

SANATANA RESOURCES INC.

Management's Discussion and Analysis

September 30, 2020



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SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2020

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 November 26, 2020 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended September 30, 2020 and the Company's audited financial statements and related notes for the year ended March 31, 2020. This MD&A is intended to provide the reader with a review of the Company's performance for the period ended September 30, 2020 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 risk factors set out above.

The Company's unaudited condensed interim consolidated financial statements for the period ended September 30, 2020 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.

On May 8, 2020, the Company consolidated its share capital on a one-for-ten basis. All share and per-share amounts have been restated to reflect the consolidation.

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

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 the year ended March 31, 2020, the Company was primarily focused on the Tirua property in the Solomon Islands. The covid-19 pandemic forced a suspension of exploration on the Tirua property, but the Company plans to recommence exploration when conditions permit. The Company is working to secure exploration rights on a second property in the Solomon Islands, the Sutakiki property.

In July 2020, the Company entered into an option to acquire the Gold Rush Project in Ontario and subsequently started an exploration program. While the Company also has rights to the Empress and Santoy properties in Ontario, it does not plan to undertake significant further exploration on these properties.

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 July 2020, the Company entered into an option agreement to acquire the Gold Rush Project (see *Gold Rush Project* below).
- In August 2020, the Company closed a non-brokered private placement issuing 11,500,000 non-flow through units at \$0.10 per unit for gross proceeds of \$1,150,000 and 7,083,332 flow-through units at a price of \$0.12 per flow-through unit for gross proceeds of \$850,000 (see *Private Placement* below).
- In August 2020, the Company commenced exploration on its Gold Rush Project (see *Gold Rush Project* below).
- In September 2020, the Company appointed Anthony Dutton to its board of directors (see *Board and Advisory Board* below).
- In September 2020, the Company formed an advisory board and appointed Jonathan Hill as its inaugural member (see *Board and Advisory Board* below)..
- In September 2020, the Company granted incentive stock options to directors, officers, employees and contractors to purchase up to 3,400,000 common shares of the Company at a price of \$0.35 per share.
- In September 2020, Sanatana agreed to sell the rights to certain payments relating to its former Watershed Property to Ely Gold Royalties Inc. ("Ely Gold"). The consideration was \$2,500,000 in cash and 1,000,000 Ely Gold warrants with an approximate value of \$500,000. Ely Gold also agreed to subscribe for shares of the Company with a value of \$500,000. In October 2020, the Company signed a definitive agreement in respect of part

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of this transaction which is subject to TSX-V approval among other things. See *Ely Gold Transaction* below.

- In November 2020, the Company reported preliminary assay results from grab samples taken at the Gold Rush Property.

BOARD AND ADVISORY BOARD

In September 2020, the Company appointed Anthony Dutton to its board of directors as a non-executive director. Mr. Dutton is a seasoned business executive and entrepreneur who has worked as an early-stage investor and business founder. He was most recently co-founder, CEO and director of Cannex Capital, a pioneering US cannabis company, before its acquisition of 4Front Holdings Ltd. to create 4Front Ventures (CSE:FFNT), a large multi-state cannabis operator. Prior to Cannex, he was co-founder, CEO and director of IBC Advanced Alloys (TSX.V:IB), a manufacturer of high-performance alloys serving advanced manufacturing and aerospace contractors globally. He currently serves on the board of Value Capital Trust (TSX.V:VLU.P). Mr. Dutton has a BA (Econ) from UBC, a M. Architecture from Dalhousie and a joint MBA from the Cranfield School of Management, UK and the École Supérieure de Commerce in Lyon, France.

Also in September 2020, the Company appointed Jonathan Hill as the inaugural member of its advisory board. Mr. Hill is a geologist and mining industry professional with over 30 years of global exploration, mining operational and project development experience. He has served in senior exploration and operational roles with major mining companies Anglo American Corporation and AngloGold Ashanti Ltd and has been directly involved with the discovery and development of several world class greenfields and brownfields projects in Africa and the Americas. Mr. Hill is the founder and president of Exploration Outcomes Ltd., a geological exploration advisory firm headquartered in Brazil, is a director of Royal Road Minerals (TSX-V:RYYR) and Stratabound Minerals Corporation (CVE: SB), and is a senior advisor to the management committee of Jaguar Mining Inc. (TSE:JAG). Mr. Hill holds a BSc (Hons) Economic Geology and a BAppSc in Applied Geology. He is a Fellow of the Australasian Institute of Mining and Metallurgy.

Sanatana plans to expand its advisory board in due course with members who add specific technical and operational expertise.

COVID-19

The covid-19 pandemic has had a material adverse effect on the Company's operations. The Company's Tirua property is located in the Solomon Islands and there are quarantine limitations in Canada and travel bans in effect in the Solomon Islands and Australia (routes from Canada to the Solomon Islands generally pass through Australia). Accordingly, travel to monitor and undertake work is, effectively, impossible. Further considerations are that hospital facilities are limited in the Solomon Islands and travel insurance may not cover covid-19-related illness.

Furthermore, the Company will need additional financing to complete the recommended course of work under its NI 43-101 technical report (see *Tirua Property* below). Market conditions improved through the late spring of 2020 and, in August 2020, the Company closed a private placement. However, the August 2020 private placement funds are not sufficient to materially advance the Tirua property, even if it were possible to travel, but will allow the Company to satisfy its initial obligations under the Gold Rush Project option.

As a practical matter, the Company's ability to explore and develop the Tirua and Sutakiki properties will be adversely affected for some time and, in the absence of an extension to the Company's rights for Tirua, it may not be possible to fulfill the exploration obligations under the property's prospecting licence.

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The Company believes that it will be able to complete an exploration program on its Gold Rush Project in spite of the covid-19 pandemic but restrictions recently imposed in Ontario may have a short-term impact on Gold Rush exploration.

ELY GOLD TRANSACTION

In 2016, Sanatana sold its Watershed Property to a company ultimately owned by IAMGOLD Corporation ("Iamgold") but, under the terms of the sale, retained the rights to certain post-closing royalty and deferred payments (see *Watershed Property* below). In September 2020, Sanatana agreed a part-and-parcel agreement to sell its rights to the Watershed Property post-closing payment and undertake a private placement. The transaction has three principal components as described below, all of which are subject to TSX-V approval.

Sale of Royalty

Sanatana agreed to sell its right to a net smelter royalty for consideration of \$2,500,000 in cash and 1,000,000 Ely Gold warrants (the "Ely Warrants") with an approximate value of \$500,000.

In October 2020, Sanatana signed a definitive agreement to sell the Watershed royalty to Ely Gold for consideration comprising \$2,500,000 in cash and 1,000,000 Ely Gold warrants which will have a five-year term and an exercise price of \$1.31 per share. Ely Gold will have the right to accelerate expiry of the warrants if the 10-day volume-weighted average price of Ely Gold common shares exceeds \$1.97 per share. The parties also agreed to a 90-day period of exclusivity with respect to this transaction

In November 2020, Iamgold waived its right of first refusal as provided in the agreement governing the Watershed royalty. Accordingly, at the date of this MD&A, the only material remaining condition is approval of the TSX-V.

Deferred Payment Assignment

Sanatana also agreed to assign its interest in certain deferred payment to Ely Gold for \$10,000; The deferred payments are potentially:

- (a) \$1,500,000 upon a production decision by Iamgold on the Watershed Property; and
- (b) \$1,500,000 upon the commencement of commercial production by Iamgold on the Watershed Property.

Private Placement

Ely Gold agreed to subscribe for \$500,000 in Sanatana common shares as part of a non-brokered private placement at a price of \$0.33 per common share. The proceeds from the private placement are expected to be used by the Company for a drone-based magnetic survey and an initial drilling program at the Gold Rush property. Securities issued under the private placement will be subject to a period which will expire four months and one day from closing of the private placement.

MINERAL PROPERTIES

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%

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interest in the Gold Rush South Project (formerly the Turnbull-Carscallen Project) in the Timmins, Ontario region. Together, the Gold Rush North Project and the Gold Rush South Project are referred to as the "Gold Rush Project". The Gold Rush Project covers 2,200 hectares and is located near Timmins, Ontario.

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 ¹	\$15,000	1,050,000 shares	\$15,000	1,050,000 shares

¹ TSX-V approval granted July 23, 2020

In addition, the Company must pay an aggregate of \$240,000 in cash and issue shares with a value of \$250,000 over a three-year period to the underlying holders of the property interests:

Timing	Gold Rush North		Gold Rush South	
	Cash Payments	Share Issuances ¹	Cash Payments	Share Issuances ¹
On TSX approval	-	-	-	\$10,000 ²
July 2021	\$30,000	\$30,000	\$30,000	\$30,000
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 on August 18, 2020 through the issuance of 41,822 common shares

Furthermore, Sanatana has agreed to spend a minimum of \$250,000 on the Gold Rush Project prior to July 6, 2021. Upon the commencement of commercial production (as that term is defined in the option agreement) from the Gold Rush Project, South Shore will also be granted a 0.5% net smelter return ("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.

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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.

The option agreement and the finder's fee received TSX-V approval in July 2020.

Historic Exploration

The Gold Rush Project is known to have gold mineralization from historic exploration work recorded in assessment reports. In the claim block for the Gold Rush South Project, historic work reported in assessment reports shows that between 1927 and 1939, a shaft was sunk on the main vein (DeSantis Shaft) to 38 m below surface and from there 263 m of horizontal development was completed.

In 1972, the workings were dewatered, and an underground sampling/mapping project completed. The DeSantis vein strikes N13°W and dips vertically. It is 52 m long and has a maximum width of 1.2 m at surface, widening to 1.52 m at depth. Sampling from the south drift returned assays ranging from 4.35 g/t Au to 18 g/t Au within the quartz vein. Assays from pulps of grab samples from the trenches taken in 1983 returned up to 7.58% Cu.

Grab samples collected in 1998 from trenches to the south of the shaft returned assays up to 77.35 g/t Au gold (Wilson, MNDM, 2008). Numerous pits and trenches (eg Big Vein Pits) on the property have identified additional quartz veins (parallel veins, off-sets) with assay values ranging from trace to >1.0 opt Au.

Fifteen shallow, small diameter, drill holes averaging 15 m in length were drilled around the DeSantis shaft, mainly to the south, four of these recorded 1 m assays above 1 g/t Au.

In the Gold Rush North Project, historic prospecting discovered a 1.2 km E-W trending zone where 15 grab samples spaced semi-evenly apart, and all had anomalous gold with 10 of which assayed over 4 g/t Au.

Sample results stated in the historic reports have not been verified by the Company, and readers are cautioned not to place undue weight on such results. The historical grades are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the reports are unknown. Grab samples are selected samples and are not indicative of the average grade of mineralization hosted on the Gold Rush Project.

August 2020 Program

In August 2020, the Company commenced exploration at its Gold Rush Project. The Company's consultant geologist Kevin Kivi, P. Geo visited the Gold Rush Project and took grab samples from the Lalonde East Shear zone to verify gold reported previously by prospectors. Nine grab samples of quartz, chlorite and sericite veins mineralized with sulphides were collected and hand-delivered to ALS Minerals in Thunder Bay, Ontario for analysis. Six samples reported over 1 g/t Au and two reported 4.01 g/t Au and 5.06 g/t Au.

Three other grab samples are anomalous in gold and did not report significant values. Grab samples are selective samples meant to confirm the presence of gold. Grab samples are not indicative of the average grade of mineralization.

The Company is currently advancing the permitting required for the next phases of drilling and other exploration work, which will include prospecting, mapping, geophysics and channel sampling leading to an initial drill program once permits are in place.

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Samples were assayed for gold by ALS Laboratories using method Au-AA-23, in which a 30-gram pulp is analyzed by fire assay with Atomic Absorption finish, a method best suited for trace-level gold analysis from 0.05 to 10 g/t Au in rock. ALS Laboratories is an independent laboratory accredited to ISO/IEC 17025:2017 for specific analytical procedures. The laboratory has robust quality control and quality assurance protocols in place and reports analysis of two gold standard samples and two blank samples in the small batch of samples submitted by Sanatana. The company QP implemented secure chain of custody procedures and relied on Laboratory QA/QC for analytical precision and accuracy.

October 2020 Program

In October 2020, the Company undertook a further grab sample program to further understand the property. To date, the Company has received results from the following prospects, North Shaft, North Vein, Staten (a.k.a. Lalonde East), Di Paulo, Martel, and DC1. Grab samples of up to 27.3 g/t Au have been collected from the first round of exploration work. Samples greater than 5.0 g/t Au have been recovered from the Staten, North Vein, North Shaft and DC prospects. In addition to the high-grade gold, samples are also assaying for silver with an approximate ratio of 5:1. The highest grade silver result was from a sample taken at the Staten prospect that assayed 3.51 g/t Au and 53.4 g/t Ag. Out of the 106 samples, 25% reported above 1g/t. Further particulars are provided in the Company's news release of November 19, 2020.

The North Shaft, North Vein, Staten and DC1 veins have proven to be gold-bearing systems. The Martel and Di Paulo sphalerite-bearing quartz vein systems returned above 1% zinc values. Results are pending from the Leduc, De Santis and De Santis South prospects. Several prospects including 3-mile and NW are not yet sampled. Selective grab sampling was used to characterize and prioritize mineralized systems on the Gold Rush property. The reader should be made aware that grab samples are highly selective and do not necessarily translate to representative gold grade and resources.

The samples were collected from quartz veins, sulphide-bearing rocks and wall rocks around the prospects on the Gold Rush property. Activation Laboratories Ltd (Actlabs), an independent and ISO/IEC 17025:2005 accredited laboratory in Timmins analyzed grab samples using Fire Assay for Au and four-acid total digestion and multi-element ICPMS for trace elements. Sanatana implemented secure chain of custody protocols and relied upon Actlabs' internal laboratory QA/QC controls for compliance.

In October 2020, the Company mobilized an excavator to commence trenching and channel work on the North Shaft area. Trenches are being dug at 25m intervals parallel to the strike of this east-west brittle ductile quartz vein system gabbro hosted shear zone. This shear zone has been traced over 200m before it goes under deeper till cover. This work will continue until freeze up. The Company has issued tenders for ground geophysics surveys.

The technical information regarding the Gold Rush Project was prepared under the 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.

Tirua Property

Overview

On November 2, 2018, pursuant to a prospecting agreement signed with Trevor Wright, Sol Mar Por Pty Ltd, Brian D Edgar and Stadnyk and Partners (collectively, the "Vendors"), the Company received a letter of intent, from the Ministry of Mines, Energy and Rural Electrification (the

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"Ministry") in the Solomon Islands to issue a PL subject to the completion of surface access agreements ("SAA"), which allows for exploration of the Tirua project. The prospecting agreement was approved by the TSX-V in November 2019.

Sanatana's exploration and management team visited the Tirua property in November 2018 to acquire the necessary SAAs and to consider plans for an initial exploration program. The Company has engaged an independent QP to prepare a technical report in accordance with NI 43-101. In January 2019, the Company entered into a SAA with local landowners and the PL was subsequently granted.

The Company hired local geologists, local liaison staff and labourers to supplement the technical management team in the Solomon Islands. The exploration team is based in the small township of Seghe, which has accommodation and a domestic airport and is a 15-minute boat ride from the project.

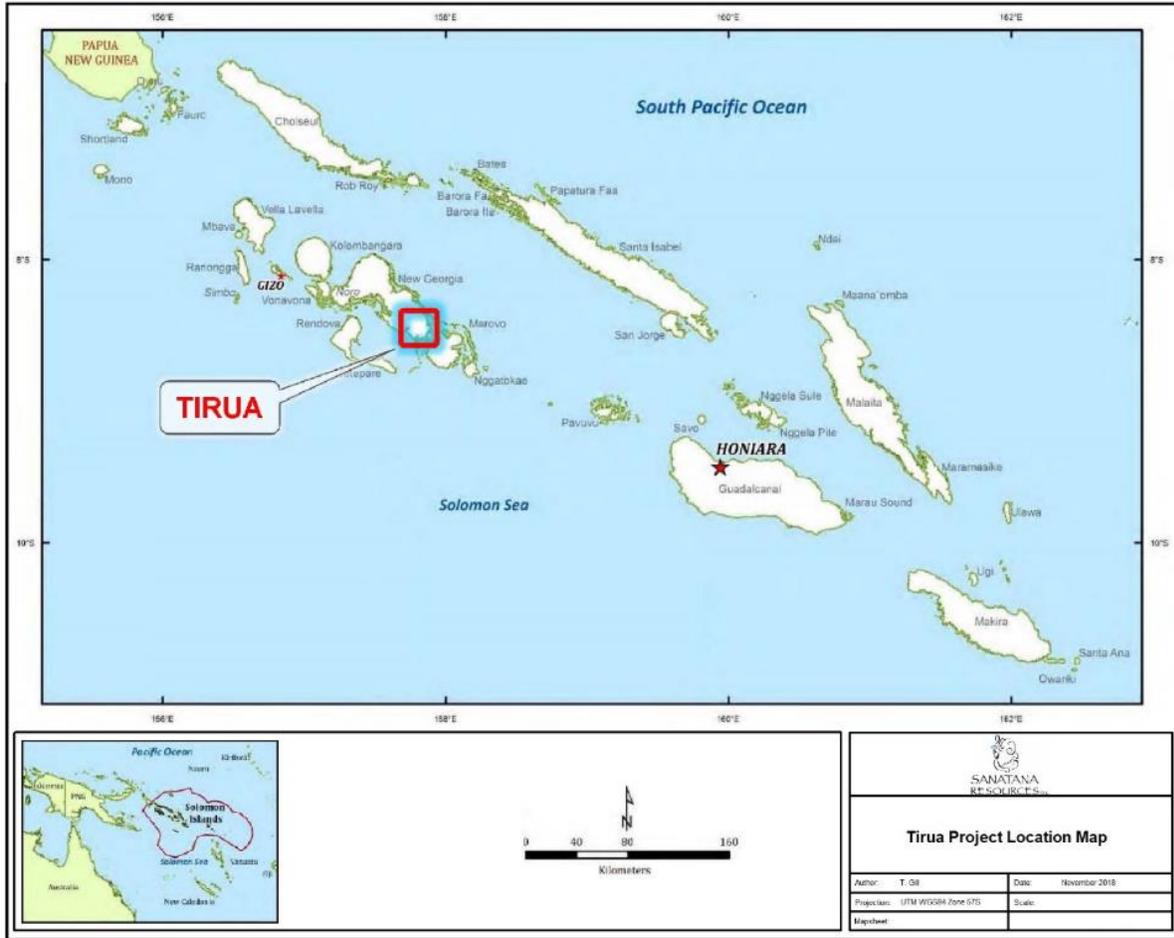
Prospecting Licence

On January 31, 2019, the Minister granted the Company PL-03/19 over the Company's 282 square kilometre Tirua project in the Solomon Islands.

The PL grants Sanatana the right to prospect for minerals until January 30, 2022 at which time it may be renewed for two more two-year periods, for a total seven-year term. Each two-year extension after the first three years requires the total PL area to be reduced by 50%. The 50% reductions can be waived by applying to the Minister with a reasonable case. After making a commercial discovery, the Company may apply to convert any portion of the PL to a mining lease. Mining leases are granted for 21-year periods.

The PL is subject to certain minimum exploration requirements, including expenditure of the equivalent of approximately \$2,700,000 over the first three-year period, and other customary conditions governing the Company's rights and obligations under the PL. As noted above, due to the covid-19 pandemic, travel to the Solomon Islands is not possible and, until such time as the travel ban is lifted, the Company cannot undertake exploration. The Company has discussed the effect of the covid-19 pandemic with the Ministry, which has indicated a willingness to make an accommodation, but the terms of any extension have not been formalized.

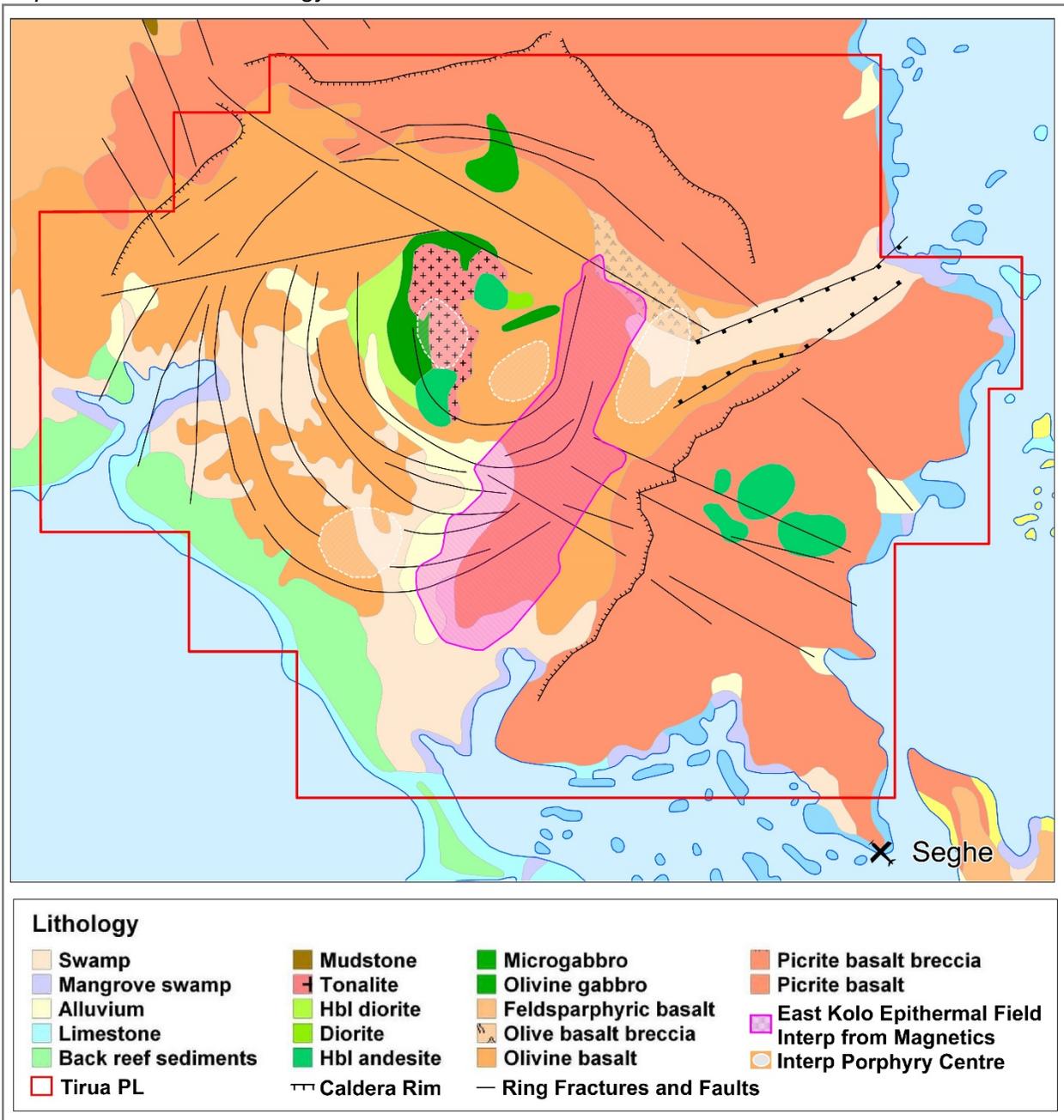
Map of the Tirua Property Location:



Tirua Property Description

The Tirua property, hosted in the 15 kilometres wide (68 square kilometres area) Kolo volcanic caldera, is located on New Georgia Island, in the Western Province of the Solomon Islands, part of the South Pacific archipelago of volcanic islands around the Ring of Fire. This chain of islands is renowned for hosting large copper and gold deposits, extending from Papua New Guinea in the northwest to Fiji to the southeast, most notably the giant epithermal Ladolam Gold Deposit on Lihir Island and the copper-gold porphyry Panguna deposit on Bougainville, immediately west of New Georgia Island.

Map of Tirua PL and Geology:



Previous Exploration

Previous surface and geophysical studies at Tirua led to the drilling of 18 diamond drill holes into a porphyry copper target. This and other limited work has demonstrated that the Tirua caldera has gold and copper mineralization, much of which, including significant targets developed by Mr. Wright, remains untested and underexplored.

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Highlights of past exploration:

- Drilling: The best intervals ran 62m @ 0.45% Cu from surface and 3m @ 2.52 g/t Au from 98m.
- Trenching: 15m @ 1.16 g/t Au (open).
- Maximum rock chip float samples of 37.7 g/t Au, 201 g/t Ag, and 0.25% Cu.
- Maximum soil samples of 158 g/t Au, 322 g/t Ag and 0.29% Cu.
- Completion of airborne magnetic and radiometric survey over the entire caldera highlighting a distinct ring structure.
- Widespread alteration and porphyry Cu-Au and epithermal Au mineralization associated with geophysical / structural interpretations.

Note that previous exploration was conducted between 1983 and 2013 and the data has been verified by Mr. Wright from open file reports obtained from the Ministry. These samples may not be indicative of future results.

Exploration Plan

Between May and November 2019 Sanatana conducted a field program and review of the Tirua property that enhanced its geological understanding of the Kolo Caldera mineralization. Four hundred thirteen soil samples were taken, along with a comprehensive analysis of historical data and drill core that were included in the acquisition of the Tirua property.

The first results from the ongoing soil sampling program, based on the exploration concepts developed by Sanatana from the analysis of 4,988 historical soil samples along with the reinterpretation of the airborne magnetic data, have been received. The sampling reveals an As, Sb, Mo anomaly in the southern part of the project above a prominent unexplored magnetic anomaly. This prospective area also has sericite, chlorite and phyllic alteration in the rare outcrops found in the local streams.

Infill soil samples were also taken from the SW edge of the Dilma lithocap porphyry zone which returned anomalous Au associated with As which constitutes a coherent Au epithermal anomaly >50ppb, approximately 300m by 700m in size. Alteration mapping and trenching are planned in future exploration programs to further develop this new area.

Samples were sent to MSA Labs ("MSA") of Langley, BC using air freight and a chain of custody. The samples were dried and sieved using the 80# sieve, 30-gram aliquots and then digested in aqua regia and subjected to 52-element ICP-MS analysis. MSA is an independent laboratory not associated with Sanatana.

The Company has completed an environmental baseline study which allows for exploration fieldwork to commence. The first phase of exploration is underway with 415 soil samples having been collected to date, with the aim of infilling and extending the existing grid coverage to better map the geochemical footprint of the interpreted epithermal field and porphyry centres on the ground.

The Company plans to fly a drone-based airborne magnetic survey over the East Kolo Epithermal Field to augment mapping the extent of the alteration in greater detail. Trench sampling and mapping along the pre-existing forestry road network using an excavator will be undertaken when these services can be procured in order to confirm the style of epithermal alteration and tenor of near surface gold mineralization. In the meantime, a limited amount of hand trenching over key areas is planned to get underway once the soil sampling is complete.

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A drill program will be designed to test the highest potential targets for significant epithermal gold and porphyry copper-gold mineralization at depth dependent upon the outcomes of the initial fieldwork.

On occasion, the Company had been prevented from accessing an area that comprises about 15% of the PL. Management believes it has reached a settlement with the landowners under the terms of the SAA to resolve this issue. The Company had expected to formally document confirmation of its rights under the SAA in March 2020 but this objective has been deferred because of covid-19 and will remain so until travel restrictions are lifted.

Principal Prospecting Agreement Terms

The Company entered into the prospecting agreement effective March 12, 2018. In October 2019, the parties to the agreement amended its terms to reflect the passage of time and to conform to regulatory requirements. As amended, the prospecting agreement calls for cash payments of up to \$360,000, of which \$329,362 was spent, to compensate the Vendors for their work in assessing the areas of interest, obtaining a letter of intent from the Solomon Islands government and negotiating land assess rights with indigenous landowners.

In addition, the prospecting agreement provides for the issuance of shares of the Company to the Vendors as follows:

Within 10 business days of TSX-V approval of the prospecting agreement (issued)	2,420,000
Within 10 business days of the receipt by the Company of a resource report prepared in accordance with NI 43-101 indicating a minimum resource of gold or gold equivalent if other metals are considered to be economic:	
• if at least 1,000,000 ounces	370,000
• if at least 2,000,000 ounces	370,000
• if at least 3,000,000 ounces	370,000
• if at least 4,000,000 ounces	370,000
	3,900,000
Maximum number of shares that may be issued	3,900,000

* TSX-V approval was granted on November 26, 2019.

Sutakiki Property

Overview

In February 2020, Sanatana entered into a letter agreement with Cobre Nuevo Exploration ("CNE"), a private Australian company, regarding the Sutakiki property. The letter agreement outlined terms for Sanatana to acquire the Sutakiki property and enter into a joint venture with CNE:

- Funded by CNE, Sanatana will obtain a letter of intent from the Ministry (as defined above) for the property to allow the Company to negotiate land access and, with CNE personnel, to conduct an initial due diligence assessment.

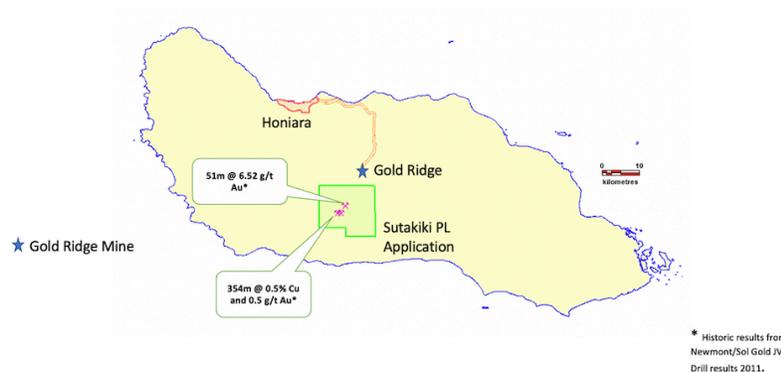
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- Upon the property successfully meeting initial due diligence requirements, Sanatana will enter into negotiations with local landowners allowing for a surface access agreement and for the Ministry to grant a prospecting licence.
- Upon the issuance of the prospecting licence, a joint venture will be formed between Sanatana and CNE on the following terms:
 - CNE can fund A\$2,500,000 to Sanatana for exploration and upon completion CNE will earn a 51% working interest of the joint venture.
 - CNE can fund a further A\$5,000,000 to earn an additional 25% working interest of the joint venture.
 - CNE can fund a further A\$7,000,000 to earn an additional 16.5% working interest. Sanatana's 7.5% working interest can be converted to a 1% NSR royalty, subject to half being purchased by CNE for A\$2,500,000 with a one-time right of first refusal on the balance.
 - Sanatana can charge a 10% management fee on funds expended on behalf of CNE.

The Sutakiki property is located 40 km from Honiara, the capital of the Solomon Islands, and within 7 km of the Gold Ridge gold mine, which is planned to open for gold production by Chinese-based interests in mid-2021. The Project lies within the Pacific “Ring of Fire” which hosts numerous world-class ore bodies.

Location of the Sutakiki Project, Guadalcanal, Solomon Islands



Sanatana subsequently initiated the acquisition process for the letter of intent and, in October 2020, received correspondence indicating that the application for a prospecting licence was successful and that the Minister of Mines, Energy and Rural Electrification would grant a letter of intent for three months over the area. However there can be no assurance that the property will pass the due diligence process. Further, there can be no assurance that Sanatana will be successful in negotiating a surface access agreement or that a prospecting licence will be issued. Sanatana currently awaits the letter of intent from the Ministry. After receiving this letter, the Company will work to sign an access agreement with the surface rights owners.

Sanatana is working with CNE and the Ministry to ascertain when travel can be safely made to the region. For the moment, other than this locally based work, the Company's activities have been curtailed until international travel is again possible.

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Empress Property

Empress Property Description

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 projects 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 initial transaction was approved by the TSX-V in June 2017. The option agreement was subsequently amended and the changes approved by the TSX-V in June 2019. The property comprises 58 cell mining claims, including 36 boundary cell mining claims, covering 733 hectares (1,812 acres).

In February 2020, Alto issued a notice of default. Sanatana had until March 8, 2020 to cure the matters raised which primarily related to communication of information. That information was provided and in April 2020 Sanatana completed the Empress property purchase.

Principal Agreement Terms

To acquire a 100% interest in the property under the amended option agreement, Sanatana:

- paid \$75,000 cash;
- issued 420,000 common shares;
- issued warrants to purchase up to 100,000 common shares;
- reimbursed expenditures of \$20,000; and
- incurred exploration expenditures of \$150,000 by December 31, 2019.

Exploration Plan

The Company does not plan to undertake any further work on the Empress property in the foreseeable future.

Santoy Property

Overview

In December 2017, Sanatana signed an asset purchase agreement, which was approved by the TSX-V in April 2018, with Brian Fowler and Christian Carl ("Fowler and Carl") 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 claims originally comprised 31 units making up three mining claims covering 479 hectares (1,184 acres). Now under the new MLAS introduced April 9, 2018, the property has increased to an area of 551 hectares (1,362 acres) made up of 32 cell mining claims, half of which are boundary cells.

Principal Agreement Terms

To acquire a 100% interest in the property, Sanatana:

- paid Fowler and Carl \$12,500 cash;
- issued 250,000 of the Company's common shares to Fowler and Carl; and
- agreed to pay an NSR 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 payment of \$1,000,000.

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Exploration Plan

The Company does not plan to undertake any further work on the Santoy property in the foreseeable future.

Watershed Property

In prior years, the Company acquired mineral property rights to the Watershed Property in Ontario. In March 2016, the Company sold its rights to the Watershed Property to a subsidiary of lamgold but was eligible to receive post-closing contingent payments as follows:

- \$1,500,000 upon a decision to put all or a part of the Watershed Property into commercial production;
- \$1,500,000 upon commencement of commercial production of all or a part of the Watershed Property; and
- 1% NSR royalty on the Watershed Property subject to a buy-out right at any time of 0.5% of the NSR for a further cash payment to Sanatana of \$2,000,000. The purchaser also has a right of first refusal on any sale of the NSR.

The Watershed Property is now part of lamgold's Côté Lake gold project. To date, lamgold has not completed any of the milestones that would result in any of the contingent payments being made.

In September 2020, the Company entered into an agreement to sell these post-closing contingent payments to Ely Gold (see *Ely Gold Transaction* above).

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	Exploration and Evaluation Assets	Loss for the Quarter	Loss per Share ¹ (Basic and Diluted)
	\$	\$	\$	\$
December 31, 2018	16,426	25,000	(430,609)	(0.03)
March 31, 2019	1,100,867	13,404	(383,479)	(0.02)
June 30, 2019	521,601	178,324	(246,372)	(0.01)
September 30, 2019	169,243	-	(571,805)	(0.03)
December 31, 2019	49,038	507,132	(166,378)	(0.01)
March 31, 2020	10,470	524,879	(118,072)	(0.01)
June 30, 2020	6,498	529,879	(148,477)	(0.01)
September 30, 2020	1,175,921	1,189,619	(455,081)	(0.02)

¹ Sum of quarterly loss per share may not equal year-to-date amounts due to rounding. These values have been restated to reflect the May 2020 share consolidation.

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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, 2018 – The Company incurred \$305,000 in expenditures relating to the Tirua property and \$35,000 in Jackfish-related expenditures that would have been capitalized in prior periods.
- March 31, 2019 – the Company expensed \$79,000 in Jackfish-related expenditures that would have been capitalized in prior periods and \$164,000 in expenditures relating to the Tirua property.
- June 30, 2019 – The Company expensed \$150,000 of exploration activities, primarily on the Tirua property.
- September 30, 2019 – The Company fully impaired the carrying value of the Empress and Santoy properties and incurred a \$263,000 charge to operations as a result.
- March 31, 2020 – Staff reductions and an inability to undertake exploration limited corporate activity and, consequently, reduced the quarterly loss.
- September 30, 2020 – The Company issued stock options and recorded share-based compensation of \$271,000.

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 period ended September 30, 2020, the fees were for advice on corporate finance structuring.
- Exploration and expense reflects exploration expenditures that do not meet the Company's policy for capitalization. In the current period, the expenditures related to assessments and management of the Sutakiki and Santoy properties. In the comparative period, the expenses related to exploration of the Tirua property as the test to capitalize such expenses was not met until November 2019. Following a September 30, 2019 impairment review of its Empress and Santoy properties, the Company has been expensing exploration expenditures incurred on these properties.
- Investor relations expenses relate to investor communications, including maintaining and updating the website and disseminating news releases. In view of corporate developments including the Gold Rush Project option and Ely Gold transaction described above, the Company significantly increased the scope of investor communications in the second fiscal quarter.
- 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.

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- Professional fees are amounts due to lawyers and auditors. Substantially all of the current period expense represents legal fees, much of which related to the Gold Rush Project and Ely Gold transactions.
- Rent relates to the Company's office premises and a storage locker. The Company rents month-to-month and there are no leases that meet the capitalization test under *IFRS 16 – Leases*.
- 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 but there was very little travel in the first quarter due to the covid-19 pandemic.
- Other income includes (1) a reversal of a prior overaccrual for penalties resulting from the Company's failure to satisfy an obligation to complete flow-through exploration expenditures by December 31, 2019; and (2) a recovery of expenditures related to the Sutakiki property.

Mineral Property Expenditures Charged to Operations

Expenditures on mineral properties charged to operations were:

Exploration Expenses			
Period Ended September 30		2020	2019
Tirua			
	Contractor and consultant	-	45,460
	Project management	-	81,240
	Field and camp	-	53,019
	Labour	-	73,884
	Transport and accommodation	-	105,048
	Permitting and other	-	41,975
		<u>-</u>	<u>400,626</u>
Sutakiki			
	Project management	<u>5,000</u>	-
		<u>5,000</u>	-
Santoy			
	Project management	<u>23,946</u>	-
		<u>23,946</u>	-
Total expense		<u>28,946</u>	<u>400,626</u>

The high expenditures on Tirua in the comparative period reflect the longer-than-expected time to obtain TSX-V approval for the transaction. TSX-V approval was necessary to satisfy the Company's accounting policy for capitalization of expenditures.

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Changes in Financial Condition

Changes in the Company's financial condition between March 31, 2020 and September 30, 2020 primarily represent:

- a private placement that generated net cash proceeds of \$1,857,000;
- option payments of \$601,000 to acquire an interest in the Gold Rush Project; and
- repayment liabilities incurred to support ordinary course operations including advances from the Company's CEO; and
- operations in the normal course.

Liquidity

At September 30, 2020, the Company had cash and cash equivalents of \$1,176,000 (March 31, 2020 - \$10,000) and working capital of \$845,000 (March 31, 2020 – working capital deficiency of \$425,000). Specific factors affecting the Company's liquidity are:

- To fulfill its commitment under flow-through financings, the Company must expend \$855,000 on qualifying exploration activities. Of these expenditures, \$5,000 was to be incurred before December 31, 2019 but the Company was unable to complete the work on time. The remaining \$850,000 must be spent on qualifying exploration expenditures before December 31, 2021.
- If the Ely Gold transaction completes as contemplated above, the Company will receive cash of \$3,000,000, however there can be no assurance that the transaction will receive TSX-V approval or will close.
- The Company has entered into an option agreement to acquire the Tirua project (see *Tirua Project* above); the remaining exploration expenditures required to satisfy the terms of the prospecting licence are estimated at \$2,213,000.
- The Company has entered into an option agreement to acquire the Gold Rush Project that could result in exploration and option payments as detailed above.
- A certain vendor has agreed to forebear on payment of a \$175,000 trade account until the Company completes an equity raise greater than \$2,000,000. Since reaching that agreement, the Company has not raised more than \$2,000,000 in a single equity raise.

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

Related Party Transactions

At September 30, 2020, the Company had three employees and arrangements with contractors to provide certain administrative, accounting and management services. In addition, certain directors, officers and significant shareholders provide management and consulting services to the Company. The Company is not committed under employment contracts.

Effective January 1, 2020, the Company's CEO agreed to waive accrual of his salary until the Company was on a better financial footing but his compensation was reinstated effective April 1, 2020.

In the quarter ended September 30, 2020, the Company's CEO advanced a further \$20,000 to support the Company's operations bringing total advances to \$24,000 following which the full amount was repaid from the proceeds of the August 2020 private placement.

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The Company settled a liability to its CEO by transferring a quad and trailer with an estimated market value of \$8,500 to him. The Company recorded a loss on disposition of the quad and trailer of \$400.

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.

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

Financial Instruments

Sanatana does not have any financial instruments that are likely to be settled for other than face value, so the risk to the business from financial instruments is low.

SHARE CAPITAL

As noted above, on May 8, 2020, the Company consolidated its share capital on a one-for-ten basis. All share and per-share amounts have been restated to reflect the consolidation.

The Company had 21,212,335 common shares issued and outstanding at March 31, 2020 and 42,137,489 common shares outstanding at September 30, 2020.

Private Placement

In August 2020, Sanatana closed a non-brokered private placement of 11,500,000 units at \$0.10 per unit; and 7,083,332 flow-through units at \$0.12 per flow-through units for aggregate gross proceeds of \$2,000,000.

Each unit consists of one common share and one-half of a share purchase warrant. Each unit warrant entitles the holder to purchase one common share at a price of \$0.18 until February 6, 2022. Sanatana is entitled to accelerate the expiry date of the unit warrants to the date that is 30 days following the date a news release is issued by the Company announcing that the weighted average daily trading price of its common shares on the TSX-V is or exceeds \$0.30 for 20 consecutive trading days.

Each flow-through unit consists of one common share, which will be designated as a flow-through share pursuant to the *Income Tax Act* (Canada), and one-half of a share purchase warrant. Each flow-through unit warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.20 until February 6, 2022. Sanatana is entitled to accelerate the expiry date of the flow-through unit warrants to the date that is 30 days following the date a news release is issued by the Company announcing that the weighted average daily trading price of its common shares on the TSX-V is or exceeds \$0.35 for 20 consecutive trading days.

In connection with the private placement, the Company paid finder's fees of \$107,566 and issued 564,000 compensation warrants and 429,216 finder's warrants to certain arm's length parties. Each compensation warrant entitles the holder to purchase a finder's unit at a price of \$0.10 per unit until August 6, 2022. Each finder's unit consists of one common share of the Company and one common share purchase warrant. Each finder's warrant entitles the holder to acquire one

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common share at a price of \$0.18 per common share until February 6, 2022. Each of the 429,216 finder's warrants entitles the holder to acquire one common share at a price of \$0.25 per share until August 6, 2021.

Securities issued under the private placement will be subject to a four-month hold period which will expire on December 7, 2020.

The proceeds from the private placement are expected to be used by the Company for its existing portfolio of exploration projects along with initial funding for the Gold Rush Project and for general and corporate purposes.

Share and Warrant Issuances

In August 2020, the Company issued a total of 18,583,332 common shares and 10,284,881 warrants as described under *Private Placement* above.

In August 2020, the Company issued 2,141,822 common shares as option payments and a further 200,000 common shares and 200,000 warrants as finder's fees. See *Gold Rush Project* above.

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 February 2020.

Share Option Activity

On September 20, 2020, the Company awarded options to purchase up to 3,400,000 common shares at \$0.35 per share to directors, officers, employees and consultants. The options expire September 30, 2025 and vest in installment over 18 months.

During the period ended September 30, 2020, options to purchase up to 100,000 common shares at \$0.60 per share were forfeited.

Dividends

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

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Outstanding Share Information

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

- 42,137,489 common shares;
- 564,000 compensation options to acquire units that would result in warrants being issued to acquire a further 282,000 common shares;
- 13,673,186 warrants to purchase common shares; and
- 3,870,000 stock options.

Fully diluted share capital based on outstanding shares, options and warrants is therefore 60,526,675 common shares including the potentially issuable 282,000 warrants to be issued on the exercise of the compensation options. In addition to issued share purchase warrants and stock options, there are outstanding agreements that could result in the issuance of additional shares and share purchase warrants as noted below.

The Company has committed to issue up to 1,480,000 common shares under the terms of its Tirua property prospecting agreement, see *Tirua Property* above, and agreed to issue a number of shares with a value of \$240,000 over a period of three years based on the 30-day VWAP of the Company's common shares as partial consideration for the Gold Rush Project (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 Gold Rush Project purchase and Tirua project obligations 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.

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,

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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 profitability of the Company's operations will be dependent on the market price of the resources it is seeking, currently gold and diamonds. 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.

Risk of Exploration in the Solomon Islands

The Company is subject to operational and political risks that are higher than it has experienced in the past now that it is exploring the Tirua and, potentially, Sutakiki properties. Distance from Canada, difficulty in directly supervising operations and a higher proportion of cash payments will increase operational risk. Furthermore, the Solomon Islands are subject to political risk arising from ethnic tensions and the results of climate change that could affect the short- or long-term prospects for the Tirua and Sutakiki properties.

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.

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 interest therein to be acquired, the directors will primarily consider the potential benefits to the Company,

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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. For all regulatory filings including news releases, please refer to the Company's profile on www.sedar.com.