



Condensed Interim Consolidated Financial Statements

Period Ended September 30, 2022

Expressed in Canadian Dollars

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Sanatana Resources Inc. for the six months ended September 30, 2022 have been prepared by the management of the Company and approved by the Company's audit committee.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim consolidated financial statements by an entity's auditor.

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Financial Position

	Notes	September 30 2022	March 31 2022
		\$	\$
ASSETS			
Current assets			
Cash	3	1,001,980	1,207,908
Receivables	4	178,052	10,807
Prepaid expenses		18,862	24,371
Short-term investments	5	169,000	1,404,582
Total current assets		1,367,894	2,647,668
Non-current assets			
Prepaid exploration and evaluation advance		4,748	101,090
Exploration and evaluation assets	6	4,857,429	2,223,007
Equipment	7	117,046	53,845
Total non-current assets		4,979,223	2,377,942
Total assets		6,347,117	5,025,610
LIABILITIES			
Current liabilities			
Payables and accruals	8	672,073	159,576
Total liabilities		672,073	159,576
EQUITY			
Share capital	9	52,790,119	49,807,374
Obligation to issue shares		-	600,000
Reserves	9	6,805,528	6,594,928
Deficit		(53,920,603)	(52,136,268)
Total equity		5,675,044	4,866,034
Total equity and liabilities		6,347,117	5,025,610

Nature of operations and going concern (Note 1)

Signed on the Company's behalf by:

"Peter Miles"

Peter Miles, Director

"Ian Smith"

Ian Smith, Director

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	Notes	Three Month Ended September 30		Six Months Ended September 30	
		2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Consulting and advisory fees		1,750	1,750	3,500	3,500
Depreciation	7	7,166	6,902	11,771	10,961
Director fees		15,000	14,000	77,500	22,950
Exploration		14,644	562,726	64,894	577,958
Foreign exchange		496	1,196	496	1,513
Investor relations		9,138	34,222	21,969	70,350
Management fees and salaries	11	68,401	69,607	142,110	138,607
Office and administration		9,484	12,198	19,849	23,721
Professional fees		1,017	34,406	35,553	75,289
Rent		1,896	5,208	3,792	10,410
Share-based compensation	10	80,700	122,000	196,400	247,900
Transfer agent fees and filing fees		6,431	5,849	13,527	7,762
Travel and accommodation		-	-	10,148	-
Loss before other items		(216,123)	(870,064)	(601,509)	(1,190,921)
Impairment of exploration and evaluation assets		(954,274)	(556,546)	(954,274)	(556,546)
Unrealized loss on short-term investments	5	61,000	339,000	(235,000)	321,000
Gain on settlement of debt	8	-	-	-	39,250
Other income		1,248	74,441	6,448	190,704
Loss and total comprehensive loss for the period		(1,108,149)	(1,013,169)	(1,784,335)	(1,196,513)
Loss per share - basic and diluted	12	(0.02)	(2.00)	(0.03)	(0.02)
Weighted average common shares outstanding - basic and diluted		65,412,662	48,954,155	65,412,662	48,931,204

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity

	Number of Shares	Common Shares \$	Obligation to Issue Shares	Reserves \$	Deficit \$	Equity \$
March 31, 2022	49,204,155	49,807,374	600,000	6,594,928	(52,136,268)	4,866,034
Private placements	19,836,667	2,975,500	(600,000)	-	-	2,375,500
Share issue costs	-	(89,755)	-	14,200	-	(75,555)
Shares issued for mineral properties	460,000	59,500	-	-	-	59,500
Shares issued for finder's fee	250,000	37,500	-	-	-	37,500
Share-based compensation	-	-	-	196,400	-	196,400
Loss for the period	-	-	-	-	(1,784,335)	(1,784,335)
September 30, 2022	69,750,822	52,790,119	-	6,805,528	(53,920,603)	5,675,044

	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Equity \$
March 31, 2021	48,604,155	49,716,124	6,213,728	(49,960,806)	5,969,046
Shares issued for debt settlement	350,000	61,250	-	-	61,250
Share-based compensation	-	-	247,900	-	247,900
Loss for the period	-	-	-	(1,196,513)	(1,196,513)
September 30, 2021	48,954,155	49,777,374	6,461,628	(51,157,319)	5,081,683

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the six months ended September 30,	Notes	2022	2021
		\$	\$
Cash provided by (used in):			
Operating activities:			
Loss for the period		(1,784,335)	(1,196,513)
Adjustments for:			
Depreciation of equipment	7	11,771	10,961
Other income		(6,449)	(176,577)
Unrealized loss on short-term investments		235,000	(321,000)
Share-based compensation	10	196,400	247,900
Impairment of exploration and evaluation assets		954,274	(39,250)
Gain on settlement of debt		-	577,958
Exploration and evaluation expenditures	6	50,250	556,546
Changes in non-cash working capital items:			
Receivables		(167,245)	4,557
Prepaid expenses		5,509	36,889
Payables and accruals		98,867	(13,817)
		(405,958)	(312,346)
Investing activities:			
Short-term investments		1,000,582	2,000
Interest received		6,449	-
Prepaid exploration and evaluation advance		96,342	(25,042)
Exploration and evaluation	6	(3,128,316)	(1,163,606)
Equipment purchase	7	(74,972)	-
		(2,099,915)	(1,186,648)
Financing activities			
Private placements	9	2,375,500	-
Share issue costs	9	(75,555)	-
		2,299,945	-
Change in cash		(205,928)	(1,498,994)
Cash, beginning of period		1,207,908	3,038,829
Cash, end of period		1,001,980	1,539,835

Supplementary cash flow information (note 13)

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

1. Nature of Operations and Going Concern

Sanatana Resources Inc. ("Sanatana" or the "Company") was incorporated on June 25, 2004 under the British Columbia Business Corporations Act. Sanatana is an exploration stage company, and its principal business activity is the acquisition, exploration and development of mineral properties. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol STA.

The Company has not generated revenue from operations and has no immediate plans that could generate cash from operations. The Company incurred a loss of \$1,784,335 during the six months ended September 30, 2022 and, as of that date, the Company's deficit was \$53,920,603. Although covid-19 has not affected current period operations, a resurgence of the disease could adversely affect the ability of the Company to undertake exploration. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

The head office and principal address of the Company are located at Suite 1910 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. These consolidated financial statements were authorized for issue by the Company's audit committee on November 25, 2022.

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements of the Company for the six months ended September 30, 2022 have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual financial statements as at and for the year ended March 31, 2022 as filed on SEDAR at www.sedar.com. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis.

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

2. Basis of Presentation (continued)

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ExSol (SI) Limited. All significant intercompany transactions and balances have been eliminated upon consolidation.

Critical Accounting Estimates and Judgements

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

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

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized have not changed from those presented in note 4 of the Company's financial statements for the year ended March 31, 2022.

3. Cash and cash equivalents

Cash on hand in banks earns interest at floating rates in effect from time to time. At September 30, 2022, the weighted average floating rate for cash and cash equivalents was 2.0%.

4. Receivables

	September 30 2022	March 31 2022
	\$	\$
Goods and services tax	178,052	10,807
	178,052	10,807

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

5. Short-term Investments

	Number	Cost	Carrying Value	
			September 30 2022	March 31 2022
		\$	\$	\$
Ely Gold Royalties Inc. warrants	1,000,000	670,000	169,000	408,000
Guaranteed investment certificates			-	1,000,582
			169,000	1,404,582

The Company holds warrants to purchase up to 245,000 common shares of Gold Royalty Corp. at \$5.35 per share. Gold Royalty Corp. has the right to accelerate expiry of the warrants if the 10-day volume-weighted average price of Gold Royalty Corp. common shares exceeds \$8.02 per share. Shares received on the exercise of warrants will subject to trading restrictions for up to one year.

The shares of Gold Royalty Corp. are traded on the NYSE American exchange but the warrants held by the Company are not publicly traded. The Company employed the Black-Scholes option-pricing model using the following assumptions to determine their fair value:

	September 30 2022	March 31 2022
Share price	\$3.48	\$5.15
Risk-free interest rate	4.25%	2.42%
Estimated volatility	46%	44%
Dividend yield	1.57%	0.97%
Expected life	3.18 years	3.68 years

Changes in the current period valuation assumptions resulted in a decrease of the carrying value of the warrants of \$235,000 (2021- \$321,000 increase in carrying value). This amount was charged to profit / loss.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

6. Exploration and Evaluation Assets

The exploration and evaluation assets of the Company comprise:

Property	March 31 2022	Additions	Impairment	September 30 2022
	\$	\$	\$	\$
Gold Rush Project	2,223,007	61,331	(954,274)	1,330,064
Oweegee Dome	-	3,449,387	-	3,449,387
Enid	-	15,400	-	15,400
Fortune	-	62,578	-	62,578
	2,223,007	3,588,696	(954,274)	4,857,429

Gold Rush Project

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 (formerly the Turnbull-Carscallen Project) in the Timmins, Ontario region. Sanatana issued 2,100,000 common shares and paid \$60,000 in cash to South Shore. Together, the Gold Rush North property and the Gold Rush South property are referred to as the "Gold Rush Project". Sanatana holds separate options on the Gold Rush North and Gold Rush South properties which the Company can exercise independently. The option agreement and finder's warrants received TSX-V approval in July 2020.

In addition to the consideration paid to South Shore, the Company must pay cash and issue shares over a three-year period to the underlying holders of the property interests. The option terms have been amended and, in September 2022, the Company relinquished its interest in the Gold Rush South property. 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	25,000	150,000 shares
July 2022 ³	22,500	130,000 shares		
July 2023	50,000	\$50,000		

- 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.
- Settled through the issuance of 41,822 common shares
- Gold Rush North: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000. 2022 option terms were amended: originally \$40,000 in cash and shares with a value of \$40,000. The shares issued in September 2022 and the cash was paid in October 2022.
- Gold Rush South: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

6. Exploration and Evaluation Assets (continued)

In addition, Sanatana agreed to spend a minimum of \$250,000 on the Gold Rush Project prior to July 2021 and satisfied this requirement. 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 royalty on the Gold Rush Project. In addition, the Gold Rush North Project is subject to a 2% net smelter return royalty upon the 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.

Expenditures incurred and capitalized were as follows:

	March 31 2022	Additions	Impairment	September 30 2022
	\$	\$	\$	\$
Acquisition costs	672,800	9,100	(351,000)	330,900
Contractor and consultant	1,070,469	26,050	(411,757)	684,762
Project management fees	137,500	8,000	(52,200)	93,300
Field and camp	119,092	15,072	(43,654)	90,510
Sampling and assays	122,609	2,344	(52,456)	72,497
Transport and accommodation	98,830	(1,438)	(40,359)	57,033
Permitting and other	1,707	2,203	(2,848)	1,062
	2,223,007	61,331	(954,274)	1,330,064

Oweegee Dome

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.

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

6. Exploration and Evaluation Assets (continued)

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

¹ - Expenditure requirement satisfied

² - Paid

³ - These payments and share issuances were satisfied in April 2022.

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 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 royalty, 1% of which may be purchased by the other party for \$5,000,000 at any time.

Costs incurred prior to April 26, 2022, the date that the Company received TSX-V approval for the option agreement, were charged to operations as follows:

	Year Ended March 31 2022	April 1-26 2022
	\$	\$
Acquisition costs	12,500	-
Contractor and consultant	521,644	5,250
Project management fee	88,350	45,000
Field and camp	55,408	-
Transport and accommodation	104,822	-
Permitting and other	2,500	-
	785,224	50,250

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

6. Exploration and Evaluation Assets (continued)

Costs incurred after April 26, 2022 were capitalized as follows:

	March 31 2022	Additions	September 30 2022
	\$	\$	\$
Acquisition costs	-	145,000	145,000
Contractor and consultant	-	1,550,200	1,550,200
Project management fees	-	85,400	85,400
Field and camp	-	85,763	85,763
Sampling and assays	-	97,565	97,565
Transport and accommodation	-	1,481,676	1,481,676
Permitting and other	-	3,783	3,783
	-	3,449,387	3,449,387

Fortune Project

The Fortune Project comprises two adjacent properties, the Enid property and the Fortune property.

Enid Property

In June 2022, the Company acquired a 100% interest in the Enid property, which comprises 41 mineral claims, in the Timmins, Ontario region. The Company paid cash of \$10,000; issued 30,000 common shares with an issue-date value of \$5,400; and provided a 2% net smelter royalty ("NSR"). The Company may purchase 1% of the NSR for \$350,000 and a further 0.5% of the NSR for \$500,000 at any time.

Fortune Property

The Company staked the Fortune property in the Timmins, Ontario region and undertook preliminary work for a small drilling program.

	March 31 2022	Additions	September 30 2022
	\$	\$	\$
Contractor and consultant	-	46,183	46,183
Field and camp	-	9,125	9,125
Transport and accommodation	-	6,770	6,770
Permitting and other	-	500	500
	-	62,578	62,578

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

7. Equipment

	Computer Equipment	Vehicles	Equipment	Total
	\$	\$	\$	\$
Cost				
March 31, 2021	10,271	75,518	80,797	166,586
Disposal	(10,271)	-	(63,497)	(73,768)
March 31, 2022	-	75,518	17,300	92,818
Purchases	-	60,615	14,357	74,972
September 30, 2022	-	136,133	31,657	167,790
Accumulated Depreciation				
March 31, 2021	10,271	18,740	65,827	94,838
Depreciation expense	-	11,688	6,215	17,903
Disposal	(10,271)	-	(63,497)	(73,768)
March 31, 2022	-	30,428	8,545	38,973
Depreciation expense	-	9,596	2,175	11,771
March 31, 2022	-	40,024	10,720	50,744
Net book value				
March 31, 2022	-	45,090	8,755	53,845
September 30, 2022	-	96,109	20,937	117,046

In the period ended September 30, 2021, the Company concluded that it was unlikely to continue work on its Solomon Islands properties. Accordingly, the Company fully depreciated its equipment located in the Solomon Islands.

8. Payables and Accruals

	September 30 2022	March 31 2021
	\$	\$
Trade payables	496,669	95,579
Accrued liabilities	135,165	52,980
Due to related parties	40,239	11,017
	672,073	159,576

In April 2021, the Company issued 350,000 common shares with a deemed value of \$61,250 to settle a \$100,500 liability due to a supplier. The Company recorded a gain on settlement of \$39,250.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

9. Share Capital and Reserves

Authorized share capital

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

Common Shares

Fiscal 2023

Oweegee Dome Property

In April 2022, the Company issued 300,000 common shares with an issue-date fair value of \$45,000 as partial consideration for the Oweegee Dome property and issued 250,000 common shares with an issue-date fair value of \$37,500 as part of a finder's fee for the Oweegee Dome property (note 6).

Gold Rush North Property

In September 2022, the Company issued 130,000 common shares with an issue-date value of \$9,100 as part of an option payment for the Gold Rush South property (note 6). The common shares issued are subject to a hold period expiring in January 2023.

Enid Property

In June 2022, the Company issued 30,000 common shares with an issue-date fair value of \$5,400 as partial consideration for the purchase of the Enid property (note 6).

April 2022 Private Placement

In April 2022, the Company completed a private placement with Teuton Resources Corp. The Company issued 4,000,000 units priced at \$0.15 per unit for gross proceeds of \$600,000. Each unit comprised one share and one-half of a share purchase exercisable to acquire a further common share at a price of \$0.20 per common share until April 26, 2024.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

9. Share Capital and Reserves (continued)

May and June 2022 Private Placement

In May and June 2022, the Company completed a private placement in two tranches consisting of, in aggregate, 15,836,667 units of the Company at a price of \$0.15 per unit for gross proceeds of \$2,375,500. Each unit issued comprised one common share of the Company and one-half of one common share purchase warrant to acquire one common share of the Company at a price of \$0.20 for a period of two years following closing. In connection with the private placement in May and June 2022, the Company paid cash finder's fees totalling \$31,410 and issued 209,400 finder's warrants. Each finder's warrant is exercisable into one common share at an exercise price of \$0.20 for a period of two years following closing, 120,000 warrants expire on May 11, 2024 and 89,400 warrants expire on June 1, 2024.

The finder's warrants were valued using the Black-Scholes option pricing model using the following assumptions:

	May 2022	June 2022
Share price	\$0.15	\$0.15
Dividend yield	0%	0%
Risk-free interest rate	2.73%	2.79%
Estimated volatility	98%	98%
Expected life in years	2	2

Fiscal 2022

In April 2021, the Company issued 350,000 common shares with an issue-date value of \$61,250 to settle a \$100,500 liability due to a supplier.

In November 2021, the Company issued 100,000 common shares as part of an option payment for the Gold Rush North property (note 6).

In December 2021, the Company issued 150,000 common shares as part of an option payment for the Gold Rush South property (note 6).

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

9. Share Capital and Reserves (continued)

Reserves

Reserves comprise the fair value of stock option grants, agent warrants prior to exercise and settlement of amounts with existing shareholders.

Warrants

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

	Number Of Warrants	Weighted Average Exercise Price
March 31, 2021	16,665,186	\$0.39
Expired	(13,373,186)	0.41
March 31, 2022	3,292,000	0.32
Issued	10,127,733	0.20
Expired	(864,000)	0.23
September 30, 2022	12,555,733	0.23

At September 30, 2022, the following warrants were outstanding:

Expiry Date	Exercise Price	Financing Warrants	Compensatory Warrants
December 9, 2022	\$0.35	1,500,000	-
December 17, 2022	\$0.35	900,000	28,000
April 26, 2024	\$0.20	2,000,000	-
May 11, 2024	\$0.20	6,883,333	120,000
June 1, 2024	\$0.20	1,035,000	89,400
		12,318,333	237,400

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

10. Share-Based Payments

The Company has a rolling stock option plan that allows the Company's board of directors to issue options to purchase up to 10% of the common shares outstanding at the grant date. Directors, officers, consultants and employees of the Company are eligible to receive stock options, subject to the policies of the TSX-V. The directors may set option terms, but options granted under the plan typically have a life of five years and vest over an 18-month period. Share-based payments expense is amortized over the vesting period. The Company's shareholders reconfirmed the option plan in April 2022.

In June 2022, the Company granted incentive stock options to directors, officers, employees and contractors of the Company to purchase up to 2,550,000 common shares of the Company at a price of \$0.20 per share. The stock options are exercisable on or before June 6, 2027 and vest in stages with 25% vesting on the grant date and the remainder to vest 25% every six months from the date of the grant.

	Number Of Options	Weighted Average Exercise Price
March 31, 2021	3,870,000	\$0.38
Granted	1,000,000	\$0.16
Forfeited or expired	(500,000)	\$0.40
March 31, 2022	4,370,000	\$0.33
Granted	2,550,000	\$0.20
Forfeited or expired	(370,000)	\$0.60
September 30, 2022	6,550,000	\$0.26

At September 30, 2022, the following options were outstanding:

Exercise Price	Outstanding Options			Exercisable Options	
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
\$0.16	1,000,000	\$0.16	3.91 years	600,000	\$0.16
\$0.20	2,550,000	\$0.20	4.68 years	637,500	\$0.20
\$0.35	3,000,000	\$0.35	3.00 years	3,000,000	\$0.35
	6,550,000	\$0.26	3.79 years	4,237,500	\$0.30

The Company incurred an expense of \$196,400 (2021 - \$247,900) for share-based payments for the six months ended September 30, 2022.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

10. Share-Based Payments (continued)

Options granted in the period were valued using the Black-Scholes option-pricing model with the following assumptions:

For the six months ended September 30	2022	2021
Share price	\$0.175	\$0.31
Dividend yield	0%	0%
Risk-free interest rate	3.06%	0.41%
Estimated volatility	96%	184%
Expected life in years	5	5

The weighted average grant-date fair value of options issued in the six months ended September 30, 2022 was \$0.13.

11. Related Party Transactions and Balances

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

	Three Months Ended September 30		Six Month Ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Short-term compensation	115,746	93,168	269,532	198,916
Share-based payments	52,300	93,900	127,700	191,500
Total	168,046	187,068	397,232	390,416

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

	September 30 2022	March 31 2021
	\$	\$
Directors and officers	32,385	7,010
S2 Management Inc.	7,854	2,331
	40,239	9,341

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

12. Loss per Share

The net loss per share for the three and six months ended September 30, 2022 excludes the exercise of share options and share purchase warrants that would be anti-dilutive. At September 30, 2022 no options (2021 – nil options) and no share purchase warrants (2021 - nil warrants) were in the money.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2022

13. Supplemental Cash Flow Information

Non-cash transactions included the following:

For the six months ended September 30	2022	2021
	\$	\$
Shares issued for exploration and evaluation assets	97,000	-
Fair value of finders' warrants granted	14,200	-
Change in payables for exploration and evaluation assets	413,630	253,411
Settlement of liability through share issuance	-	61,250
Liability to renounce flow-through expenditures	-	170,817

14. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At September 30, 2022, all exploration and evaluation assets and equipment were located in Canada.