets (continued)

Capitalized expenditures during the year ended March 31, 2018 were:

	March 31, 2017	Change	March 31, 2018
	$	$	$
Acquisition costs	-	265,000	265,000
Sampling and assays	-	13,223	13,223
Contractor and consultant	-	161,404	161,404
Project management fees	-	94,000	94,000
Field and camp	-	16,572	16,572
Transport and accomodation	-	86,638	86,638
Permitting and other	-	14,197	14,197
Impairment	-	(336,000)	(336,000)
Jackfish Property	-	315,034	315,034

Mackenzie Property

In fiscal 2018, the Company realized $45,000 from the sale of camp equipment from its former Mackenzie diamond property. The cost of this equipment had been charged to impairment expense in a prior period.

8. Equipment

	Office Furniture	Computer Equipment	Exploration Equipment	Vehicles	Total
	$	$	$	$	$
Cost					
At March 31, 2016	34,703	9,075	63,497	34,204	141,479
Additions	-	1,196	-	-	1,196
At March 31, 2017	34,703	10,271	63,497	34,204	142,675
Additions	-	-	-	16,302	16,302
At March 31, 2018	34,703	10,271	63,497	50,506	158,977
Accumulated Depreciation					
At March 31, 2016	34,703	9,075	63,497	9,120	116,395
Charge for the period	-	264	-	6,840	7,104
At March 31, 2017	34,703	9,339	63,497	15,960	123,499
Charge for the period	-	396	-	6,840	7,236
At March 31, 2018	34,703	9,735	63,497	22,800	130,735
Net book value					
At March 31, 2016	-	-	-	25,084	25,084
At March 31, 2017	-	932	-	18,244	19,176
At March 31, 2018	-	536	-	27,706	28,242

9. Payables and Accruals

At March 31,	2018	2017
	$	$
Trade payables	190,548	289,910
Accrued liabilities	18,752	16,087
Exploration expenditures	1,982	-
Due to related parties	2,357	17,898
	213,639	323,895

10. Income Taxes

The material components of the income tax expense for the years ended March 31, 2018 and 2017 are as follows:

For the year ended March 31,	2018	2017
	$	$
Current tax recovery (expense)	-	-
Deferred tax recovery (expense)	-	-
Total income tax recovery (expense)	-	-

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

For the year ended March 31,	2018	2017
	$	$
Loss for the year before taxes	(985,848)	(502,375)
Statutory tax rate	26.30%	26.00%
Expected income tax recovery	259,300	130,600
Increase (decrease) in income tax recovery resulting from:		
Change in statutory rates	270,000	-
Non-deductible expenses	(48,600)	(400)
Impact of flow-through shares	(146,400)	-
Share issue costs	-	2,200
Impact of underprovision in prior year	-	1,300
Change in unrecognized deferred tax asset	(334,300)	(133,700)
Actual income tax recovery (expense)	-	-

Effective March 31, 2018, the Canadian Federal tax rate remained at 15.00% and the British Columbia provincial tax rate remained at 12.00%.

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,	2018	2017
	$	$
Deferred tax assets:		
Non-capital losses	3,845,800	3,611,200
Share issuance costs and others	116,100	114,100
Exploration and evaluation assets	3,216,600	3,119,000
	7,178,500	6,844,300
Unrecognized deferred tax assets	(7,178,500)	(6,844,300)
Deferred tax assets	-	-

10. Income Taxes (continued)

At March 31, 2018, the Company has accumulated Canadian Exploration and Development Expenditures of $12,228,266 (2017 - $11,967,934) and has accumulated non-capital losses totalling $14,243,898 (2017 - $13,889,248), which expire in various amounts from 2026 to 2038.

11. Share Capital and Reserves

Authorized share capital

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

Common Shares

Fiscal 2018

In June 2017, 3,000,000 common shares were issued in accordance with the Jackfish Property agreement (see note 7) at an issue-date fair value of $0.04 per share for an aggregate value of $120,000.

Fiscal 2017

In March 2017, the Company completed a non-brokered private placement of 10,870,000 flow-through units ("FT Units") at $0.05 per FT Unit and 3,720,000 non-flow-through units (“Units”) at $0.05 per Unit for aggregate gross proceeds of $729,500 plus $194,528 related to certain suppliers, vendors and directors who settled amounts owed to them concurrent with the non-flow-through private placement.

Each FT Unit comprised one common share of the Company that is a “flow-through share” within the meaning of the Income Tax Act (Canada) and one whole warrant. Each Unit comprised one non-flow-through common share of the Company and one warrant. Each warrant entitles the holder to purchase one additional non-flow-through common share of the Company at a price of $0.10 per common share for a period of 24 months from closing. Securities issued with the FT Units were subject to a hold period expiring July 22, 2017 and the securities issued with the Units were subject to a hold period expiring July 30, 2017.

The Company paid finders’ fees of $7,000, $1,200 in cash and $5,800 by issuing 116,000 non-flow-through common shares of the Company at a deemed price of $0.05 per non-flow-through common share.

11. Share Capital and Reserves (continued)

The following is a summary of changes in common share capital from March 31, 2016 to March 31, 2018:

	Note	Number of Shares	Share Price $	Common Shares $
Balance - March 31, 2016		120,773,834		42,707,020
Issuance of shares for settlement of payable balances	13	1,340,000	0.05	67,000
Private placements		2,380,000	0.05	119,000
Private placement of flow-through shares		10,870,000	0.05	543,500
Finder's fee issued as shares		116,000	0.05	5,800
Less share issue costs		-	-	(13,749)
Balance - March 31, 2017		135,479,834		43,428,571
Share issuance for Jackfish Property option		3,000,000	0.04	120,000
Balance - March 31, 2018		138,479,834		43,548,571

Reserves

Reserves comprise the fair value of stock option grants, agent warrants prior to exercise and settlement of amounts with existing shareholders. The following is a summary of changes in reserves from March 31, 2016 to March 31, 2018:

	$
Balance March 31, 2016	4,735,771
Units issued to existing shareholders on settlement of amounts owing	194,528
Balance March 31, 2017	4,930,299
Share-based compensation	178,800
Balance March 31, 2018	5,109,099

Warrants

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

	March 31, 2018		March 31, 2017	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of year	14,590,000	$0.10	1,250,000	$0.15
Granted	-	-	14,590,000	0.10
Expired	-	-	(1,250,000)	0.15
Balance, end of year	14,590,000	0.10	14,590,000	0.10

11. Share Capital and Reserves (continued)

Summary of outstanding warrants is as follows:

Expiry Date	Exercise Price	Financing Warrants
March 21, 2019	$ 0.10	10,870,000
March 29, 2019	$ 0.10	3,720,000
		14,590,000

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 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 December 2017.

In September 2017, the Company granted stock options to directors, officers, employees and contractors of the Company to purchase up to 6,800,000 common shares of the Company at a price of $0.06 per share. The stock options are exercisable on or before September 28, 2022 and vest in stages with 25% vesting immediately and the remainder to vest 25% every six months from the dated of the grant. Of the options granted 5,000,000 were awarded to directors and officers of the Company. The grant-date fair value of the options awarded was $0.04

	March 31, 2018		March 31, 2017	
	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Balance, beginning of year	4,550,000	$0.25	4,950,000	$0.27
Granted	6,800,000	0.06	-	-
Forfeited or expired	(2,650,000)	0.35	(400,000)	0.50
Balance, end of year	8,700,000	$0.07	4,550,000	$0.25

Summary of outstanding options at March 31, 2018:

	Outstanding Options			Exercisable Options	
Exercise Price Range	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
$0.06	6,800,000	$0.06	4.49 years	3,400,000	$0.06
$0.10	1,900,000	$0.10	0.88 years	1,900,000	$0.10
	8,700,000	$0.07	3.70 years	5,300,000	$0.07

12. Share-Based Payments (continued)

The Company incurred an expense of $178,800 for share-based payments for the year ended March 31, 2018 (2017 - $nil).

The fair value of the share-based payments was estimated using the Black-Scholes option pricing model with the following assumptions:

For the year ended March 31,	2018
Dividend yield	0%
Risk-free interest rate	1.8%
Estimated volatility	127%
Expected life in years	5

13. Related Party Transactions and Balances

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

For the year ended March 31,	2018	2017
	$	$
Salary	120,000	120,000
Director fees	10,000	-
Short-term benefits	4,316	4,428
Management fees - expensed	9,430	11,980
Share-based payments	131,000	-
Total	274,746	136,408
Included in the above is compensation paid through companies:		
S2 Management Inc.	9,430	11,980

S2 Management Inc. is controlled by the Company's CFO.

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

For the year ended March 31,	2018	2017
	$	$
Directors and officers	2,000	15,000
S2 Management Inc.	357	2,898
	2,357	17,898

During the year ended March 31, 2017, the Company issued 1,340,000 shares to key management for settlement of amounts owing.

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

14. Loss per Share

The calculation of the basic and diluted loss per share for the periods presented is based on the following data:

For the year ending March 31,	2018	2017
Loss for the year	($985,848)	($502,375)
Weighted average number of common shares outstanding	137,846,957	121,095,204
Loss per share	($0.01)	($0.00)

Diluted loss per share for the year ended March 31, 2018 and 2017 is the same as basic loss per share as the impact of the exercise of the share options and warrants is anti-dilutive.

15. Supplemental Cash Flow Information

Non-cash investing activities included the following:

For the year ended March 31,	2018	2017
	$	$
Non-cash investing activities:		
Shares issued for exploration and evaluation assets	120,000	-
Payables recorded for exploration and evalutation assets	1,982	-
Issuance of shares for settlement of payable balances	-	101,000

16. Commitments

a) In the event of a change of control of the Company, the Company may be required to pay up to $574,500 to directors, officers, employees and a contractor.

b) In March 2017, the Company undertook a flow-through financing (note 8) and at March 31, 2018 was obliged, under the terms of the financing and related tax law, to expend $139,000 on mineral exploration before December 31, 2018.

c) The Company is contractually committed to make payments regarding premises lease as follows:

Year ending March 31, 2019	$ 42,976

17. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. All assets are 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 year ended March 31, 2018.

19. Financial 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 March 31, 2018, 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 at the reporting date is the carrying value of cash and amounts receivable.

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.

19. Financial Risk Management (continued)

Fair Value

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

At March 31, 2018	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Cash and cash equivalents	65,533	-	-	65,533
	65,533	-	-	65,533
Liabilities:				
Payables and accruals	213,639	-	-	213,639
	213,639	-	-	213,639

At March 31, 2017	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Cash and cash equivalents	1,169,614	-	-	1,169,614
	1,169,614	-	-	1,169,614
Liabilities:				
Payables and accruals	323,895	-	-	323,895
	323,895	-	-	323,895

20. Events after the Reporting Period

a) In April 2018 the Company received TSX-V approval for the Santoy transaction (note 7) and issued 250,000 common shares subject to a hold period expiring in August 2018.

b) In May 2018, the Company completed the first tranche of a non-brokered private placement issuing 6,000,000 flow-through shares at $0.05 per share for gross proceeds of $300,000. The shares are subject to a hold period expiring in September 2018. In June 2018, the Company completed the second and final tranche of the non-brokered private placement, issuing 4,000,000 flow-through shares at $0.05 per share for gross proceeds of $200,000. The shares issued in the second tranche are subject to a hold period expiring in October 2018. Proceeds from the private placement will be used to explore the Jackfish Property.

c) In July 2018, the Company entered into agreements with two vendors of the Jackfish Property (Alto and Wahl, see note 7, to defer payment of $100,000 from June 2018 to December 2018 in exchange for agreeing to issue 350,000 common shares as consideration. An expenditure commitment to Alto was also deferred from June 2018 to December 2018. The third option agreement with Richards et al fell into default in June 2018 since scheduled cash and share payments were not made. The default must be remedied by August 31, 2018 or the Company will lose its rights to the Richards et al lands.