

SANATANA RESOURCES INC.

Management's Discussion and Analysis

March 31, 2021



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SANATANA RESOURCES INC.

Management's Discussion and Analysis Year Ended March 31, 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 July 8, 2021 and should be read in conjunction with the Company's audited annual consolidated financial statements 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 year ended March 31, 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 risk factors set out above.

The Company's audited consolidated financial statements for the year ended March 31, 2021 have been prepared in accordance 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.

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".

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INCORPORATION AND LISTING INFORMATION

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

OPERATING REPORT

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

In April 2021, the Company signed a non-binding letter of intent to option the Oweege Dome property in northwestern British Columbia.

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 January through June 2021, the Company received results of assays and geophysical surveys conducted on the Gold Rush Property.
- In March 2021, the Company received drilling permits and commenced a drill program on the Gold Rush Property.
- In April 2021, Tom Obradovich joined the board of directors.
- In April 2021, the Company signed a letter of intent regarding the Oweege Dome property in BC's Golden Triangle.

BOARD OF DIRECTORS

In April 2021, the board of directors appointed Mr. Tom Obradovich to the board. Over a career of 38 years, highlights of Mr. Obradovich career include co-founding Canadian Royalties Inc. and upgrading and doubling the resource of Young-Davidson Mines which was acquired by Northgate Minerals in 2005; he was one of the founders of Aurelian Resources Inc. which discovered the Fruta Del Norte gold deposit in Ecuador and Mr. Obradovich raised the initial capital to start U3O8 Corp. which is developing uranium deposits in Guyana.

Mr. Obradovich became President and CEO of Barkerville Gold Mines in January of 2015 and was part of the team that turned the company into a debt-free mining and exploration vehicle with a market capital in excess of \$200 million and \$60 million in treasury before resigning in July 2016. He was appointed lead director of Dalradian Resources in 2011. Dalradian developed a

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multi-million-ounce gold deposit in Northern Ireland which was subsequently sold for \$560 million to Orion Mine Finance.

More recently, Mr. Obradovich amalgamated a private exploration company with Conquest Resources Ltd. to explore for copper deposits in and around the Temagami Magnetic Anomaly. He is currently chairman of Sable Resources Ltd.

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.

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 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.

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.

OWEEGEE DOME PROPERTY

In April 2021, the Company entered into a non-binding letter of intent with ArcWest Exploration Inc. ("ArcWest") to negotiate an earn-in and joint venture agreement on ArcWest's Oweege Dome porphyry copper-gold (Cu-Au) project, located in BC's Golden Triangle. ArcWest's 100% owned Oweege Dome project is located 45 km east of Seabridge Gold's KSM-Iron Cap porphyry Cu-Au deposits.

It is contemplated that the Company will be able to earn an initial 60% interest in the Oweege Dome project by incurring assessment and exploration expenditures of \$6,600,000 in stages over the period ending December 31, 2024 and making staged cash and share payments totalling \$500,000 and 2,000,000 shares, respectively over the same period. Payments to ArcWest can be made in cash, Sanatana's common shares or a combination of 50% cash and 50% shares at ArcWest's election. It is contemplated that Sanatana will have the ability to earn an additional 20% interest, for an aggregate 80% interest, or form a joint venture.

The Company is negotiating a definitive agreement that will be subject to customary approvals including that of the TSX-Venture Exchange. There can be no assurance that a definitive agreement with ArcWest will be completed as proposed or at all.

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

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royalty and deferred payments (see *Watershed Property* below). In September 2020, Sanatana agreed to a part-and-parcel agreement to sell its rights to the Watershed Property post-closing payment and undertake a private placement. The transaction closed in December 2020 and had three principal components:

Sale of Royalty

Sanatana sold its right to a net smelter royalty for consideration of \$2,500,000 in cash and warrants to purchase up to 1,000,000 Ely Gold common shares exercisable at \$1.31 per share until December 3, 2025. Ely Gold has the right to accelerate expiry of the warrants if the ten-day volume-weighted average price of Ely Gold common shares exceeds \$1.97 per share. Shares acquired under the warrant are subject to a hold period that expires on April 4, 2021. The Company paid a finders' fee of \$150,000 to an arms-length party in connection with the royalty sale.

In June 2021, Ely Gold announced that it was planning to be acquired by Gold Royalty Corp. (NYSE:GROY). The effect of this transaction, when and if completed, is that the 1,000,000 Ely Gold warrants will become warrants to purchase up to 245,000 shares of Gold Royalty Corp. at an exercise price of \$5.35.

Deferred Payment Assignment

Sanatana also assigned its interest in certain deferred payments to Ely Gold for \$10,000. The deferred payments are potentially:

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

Private Placement

Ely Gold subscribed for 1,666,666 common shares of the Company at \$0.33 per share for gross proceeds of \$500,000. 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 are subject to a hold period which expires April 12, 2021.

The Company paid a finder's fee of \$150,000 to an arm's length party in connection with these transactions.

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% 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.

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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
August 2020	-	-	-	\$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 through the issuance of 41,822 common shares

Furthermore, 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% 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.

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.

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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, MNM, 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.

2020 Exploration Program

The Company commenced exploration in September 2020 with the first step being to submit permits to drill and cut grids for geophysics and trenching. While awaiting approval for the work permit, the Company commenced prospecting. This work located eight prospects from which significant gold assays were received.

In early October 2020, the Company received its exploration permit. An excavator was mobilized to the property to commence stripping to expose outcrop at the North Shaft prospect. This work continued until the onset of winter conditions in November. Shear zones and quartz veining was traced for 200m and is open in both directions. Assays are awaited.

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.

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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-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. Line cutting of infill 50m spaced lines is underway.

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. All holes intersected quartz veins, alteration and sulphides. The Company received assays from the first prospect, "North Vein" with 2m at 2.24 g/t Au reported. The Company expects to report on the remaining drill holes in due course.

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 will undertake a second drill program.

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 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 "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

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of Seghe, which has accommodation and a domestic airport and is a 15-minute boat ride from the project.

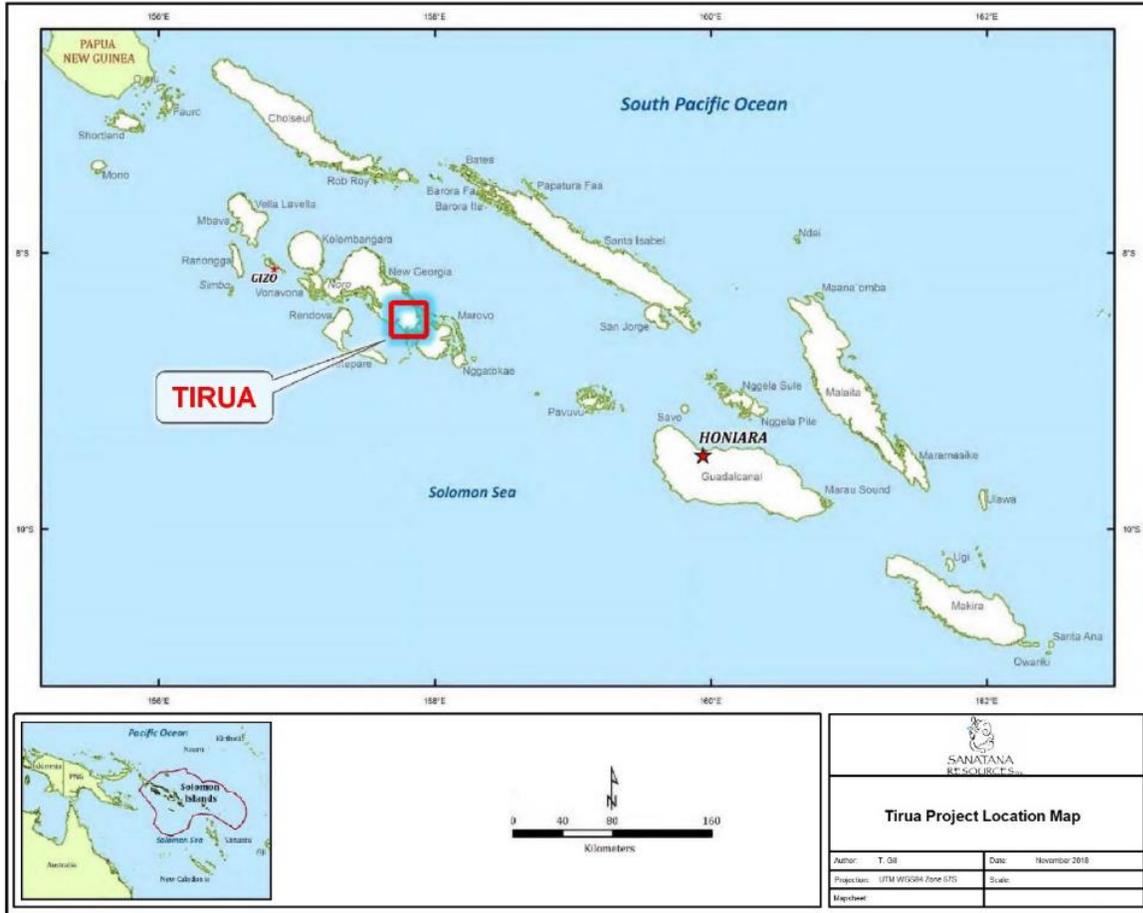
Prospecting Licence

On January 31, 2019, the Minister granted the Company PL-03/19 over the Company's 282 square kilometre Tirua property 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 \$2,550,000 (at prevailing exchange rates) 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. If the Company is unable to negotiate an extension, it is very unlikely to be able to satisfy the requirement to spend approximately \$2,550,000 by January 2022 and may lose its exploration rights as a result.

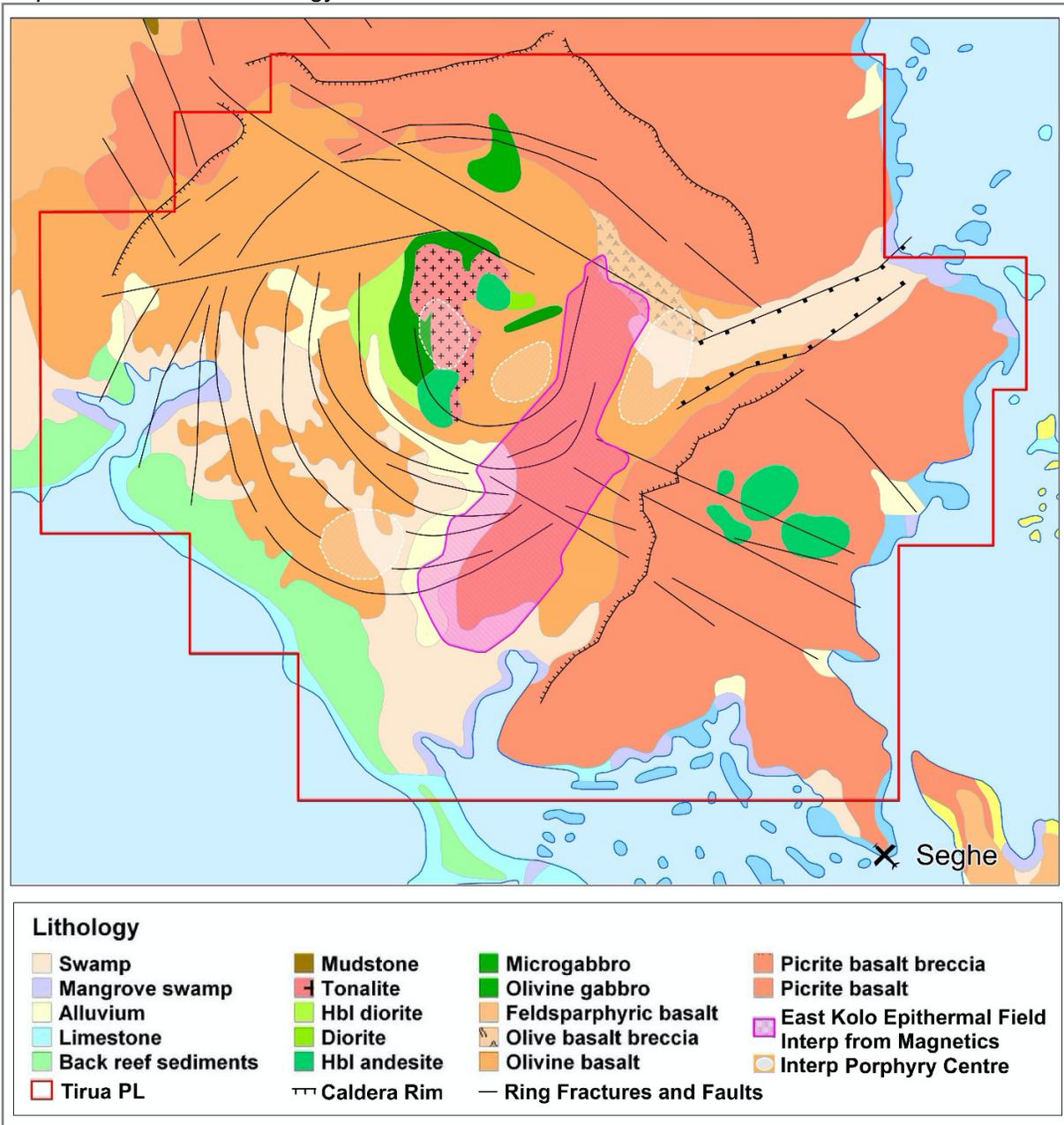
Map of the Tirua Property Location:



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.

Highlights of past exploration:

- Drilling: The best intervals ran 62m @ 0.45% Cu from surface and 3m @ 2.52 g/t Au from 98m.

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- 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 and 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.

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.

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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
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.
- 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.

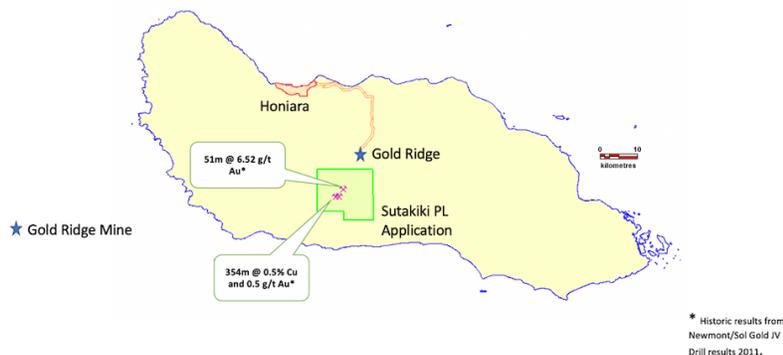
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- Upon the issuance of the prospecting licence, Sanatana and CNE will form a joint venture on the following terms:
 - CNE can fund A\$2,500,000 to Sanatana for exploration and upon completion CNE will earn a 51% working interest of the joint venture.
 - 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. The project lies within the Pacific "Ring of Fire" which hosts numerous world-class ore bodies.

Location of the Sutakiki Project, Guadalcanal, Solomon Islands



In November 2020, Sanatana was awarded a letter of intent over the 188 square km tenure. The letter of intent allows Sanatana exclusive access to negotiate with local landholders both an initial due diligence visit and, should the property pass due diligence, an SAA. Once an SAA has been negotiated a PL is issued which gives the PL holder an exclusive three-year term to prospect and explore the project. The Company was unable to make progress on the property due to covid-19 and, in April 2021, the Ministry granted a three-month extension to the letter of intent.

There can be no assurance that Sanatana will be successful in negotiating an SAA or that a PL 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.

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

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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.

Exploration Plan

The Company is planning to undertake a drill program on the Santoy property in the spring or summer of 2021. This work will be coordinated with exploration work on the Gold Rush property.

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 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 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.

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Watershed Property

In December 2020, the Company completed the sale of its residual rights to the Watershed Property. See *Ely Gold Transaction* above.

FINANCIAL

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

Selected Annual Financial Data

Year Ended March 31	2021	2020	2019
	\$	\$	\$
Results of operations:			
Income (loss) for the year	1,365,357	(1,102,627)	(1,778,407)
Basic and diluted income (loss) per share	0.04	(0.06)	(0.12)
Financial condition:			
Cash	3,038,829	10,470	1,100,867
Exploration and evaluation assets	1,799,485	524,879	13,404
Total assets	6,416,837	568,220	1,150,597
Shareholders' equity	5,969,046	115,276	655,323
Cash flow:			
Exploration expenditures	(637,889)	(743,038)	(835,778)
Issuance of common shares, net of issue costs	3,464,981	(420)	2,224,675

The primary factor affecting changes in income / loss from year to year is the sale of residual mineral property rights to the previously-owned Watershed Property in fiscal 2021 which resulted in a gain of \$3,030,000.

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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	Income (Loss) for the Quarter	Income (Loss) per Share ¹ (Basic and Diluted)
	\$	\$	\$	\$
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)
December 31, 2020	4,593,957	1,551,008	2,796,027	0.06
March 31, 2021	3,038,829	1,799,485	(827,112)	(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:

- 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 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.

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Results of Operations for the Year

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 year ended March 31, 2021, the fees were primarily for advice on corporate finance structuring.
- Exploration 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 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. The Company paid a bonus to its CEO of \$100,000 in January and in September 2020 made a supplemental payment of \$6,500 to reflect salary previously waived.
- 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. Legal fees associated with private placements are offset against funds raised rather than expensed.
- 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 will recognize the fair value of the options over their vesting period which ends in March 2022.
- 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 current period due to the covid-19 pandemic.
- Unrealized loss on marketable securities primarily relates to the change in the fair value of the Ely Gold warrants received since the date the warrants were issued.
- 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; (2) satisfaction of the obligation to renounce flow-through tax benefits and (3) a recovery of expenditures related to the Sutakiki property.

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Results of Operations for the Fourth Quarter

Loss and Comprehensive Loss for the Quarter Ended March 31	2021	2020
	\$	\$
Expenses		
Consulting fees	1,750	-
Depreciation	2,980	1,706
Director fees	4,500	-
Exploration (recovery)	(977)	15,374
Filing fees	4,038	5,543
Investor relations	47,318	5,167
Management salaries and wages	193,791	17,715
Professional fees	2,722	23,707
Share-based compensation	248,600	-
Other operating expenses	22,970	28,432
Loss before the undernoted	(527,620)	(97,644)
Unrealized loss on marketable securities	(191,370)	
Other income and expense	(108,122)	(20,428)
Loss and comprehensive loss for the period	(827,112)	(118,072)

The Company's results of operations in the fourth quarter were generally consistent with prior periods and the comparative period other than as noted in the annual expense discussion above.

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Mineral Property Expenditures Charged to Operations

Expenditures on mineral properties charged to operations were:

Exploration Expenses		
Year Ended March 31	2021	2020
	\$	\$
Tirua		
Sampling and assays	-	9,873
Contractor and consultant	-	47,996
Project management	-	101,240
Field and camp	-	54,392
Labour	-	73,753
Transport and accommodation	-	130,286
Permitting and other	-	51,049
	<u>-</u>	<u>468,589</u>
Sutakiki		
Contractor and consultant	2,188	3,236
Field and camp	2,810	
Transport and accommodation	8,907	2,688
Project management	-	1,375
	<u>13,905</u>	<u>7,299</u>
Santoy		
Project management	24,000	-
	<u>24,000</u>	<u>-</u>
Empress		
Sampling and assays	-	2,366
Project management	-	6,696
Field and camp	-	18
Transport and accommodation	-	1,910
	<u>-</u>	<u>10,990</u>
Other		
	4,946	-
Total expense	<u>42,851</u>	<u>486,878</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.

Liquidity

At March 31, 2021, the Company had cash of \$3,039,000 (March 31, 2020 - \$10,000) and working capital of \$4,087,000 (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 \$1,447,000 on qualifying exploration activities before December 31, 2022.
- 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 \$2,495,000.
- The Company has an option agreement to acquire the Gold Rush Project that requires exploration and option payments as detailed above. Exploration expenditures would likely satisfy the flow-through obligation.
- The Company intends to enter into an option agreement with ArcWest (see *Oweegee Project* above) that would require exploration and option payments. Exploration expenditures would likely satisfy the flow-through obligation.

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- April 2021, the Company settled a \$100,000 liability to a supplier through the issuance of 350,000 common shares.

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 March 31, 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.

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 March 31, 2021, 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.

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. As part of this transaction the Company contributed \$6,500 as non-cash recognition of salary previously waived by the CEO.

In January 2021, the Company's compensation committee recommended several changes to executive and board compensation with effect from January 1, 2021 which the board approved. The Company paid a bonus of \$100,000 to its CEO, agreed to compensate the CEO for closing the Watershed transaction, and increased his monthly compensation from \$10,000 to \$12,000. The Company also agreed to pay its president an additional fee of \$500 per day for field work.

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 Ely Gold 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.

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New Accounting Policy

During the current period, the Company received warrants to purchase common shares of Ely Gold. These warrants are financial instruments that the Company has classified as fair value through profit or loss ("FVTPL") because the financial asset is held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The fair value of the warrants is estimated at the end of every reporting period and the carrying value is adjusted to fair value with any increase or decrease in value being recognized profit and loss. The warrants are not traded in a public market and fair value is estimated using "significant other observable inputs", a "level 2" classification.

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 Ely Gold. 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

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 48,604,155 common shares outstanding at March 31, 2021.

Private Placements

In the current fiscal year, Sanatana completed private placements in August 2020 and December 2020, described below, and a private placement as part of the Ely Gold transaction described above.

August 2020

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 unit for 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

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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 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 were subject to a four-month hold period which expired 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.

December 2020

In December 2020, Sanatana closed a non-brokered private placement in two tranches of a total of 4,800,000 flow-through units at \$0.25 per flow-through unit for gross proceeds of \$1,200,000.

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 \$0.35 until December 7, 2022 (1,500,000 warrants) and December 17, 2022 (900,000 warrants).

In connection with the private placement, Sanatana paid a cash fee of \$52,000 and issued 28,000 non-transferable share purchase warrants. Each finder warrant is exercisable at an exercise price of \$0.35 per common share until December 17, 2022.

Securities issued under the private placement were subject to a four-month hold period which expired in April 2021. Proceeds of the private placement will be used for mineral exploration and development of the Company's Ontario properties.

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 Placements* 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.

In December 2020, the Company issued a total of 4,800,000 common shares and 2,400,000 warrants as described under *Private Placements* above.

In December 2020, the Company issued 1,666,666 common shares further to the Ely Gold private placement described in *Ely Gold Transaction* above.

In April 2021, the Company issued 350,000 common shares to settle an liability due to a supplier of \$100,000.

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

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 installments over 18 months.

During the year ended March 31, 2021, options to purchase up to 100,000 common shares at \$0.60 per share were forfeited.

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.

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:

- 48,954,155 common shares;
- 564,000 compensation options to acquire units that would result in warrants being issued to acquire a further 282,000 common shares;
- 16,101,186 warrants to purchase common shares; and
- 4,270,000 share options.

Fully diluted share capital based on outstanding shares, options and warrants is therefore 70,171,341 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 share options, there are outstanding agreements that could result in the issuance of additional shares:

- Tirua property: Up to 1,480,000 common shares, see *Tirua Property* above; and

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- Gold Rush Project: Common 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, 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, 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

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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, 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.