

SANATANA RESOURCES INC.

Management's Discussion and Analysis

September 30, 2021



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Table of Contents

Introduction	1
Incorporation and Listing Information	2
Operating Report	2
Corporate Developments	2
Board of Directors	2
Covid-19	3
Mineral Properties	3
<i>Oweegee Dome Property</i>	3
<i>Gold Rush Project</i>	7
<i>Tirua Property</i>	9
<i>Sutakiki Property</i>	10
<i>Santoy Property</i>	10
<i>Empress Property</i>	10
Financial	11
<i>Selected Quarterly Financial Data</i>	11
<i>Results of Operations for the Period</i>	12
<i>Changes in Financial Condition</i>	13
<i>Mineral Property Expenditures Charged to Operations</i>	13
<i>Liquidity</i>	13
<i>Related Party Transactions</i>	14
<i>Critical Accounting Estimates</i>	14
<i>Financial Instruments</i>	14
Share Capital	14
<i>Share Issuances</i>	15
<i>Share Option Plan</i>	15
<i>Warrants</i>	15
<i>Dividends</i>	15
<i>Outstanding Share Information</i>	15
Risks and Uncertainties	16



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SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

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 22, 2021 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended September 30, 2021 and the Company's audited financial statements and related notes for the year ended March 31, 2021. This MD&A is intended to provide the reader with a review of the Company's performance for the period ended September 30, 2021 and through to the date of this report, and the factors reasonably expected to impact future operations and results. This MD&A contains forward-looking statements that are subject to certain risk factors included in this document.

The Company's unaudited condensed interim consolidated financial statements for the period ended September 30, 2021 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee.

All financial amounts in this MD&A are in Canadian dollars unless otherwise noted. Australian dollars are denoted by "A\$" and Solomon Islands dollars by "SBD".

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

INCORPORATION AND LISTING INFORMATION

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

OPERATING REPORT

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

In July 2021, the Company entered into an agreement with ArcWest Exploration Ltd. ("ArcWest") to option up to 80% of ArcWest's Oweegee Dome porphyry copper-gold project in British Columbia's Golden Triangle. Exploration results to date have been promising and the Company plans to direct most of its efforts on this property.

In July 2020, the Company entered into an option to acquire the Gold Rush Project, as defined below, in Ontario and subsequently undertook an exploration program. The Company negotiated amended option terms to reduce the 2021 options payments for the Gold Rush North and is currently in discussion regarding an amendment to the Gold Rush South option terms. The Company is evaluating exploration results to date to determine its plans for the property.

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

The Company suspended its exploration activity in the Solomon Islands as a result of the covid-19 pandemic. The Company now plans to focus its efforts on its Canadian properties and is unlikely to resume exploration in the Solomon Islands. Consequently, the Company has fully impaired the carrying value of its Tirua property.

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

CORPORATE DEVELOPMENTS

- In July 2021, the Company signed a definitive agreement regarding the Oweegee Dome property in British Columbia's Golden Triangle, see *Oweegee Dome* below. The agreement is still subject to TSX-V approval.
- Effective July 2021, the Company renegotiated the terms of the Gold Rush North option agreement to reduce cash and share payments to be made in 2021, see *Gold Rush Project* below.
- In the period through August 2021, the Company received results of assays and geophysical surveys conducted on the Gold Rush property.
- In August 2021, Darcy Will stepped down as a director of the Company.
- In September 2021, Rose Zanic joined the Company's board of directors.

BOARD OF DIRECTORS

In September 2021, Rose Zanic joined the Company's board. Ms. Zanic has over 25 years of capital markets and corporate finance expertise. She is a self-employed corporate finance

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

professional with significant experience advising Canadian public companies with financing and M&A transactions and providing public company administration. She previously spent 19 years with Wolverton Securities Ltd. where she was Senior Vice-President, Corporate Finance in charge of that firm's corporate finance and syndication departments. Ms. Zanic holds a CPA, CA designation and received a bachelor of commerce degree in finance from the University of British Columbia. She currently is a director of several Canadian publicly listed companies, including serving as audit committee chair. Ms. Zanic is also a member of the TSX Venture Exchange BC Local Advisory Committee.

In August 2021, Darcy Will stepped down as a director of the Company. He will continue in a consulting capacity in the short term.

COVID-19

The covid-19 pandemic has had a material adverse effect on the Company's operations. The Company's Tirua and Sutakiki properties are 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.

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.

The Company has been able to complete an exploration program on its Gold Rush Project in spite of the covid-19 pandemic, but conditions may change in the future. For the moment, covid-19 has not materially affected the Oweegee Dome project but, again, that may change as the pandemic progresses.

Due to difficulties caused by the covid-19 pandemic, in December 2020, Canada Revenue Agency announced it would extend the period to make eligible expenditures under flow-through offerings. The deadline for expending proceeds of the Company's 2020 flow-through financings has accordingly been extended from December 31, 2021 to December 31, 2022.

MINERAL PROPERTIES

Oweegee Dome Property

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

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

Option Agreement

The Company can earn an initial 60% interest in the Oweege Dome project by funding, over a four-year period, cumulative exploration expenditures of \$6,600,000 and by making staged cash and share payments totaling \$500,000 and 2,000,000 shares, respectively:

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

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

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

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

Historic Exploration

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

The work to date has generated three prospects.

Delta

The Delta prospect, comprises a 20 square kilometre area of alteration containing gossans, Cu-Au mineralized porphyritic intrusions and associated breccias. The system is hosted in turbiditic marine sediments of the Stuhini Group which also hosts the Red Chris and Saddle North porphyry Cu-Au deposits. The Delta prospect contains a number of zones of greater interest. The Delta ridge zone, where there is historic drilling, Shallow inclined diamond drill holes

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

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

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

Skowill

The Skowill East zone is located 10 km north of Delta zone and is an additional, virtually unexplored porphyry Cu-Au system on the property. Historical reports describe the zone as a 2 km long gossan comprising intensely QSP/clay-pyrite altered porphyritic intrusions, widespread breccia and associated copper occurrences. Skowill East is spatially associated with the contact between Stuhini Group sedimentary rocks and a succession of volcanic rocks that have recently been dated at 206 Ma. The zone is underlain by a prominent geophysical anomaly (magnetic high) and remains completely unexplored aside from basic prospecting and grab sampling.

Glacier

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

2021 Exploration Program

In mid-August 2021 Sanatana mobilized a field crew to a camp approximately 25 km north of the Oweegee project. The 2021 Oweegee exploration was focused on the highly gossanous Delta prospect and peripheral areas, as it is the most developed in order to get this prospect drill ready.

This work highlighted the Molloy Zone, mapped the Delta ridge and discovered the new Snowpatch zone, within the Delta prospect. Alteration is noted throughout the Delta prospect and is dominated by QSP (quartz, sericite pyrite), clay-pyrite alteration and phyllic-style alteration.

Mapping in 2021 progressed from the east to the west of the Delta prospect and revealed numerous outcrops of previously unrecognized diorite and diorite breccias. The mapping, previous drilling, and the alteration are consistent with a typical Cu-Au system buried or partly buried beneath its own alteration cap. Over 200 samples of rock chip and rock float were taken and sent for assay. Results are expected later in 2021.

Dias Geophysics has completed a 3-D IP survey of the Delta zone. The survey team completed over 10 line-km across six lines roughly orientated north-south and covered the Delta Ridge, Molloy and Snowpatch target areas. The final processed results from this survey are expected later in 2021.

The Delta area is underlain by a succession of sedimentary and mafic volcanic rocks intruded by widespread, variably altered and Cu-Au mineralized porphyries and associated breccias of

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

predominantly dioritic composition. Alteration throughout Delta is dominated by QSP and clay-pyrite. Potassic alteration has been observed as secondary biotite replacement of mafic minerals at the HEG showing at Snowpatch Creek.

Molloy Zone

In 2021 our team recognized the importance of the Molloy Zone and coined the name. It stands as the most drill-ready target on the property.

Porphyry style quartz-chalcopyrite stockwork veins ('B' veins) hosted in microdiorite have been identified at the Molloy zone. Despite the presence of porphyry Cu-Au style veining in outcrop, the Molloy zone has never been drill tested. Pyrite-chalcopyrite-bornite bearing, potassic altered breccia has been identified at Snowpatch Creek located about 2 km west of the Molloy zone.

Mapping and re-sampling in August 2021 of the Molloy showing indicate Cu-Au mineralization is hosted within quartz-chalcopyrite centreline veins and stockwork cutting fine grained equigranular microdiorite. The microdiorite is flanked to the west by a broad area of intense quartz-sericite-pyrite altered diorite breccia and capped by interpreted post mineral volcanic rocks. This suggests the microdiorite hosted mineralization is open to the north and possibly larger than exposed at surface.

Snowpatch Zone

The systematic mapping and sampling program at the Delta prospect has led to the discovery of a new zone of interest in the far west of the prospect, and has been named the Snowpatch Zone. Potassic alteration has been observed with a strong biotite replacement of mafic minerals along with copper sulphides and pyrite. This new zone highlights the large extent of the diorite and diorite breccias recognized for the first time by our work and the fact the alteration here seems to transition from phyllic, "QSP" alteration into the higher temperature potassic alteration that usually hosts the higher grades.

Skowill Prospect

The Oweegee Dome project hosts additional porphyry Cu-Au targets outside of the Delta target area including the Skowill East zone located 8 km north of Delta Zone. The gossanous Skowill prospect is underlain by a structurally complex succession of Permian limestone and variably altered volcanic rocks that have recently been dated at 204 Ma. The southeast margin of the two km gossanous ridge is underlain by a prominent 500 m diameter magnetic high which remains open to the northwest. Field exploration resulted in the discovery of magnetite-specular hematite-quartz-pyrite-chalcopyrite veining flanked by intense silica-pyrite+/-sericite alteration with local barite veining. This discovery has been named the *Tarn zone*.

The discovery of the Tarn Zone was significant enough to commission an airborne magnetic survey to cover this discovery and the area north, where there is no historic data. This survey was completed and the final product is expected later in 2021.

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

The technical information provided for the Oweegee Dome project was prepared under the supervision of Buddy Doyle. Mr. Doyle is a QP for the purposes of NI 43-101 – Standards of

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Period Ended September 30, 2021

Disclosure for Mineral Projects and has reviewed and approved the technical information disclosed above.

Gold Rush Project

Option Agreement

In July 2020, the Company entered into an option agreement with South Shore Partnership Inc. ("South Shore") to acquire: (1) a 100% interest in the Gold Rush North Project; and (2) a 100% interest in the Gold Rush South Project. Together, the Gold Rush North Project and the Gold Rush South Project are referred to as the "Gold Rush Project". The Gold Rush Project covers 2,200 hectares and is located near Timmins, Ontario.

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

Timing	Gold Rush North		Gold Rush South	
	Cash Payments	Share Issuances	Cash Payments	Share Issuances
On or before August 4, 2020	\$15,000	–	\$15,000	–
Upon TSX-V approval 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 cash and issue shares over a three-year period to the underlying holders of the property interests. Effective July 2021, the parties to the option

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

agreement amended the option terms so that, as amended, Sanatana must pay cash and issue shares as follows:

Timing	Gold Rush North		Gold Rush South	
	Cash Payments	Share Issuances ¹	Cash Payments	Share Issuances ¹
August 2020	-	-	-	\$10,000 ²
July 2021 ^{3,4}	\$17,000	100,000 shares	\$30,000	30,000
July 2022	\$40,000	\$40,000	\$40,000	\$40,000
July 2023	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$120,000	\$120,000	\$120,000	\$130,000

1. Share issuances are made at the higher of (a) Sanatana's 30-day VWAP on the TSX-V prior to the issue date and (b) \$0.09 per share.

2. Settled through the issuance of 41,822 common shares

3. Gold Rush North: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000. The cash was paid in August 2021 and the shares issued in November 2021.

4. Gold Rush South: Cash of \$20,000 paid, no shares issued at the date of this MD&A.

The Company is negotiating revised terms for the Gold Rush South 2021 option payments but there can be no assurance that the Company will be able to do so.

Sanatana agreed to spend a minimum of \$250,000 on the Gold Rush Project prior to July 6, 2021, which it has done. Upon the commencement of commercial production (as that term is defined in the option agreement) from the Gold Rush Project, South Shore will also be granted a 0.5% NSR royalty on the Gold Rush Project. In addition, the Gold Rush North Project and the Gold Rush South Project are each subject to a 2% NSR royalty upon commencement of commercial production, which may be reduced by 1% by paying the respective royalty holder \$1,000,000.

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

2021 Exploration Program

In February 2021, the Company completed analysis of an airborne magnetic survey flown by a drone at 50m line spacings on a NE-SW grid. The survey was completed by Stratus Aeronautics Inc. of Burnaby, BC and was designed to aid in geological mapping and structural interpretation.

The magnetic survey highlights that eight quartz vein gold prospects on the Gold Rush property are associated with either N-S structures (which host the De Santis, De Santis South and Staten prospects) or with structures trending at 340 degrees (which host the North Vein and North Shaft prospects). Some prospects occur at the intersection of these two trends.

Magnetic data also highlights the E-W trending Massey-Turnbull fault as a broad linear magnetic low. Magnetic low anomalies can result from magnetite destruction by mineralizing fluids, and if so Massey-Turnbull becomes an attractive exploration target, especially where it intersects gold-

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

bearing structures such as the 3 Mile quartz vein. The exploration paradigm is that structures with known gold mineralization become prospective along strike, especially where they jog, deflect or intersect other structures.

In early 2021, the Company also completed a line-cutting and IP/ resistivity survey on a five-line, 100m-spaced 1.5km grid cut through forests and wetlands to survey the North Shaft and North Vein gold prospects. The objective was to conduct geophysical orientation surveys over these known gold-bearing quartz veins. The line-cutting and IP/resistivity survey was undertaken by Exsics Exploration Ltd. of Timmins, Ontario and a subsequent CSAMT survey was completed by Clearview Geophysics Inc. of Brampton Ontario on the same grid.

There was no IP response over known quartz veins but both IP/ resistivity and CSAMT methods showed a conductive response around quartz veins. The IP/ resistivity method shows a diffuse response as the method determines averages of bulk earth. The CSAMT shows a sharper response more suitable for planning drill holes.

In March 2021, the Company received drilling permits and mobilized a drill rig and a scout drill. The program completed 23 holes NQ diameter (3,113m) on seven separate prospects. This program was designed as an initial test of the numerous prospects and gold showings on the property.

All holes intersected quartz veins, alteration and sulphides. Results from two prospects have been reported. At the North Vein prospect one of the four holes drilled returned 2m of 2.22 g/t from 51 m to 53 m. The holes tested a surface showing and demonstrated that the vein is cut by younger diabase dykes to the east but is open to the west. Seven holes were drilled in the Eastern Trend at the North Shaft prospect. Assays received to date confirm the first persistent mineralization ever discovered on the property. Mineralization shows a Au, Ag, Bi, Mo, Te and W "Kirkland Lake"-type element association. The drill results demonstrate a 150 m in strike, 100m depth of quartz vein hosted gold mineralization 1m to 5m in width and is open in all directions. The best assays include 6.35 g/t over 0.75m at surface, 2.45 g/t 55-56m in NS-21-04 and 2.08 g/t 54-55m in NS-21-05. Results from the other prospects drill tested (Elora, Desantis, Desantis South and Leduc) will be reported when received.

Exploration Plan

The Company is encouraged by the numerous gold-bearing shear hosted quartz vein systems on the property and is currently evaluating the results from the spring drill program. Once the Company has completed its analysis, it plans to undertake a second drill program in 2021.

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

Tirua Property

Overview

On November 2, 2018, pursuant to a prospecting agreement, the Company received a letter of intent, from the Ministry of Mines, Energy and Rural Electrification (the "Ministry") in the Solomon Islands to issue a prospecting licence 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 RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

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 engaged an independent QP to prepare a technical report in accordance with NI 43-101. In January 2019, the Company entered into a SAA and was subsequently granted prospecting licence PL-03/19 over the Company's 282 square kilometre Tirua property. The prospecting licence 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.

Impairment

In September 2021, the Company concluded that the favourable outlook for development of the Oweege Dome property combined with the uncertain prospects for development of the Tirua property due to the covid-19 pandemic indicated that the Company should direct its efforts towards the Oweege Dome property. The Company therefore fully impaired the carrying value of the Tirua property effective September 30, 2021.

Sutakiki Property

In February 2020, Sanatana entered into a letter agreement with Cobre Nuevo Exploration ("CNE"), a private Australian company, regarding the Sutakiki property in the Solomon Islands. The letter agreement outlined terms for Sanatana to acquire the Sutakiki property and enter into a joint venture with CNE. In October 2021, CNE terminated the letter agreement citing difficulties caused by the covid-19 pandemic.

Santoy Property

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

Empress Property

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

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

FINANCIAL

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

Selected Quarterly Financial Data

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

Quarter Ended	Cash and Equivalents and Liquid Short-Term Investments	Exploration and Evaluation Assets	Income (Loss) for the Quarter	Income (Loss) per Share ¹ (Basic and Diluted)
	\$	\$	\$	\$
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)
December 31, 2020	4,593,957	1,551,008	2,796,027	0.06
March 31, 2021	4,039,459	1,799,485	(827,112)	(0.02)
June 30, 2021	3,088,013	2,530,750	(183,344)	(0.00)
September 30, 2021	2,544,225	2,081,998	(1,013,169)	(0.02)

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.

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:

- 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 share options and recorded share-based compensation of \$271,000.
- December 31, 2020 – The Company recorded a gain of \$3,030,000 on the sale of residual mineral property rights relating to the Watershed Property and share-based compensation of \$248,000.
- March 31, 2021 – The Company paid a \$100,000 bonus to its CEO and recorded share-based compensation of \$248,000.
- September 30, 2021 – The Company fully impaired the carrying value of its Tirua property and recognized a charge of \$557,000 and charged exploration expenditures of \$563,000 to operations while recording a \$339,000 unrealized gain on short-term investments.

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Period Ended September 30, 2021

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, 2021, the fees were for general geological consulting.
- Exploration expense reflects exploration expenditures that do not meet the Company's policy for capitalization. In the current fiscal year, substantially all of the expenditures related to an option payment and due diligence on the Oweege Dome property. In the comparative period, the expenses related to the Santoy property.
- Investor relations expenses relate to investor communications, including maintaining and updating the website and disseminating news releases. In view of corporate developments including the Oweege Dome and Gold Rush Project options and the Ely Gold transaction, the Company significantly increased the scope of investor communications during and after the second quarter of fiscal 2021.
- Management fees and salaries represent amounts paid to officers, employees and contractors and related benefits, net of amounts capitalized to exploration and evaluation assets or allocated to exploration or property investigation costs.
- Professional fees are amounts due to lawyers and auditors. About \$19,000 of the expense was for part of the annual audit and the balance was for legal fees on various matters. Legal fees associated with private placements are offset against funds raised rather than expensed, but no such fees were incurred in the period.
- 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*.
- Share-based compensation in the current period represents the fair value of options granted to directors, officers, employees and contractors calculated using the Black-Scholes option pricing model. The Company awarded options in September 2020 and April 2021 and will recognize the fair value of the options over their vesting period which ends in March 2022 and October 2024 respectively.
- Travel and accommodation represents the cost for management to travel to Sanatana's exploration and evaluation assets and for corporate development activities. Travel and accommodation expense fluctuates significantly from period to period depending on the initiatives under way but there has very little travel since the start of the covid-19 pandemic.
- Unrealized loss on marketable securities primarily relates to the change in the fair value of the Gold Royalty Corp. warrants. The Company held warrants to purchase shares of Ely Gold Royalties Inc. which was acquired by Gold Royalty Corp. in August 2021. The warrants were previously trading below their exercise price but were in the money at September 30, 2021 resulting in a significant increase in fair value.
- Other income in the current period includes (1) satisfaction of the obligation to renounce flow-through tax benefits and (2) a recovery of expenditures related to the Sutakiki property.
- Gain on settlement of debt arose on the settlement of a debt of \$100,500 with shares that had a grant-date fair value of \$61,250.

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Period Ended September 30, 2021

Changes in Financial Condition

Changes in the Company's financial condition between March 31, 2021 and September 30, 2021 primarily represent:

- transfer of \$1,500,000 to short-term investments;
- increase in the carrying value of Gold Royalty Corp. warrants;
- impairment of the Tirua property carrying value of \$557,000;
- accounts payable was unusually high due to accruals for recently completed work on the Oweege Dome property.
- settlement of a liability of \$100,500 through the issuance of shares; and
- operations in the normal course including exploration on the Gold Rush and Oweege Dome properties.

Mineral Property Expenditures Charged to Operations

Expenditures on mineral properties charged to operations were:

Exploration Expenses		
Period Ended September 30	2021	2020
	\$	\$
Oweege Dome		
Acquisition	12,500	-
Exploration	551,293	
	<u>563,793</u>	<u>-</u>
Santoy		
Project management	-	23,946
	<u>-</u>	<u>23,946</u>
Sutakiki		
Field and camp	14,165	5,000
	<u>14,165</u>	<u>5,000</u>
Total expense	<u>577,958</u>	<u>28,946</u>

The Company made an initial option payment for the Oweege Dome property in the current period but had not yet secured exploration rights (and still has not) that would be necessary to capitalize exploration costs.

Liquidity

At September 30, 2021, the Company had cash and liquid short-term investments of \$2,544,000 (March 31, 2021 - \$4,039,000) and working capital of \$2,903,000 (March 31, 2021 - \$4,087,000). Specific factors affecting the Company's liquidity are:

- To fulfill its commitment under flow-through financings, the Company must expend \$119,000 on qualifying exploration activities before December 31, 2022.
- The Company has an option agreement to acquire up to an 80% interest in the Oweege Dome project that will require exploration and option payments. Exploration expenditures on this property will likely satisfy the flow-through obligation.
- 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 \$2,455,000 at prevailing exchange rates, but the Company does not expect that it will proceed with that project.

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

- The Company has an option agreement to acquire the Gold Rush Project that requires exploration and option payments as detailed above.
- Shares received on the exercise of Gold Royalty Corp. warrants are subject to trading restrictions that would prevent the sale of the shares for at least six months after exercise.

Sanatana expects to address its funding needs through private placements or joint ventures but may not be able to do so on acceptable terms or at all. If the Company's share price improves, 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, 2021, 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.

Critical Accounting Estimates

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

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

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

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

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

Financial Instruments

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

SHARE CAPITAL

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 48,604,155 common shares issued and outstanding at March 31, 2020 and 48,954,155 common shares outstanding at September 30, 2021.

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Period Ended September 30, 2021

Share Issuances

In April 2021, the Company issued 350,000 common shares to settle a liability due to a supplier of \$100,000. In November 2021, the Company issued 100,000 common shares as partial consideration for the Gold Rush North option.

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 January 2021.

Share Option Activity

In April 2021, the Company awarded options to purchase up to 400,000 common shares at \$0.16 per share for a period for five years to a director.

In October 2021, the Company awarded options to purchase up to 600,000 common shares at \$0.16 per share for a period for five years to a director (400,000 options) and a contractor (200,000 options).

Warrants

In August 2021, 429,216 warrants with an exercise price of \$0.25 expired unexercised.

Dividends

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

Outstanding Share Information

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

- 49,054,155 common shares;
- 564,000 compensation warrants to acquire units that, if exercised, would result in the issuance of 564,000 common shares and warrants to acquire a further 282,000 common shares;
- 15,671,970 warrants to purchase common shares; and
- 4,870,000 share options.

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

Fully diluted share capital based on outstanding shares, options and warrants is therefore 70,442,125 common shares including the potentially issuable 282,000 warrants to be issued on the exercise of the compensation warrants. In addition to issued share purchase warrants and share options, there are outstanding agreements that could result in the issuance of additional shares:

- Oweege Dome project: Up to 2,000,000 common shares, see *Oweege Dome Project* above;
- Gold Rush Project: Common shares with a value of \$210,000 based on the 30-day VWAP of the Company's common shares, see *Gold Rush Project* above; and
- Tirua property: Up to 1,480,000 common shares, although the Company does not expect to proceed with the Tirua property.

RISKS AND UNCERTAINTIES

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

Capital Markets and Economic Uncertainty

Sanatana will have to raise additional funds to fulfill its Oweege Dome project, Gold Rush project and, should it continue in the Solomon Islands, 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, quantity and quality of ore concentration of gold, proximity to infrastructure, financing costs and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

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

SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2021

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

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

Risk of Exploration in the Solomon Islands

The Company is subject to operational and political risks when exploring the Tirua property. 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 properties should the Company recommence exploration there.

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, 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.