

SANATANA RESOURCES INC.

Consolidated Financial Statements

Year Ended March 31, 2022

Expressed in Canadian Dollars

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Sanatana Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sanatana Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The consolidated financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on July 8, 2021.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 27, 2022

Sanatana Resources Inc.

Consolidated Statements of Financial Position

Expressed in Canadian dollars

	Notes	March 31, 2022 \$	March 31, 2021 \$
ASSETS			
Current assets			
Cash	5	1,207,908	3,038,829
Receivables	6	10,807	29,692
Prepaid expenses		24,371	57,530
Short-term investments	7	1,404,582	1,408,630
Total current assets		2,647,668	4,534,681
Non-current assets			
Prepaid exploration and evaluation advance		101,090	10,923
Exploration and evaluation assets	8	2,223,007	1,799,485
Equipment	10	53,845	71,748
Total non-current assets		2,377,942	1,882,156
Total assets		5,025,610	6,416,837
LIABILITIES			
Current liabilities			
Payables and accruals	11	159,576	262,655
Liability to renounce exploration expenditures	18	-	185,136
Total liabilities		159,576	447,791
EQUITY			
Share capital	13	49,807,374	49,716,124
Obligation to issue shares	13	600,000	-
Reserves	13	6,594,928	6,213,728
Deficit		(52,136,268)	(49,960,806)
Total equity		4,866,034	5,969,046
Total equity and liabilities		5,025,610	6,416,837

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 22)

Signed on the Company's behalf by:

"Peter Miles", Director

Peter Miles

"Ian Smith", Director

Ian Smith

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

Sanatana Resources Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Expressed in Canadian dollars

For the year ended March 31,	Notes	2022 \$	2021 \$
Expenses			
Consulting and advisory fees		7,000	23,500
Depreciation	10	17,903	3,724
Director fees	15	49,450	4,500
Exploration expenses	8	815,445	42,851
Foreign exchange		1,452	69
Investor relations		85,873	145,737
Management fees and salaries	15	271,614	386,058
Office and administration		48,798	44,831
Professional fees		139,411	77,684
Rent		18,526	20,760
Share-based compensation	14	381,200	768,300
Transfer agent fees and filing fees		27,300	33,537
Travel and accommodation		-	1,135
		(1,863,972)	(1,552,686)
Exploration and evaluation assets impairment	8	(556,546)	-
Unrealized loss on short-term investments	7	(4,000)	(261,370)
Other income		209,806	149,413
Gain on sale of mineral property rights	9	-	3,030,000
Gain on settlement of debt	11	39,250	-
Income (loss) and total comprehensive income (loss) for the year		(2,175,462)	1,365,357
Income (loss) per share - basic and diluted		(0.04)	0.04
Weighted average common shares outstanding - basic		49,020,319	36,658,069
Weighted average common shares outstanding - diluted		49,020,319	37,352,548

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

Sanatana Resources Inc.

Consolidated Statements of Changes in Equity

Expressed in Canadian dollars

	Number of Shares	Share Capital \$	Obligation to Issue Shares \$	Reserves \$	Deficit \$	Equity \$
Balance - March 31, 2020	21,212,335	46,183,631	-	5,257,808	(51,326,163)	115,276
Private placements	25,049,998	3,700,000	-	-	-	3,700,000
Share issue costs	-	(397,040)	-	162,020	-	(235,020)
Flow-through liability	-	(285,667)	-	-	-	(285,667)
Shares issued for Gold Rush Project	2,341,822	515,200	-	25,600	-	540,800
Share-based compensation	-	-	-	768,300	-	768,300
Income for the year	-	-	-	-	1,365,357	1,365,357
Balance - 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
Shares issued for Gold Rush Project	250,000	30,000	-	-	-	30,000
Share subscriptions	-	-	600,000	-	-	600,000
Share-based compensation	-	-	-	381,200	-	381,200
Loss for the year	-	-	-	-	(2,175,462)	(2,175,462)
Balance - March 31, 2022	49,204,155	49,807,374	600,000	6,594,928	(52,136,268)	4,866,034

Sanatana Resources Inc.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the year ended March 31,	Notes	2022	2021
		\$	\$
Cash provided by (used in):			
Operating activities:			
Income (loss) for the period		(2,175,462)	1,365,357
Adjustments for:			
Depreciation of property and equipment	10	17,903	3,724
Other income	18	(195,434)	(108,584)
Unrealized loss on short-term investments	7	4,000	261,370
Loss on sale of equipment		-	458
Share-based compensation	14	381,200	768,300
Gain on settlement of debt	11	(39,250)	-
Exploration and evaluation assets impairment	8	556,546	-
Exploration and evaluation expenditures	8	785,224	(14,457)
Sale of mineral property rights		-	(3,030,000)
Changes in non-cash working capital items:			
Receivables		18,885	(27,861)
Prepaid expenses		33,159	(41,553)
Payables and accruals		41,908	(251,197)
		(571,321)	(1,074,443)
Investing activities:			
Prepaid exploration and evaluation advance		(90,167)	(10,923)
Exploration and evaluation	8	(1,779,779)	(637,889)
Short-term investments		48	(1,000,000)
Sale of mineral property rights, net of finders fees		-	2,360,000
Equipment purchases		-	(69,367)
Interest received		10,298	-
		(1,859,600)	641,821
Financing activities			
Issuance of common shares		-	3,700,000
Share issue costs		-	(235,019)
Share subscriptions	13	600,000	-
Repayment to related party		-	(4,000)
		600,000	3,460,981
Change in cash		(1,830,921)	3,028,359
Cash, beginning of year		3,038,829	10,470
Cash, end of year		1,207,908	3,038,829

Supplementary cash flow information (note 17)

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

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 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 \$2,175,462 during the year ended March 31, 2022 and, as of that date, the Company’s deficit was \$52,136,268. Subsequent to March 31, 2022, the Company completed private placements for total gross proceeds of \$2,975,000 (note 22). With the proceeds raised from the private placements, management estimates that it has sufficient working capital to sustain operations for the next twelve months. The covid-19 pandemic has led to adverse impacts on the Canadian and global economies, disrupted financial markets and created uncertainty that could affect the Company’s operations. The pandemic has mainly affected the Company by making travel to its Solomon Islands properties impossible and hampered the Company’s ability to meet its spending obligations to maintain exploration rights. The pandemic could also adversely impact the Company’s ability to raise funds to finance operations.

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 board of directors on July 27, 2022.

2. Basis of Presentation

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which collectively includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the “IASB”), and all applicable individual International Accounting Standards (“IASs”) and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB, effective for the Company’s reporting for the year ended March 31, 2022.

The consolidated financial statements have been prepared under the historical cost basis except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrued basis of accounting, except for cash flow information. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies

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

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts. The Company did not have any cash equivalents for the period presented.

b) Basis of Consolidation

These 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. The functional currency of the parent and subsidiary companies is the Canadian dollar.

c) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Statements of comprehensive loss and cash flows for entities whose functional currency is different to the presentation currency are translated into the Company's presentation currency at average exchange rates for the year while their statements of financial position are translated at the year-end exchange rates. Exchange differences arising from the translation are recorded as a component of other comprehensive income (loss). On disposal of a foreign entity, such exchange differences are transferred out of this reserve and are recognized in profit or loss as part of the gain or loss on sale.

Amounts denominated in Solomon Islands dollars are denoted by "SBD".

d) Short-term investments

Short-term investments comprise guaranteed investment certificates with a term of more than three months and less than one year and other investments that can be realized within one year. Short-term investments are carried at their market value with any gain or loss charged to profit and loss.

e) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

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

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies (continued)

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss for the period.

The Company assesses exploration and evaluation assets for impairment at each financial reporting period when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs and any incidental revenues beyond the capitalized exploration costs would then be recognized on the statement of loss and comprehensive loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

f) Reclamation Deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

g) Property and Equipment

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

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

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

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies (continued)

Subsequent Costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit and loss.

Depreciation

Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	Straight line over 3 years
Mining equipment	Straight line over 5 years
Vehicles	Straight line over 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

h) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

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

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies (continued)

i) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets/liabilities Classification

Cash	FVTPL
Receivables	Amortized cost
Short-term investments	FVTPL
Payables and accrued liabilities	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follow: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit and loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies (continued)

Derecognition Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains or losses on the derecognition are generally recognized in the consolidated statements of comprehensive loss.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments

During the year ended March 31, 2021, the Company received warrants to purchase common shares of Ely Gold (see notes 7 and 9). 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.

(j) Asset retirement obligations

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows, adjusted for inflation, associated with reclamation as a liability, at a risk-free rate, when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of loss and comprehensive loss.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies (continued)

k) Provisions

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

l) Income Taxes

Income tax expense comprises current and deferred tax expense. Current tax and deferred tax expense are recognized in net income or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

m) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies (continued)

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

n) Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as a commitment.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "look-back rule", in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial liability until paid.

When the Company issues warrants comprising a flow-through share and a warrant, the warrant is not exercisable for an additional flow-through share and Company does not ascribe a value to the warrant.

o) Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

3. Summary of Significant Accounting Policies (continued)

p) Share-based Payments

When equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

q) New accounting standards issued and effective

There are no pronouncements, issued by the IASB or the IFRS Interpretations Committee, that were adopted during the period, or were mandatory for the Company's fiscal periods beginning on or after April 1, 2021 that have a material impact on the Company's financial statements.

r) New accounting standards issued and not yet effective

IASB or the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting years beginning on or after April 1, 2022. None of these are expected to be relevant to the Company's financial statements.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

4. Critical Accounting Estimates and Judgements

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

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

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

Exploration and Evaluation Assets

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

Title to Mineral Property Interests

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

Income Taxes

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

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

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

4. Critical Accounting Estimates and Judgements (continued)

Gold Royalty Corp. Warrant Valuation

The Company estimates the value of the Gold Royalty Corp. warrants at the end of each accounting period. Estimating the fair value of the warrants requires determining the most appropriate valuation model, which is dependent on the terms and of the warrants. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value of the Gold Royalty Corp. warrants are disclosed in note 7.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees and warrants issued by the Company by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments to employees are disclosed in note 14. The assumptions and models used for estimating fair value of warrants is disclosed in note 13.

Flow-through Share Offerings

From time to time, the Company undertakes flow-through share offerings under which the company renounces its right to deduct exploration costs and so incurs a liability to investors in respect of that renunciation. Determination of the value of that liability is subjective and dependent on assumptions regarding the relative value of flow-through and non-flow-through shares, future income tax rates and other factors.

5. Cash and cash equivalents

Cash at banks earns interest at floating rates in effect from time to time. At March 31, 2022, the floating rate for cash was zero percent. The Company did not have any cash equivalents as of March 31, 2022 and 2021.

6. Receivables

At March 31,	2022	2021
	\$	\$
Other	-	1,929
GST - value added tax	10,807	27,763
	10,807	29,692

Sanatana Resources Inc.
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Short-term Investments

	Number	Cost \$	Carrying Value	
			March 31, 2022 \$	March 31, 2021 \$
Gold Royalty Corp.	245,000	670,000	404,000	408,000
Guaranteed investment certificates			1,000,582	1,000,630
			1,404,582	1,408,630

On December 3, 2020, the Company was granted warrants that allowed the purchase of up to 1,000,000 common shares of Ely Gold Royalties Inc. ("Ely Gold") at an exercise price of \$1.31 per share on or before December 3, 2025. In August 2021, Ely Gold was acquired by Gold Royalty Corp. and the warrants converted to 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:

	March 31, 2022	March 31, 2021
Share price	\$5.15	\$0.90
Risk-free interest rate	2.42%	0.99%
Estimated volatility	44%	67%
Dividend yield	0.97%	0.00%
Expected life	3.68 years	4.68 years

8. Exploration and Evaluation Assets

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

	March 31, 2020 \$	Additions \$	March 31, 2021 \$	Additions \$	Impairment \$	March 31, 2022 \$
Canada						
Gold Rush Project	-	1,267,674	1,267,674	955,333	-	2,223,007
Oweegee Dome	-	-	-	-	-	-
	-	1,267,674	1,267,674	955,333	-	2,223,007
Solomon Islands						
Tirua Property	524,879	6,932	531,811	24,735	(556,546)	-
Sutakiki Property	-	-	-	-	-	-
	524,879	1,274,606	1,799,485	980,068	(556,546)	2,223,007

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

8. Exploration and Evaluation Assets (continued)

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. 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. The option agreement and finder’s warrants received TSX-V approval in July 2020.

Sanatana holds separate options on the Gold Rush North and Gold Rush South Projects which the Company can exercise independent with one another. Sanatana may acquire a 100% interest by issuing 1,050,000 common shares (issued) and \$30,000 in cash (paid) to South Shore for each of Gold Rush North and Gold Rush South.

In addition, the Company must pay cash and issue shares over a three-year period to the underlying holders of the property interests. Effective July 2021, the parties to the Gold Rush North option agreement amended the option terms. As amended, Sanatana must pay cash and issue shares as follows:

Timing	Gold Rush North		Gold Rush South	
	Cash Payments	Share Issuances	Cash Payments	Share Issuances
August 2020	-	-	-	\$10,000 (*)
July 2021	\$17,000	100,000 shares (**)	\$25,000	150,000 shares (***)
July 2022	\$40,000	\$40,000	\$40,000	\$40,000
July 2023	\$50,000	\$50,000	\$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.

Cash paid in August 2021 and shares issued November 2021.

*** Gold Rush South: 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000.

The cash was paid in August and December 2021 and the shares issued December 2021.

In addition, Sanatana has agreed to spend a minimum of \$250,000 on the Gold Rush Project prior to July 2021 and has 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 and the Gold Rush South Project are each 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.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

8. Exploration and Evaluation Assets (continued)

Expenditures incurred and capitalized were as follows:

	March 31, 2020	Change	March 31, 2021	Change	March 31, 2022
	\$	\$	\$	\$	\$
Acquisition costs, shares and warrants	-	600,800	600,800	72,000	672,800
Contractor and consultant	-	466,825	466,825	603,644	1,070,469
Project management fees	-	80,000	80,000	57,500	137,500
Field and camp	-	50,050	50,050	69,042	119,092
Sampling and assays	-	28,650	28,650	93,959	122,609
Transport and accomodation	-	41,349	41,349	57,481	98,830
Permitting and other	-	-	-	1,707	1,707
Gold Rush Project	-	1,267,674	1,267,674	955,333	2,223,007

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 agreement was approved by the TSX-V in April 2022.

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:

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

(*) Expenditure requirement satisfied

(**) 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 of December 31, 2025, 2026 and 2027, but this obligation will end when the feasibility study has been completed and delivered to ArcWest.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

8. Exploration and Evaluation Assets (continued)

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 Joint Venture 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.

Expenditures incurred were as follows:

Year ended March 31,	2022	2021
	\$	\$
Acquisition costs	12,500	-
Contractor and consultant	521,644	-
Project management fee	88,350	-
Field and camp	55,408	-
Transport and accommodation	104,822	-
Permitting and other	2,500	-
Oweege Dome	785,224	-

Tirua Property

On November 2, 2018, pursuant to a prospecting agreement, the Company received a letter of intent, from the Ministry of Mines, Energy and Rural Electrification (the "Ministry") in the Solomon Islands to issue a PL subject to the completion of surface access agreements ("SAA"), which allows for exploration of the Tirua property. The prospecting agreement was approved by the TSX-V in November 2019.

Sanatana was granted prospecting licence PL-03/19 (the "PL") over the Company's 282 square kilometre Tirua property in January 2019. The PL granted Sanatana the right to prospect for minerals until January 30, 2022 at which time it could be renewed for two more two-year periods, for a total seven-year term. In January 2022, the Company gave notice to the Ministry that Sanatana would not be able to continue exploration on the Tirua property.

In accordance with its accounting policies, the Company did not capitalize any expenses associated with the Tirua property through to November 26, 2019 when it received TSXV approval. Prior to that date, the Company expensed items as incurred. In the comparative period, the Company charged \$468,589 to exploration and property investigation expense regarding exploration and travel to the Tirua property.

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

8. Exploration and Evaluation Assets (continued)

Expenditures incurred and capitalized after November 26, 2019 were as follows:

	March 31, 2020	Change	March 31, 2021	Change	Impairment	March 31, 2022
	\$	\$	\$	\$	\$	\$
Acquisition - shares issued	484,000	-	484,000	-	-	484,000
Contractor and consultant	3,566	-	3,566	-	-	3,566
Project management fees	10,000	-	10,000	-	-	10,000
Field and camp	7,833	388	8,221	-	-	8,221
Transport and accomodation	15,809	320	16,129	-	-	16,129
Permitting and other	3,671	6,224	9,895	24,735	-	34,630
Impairment	-	-	-	-	(556,546)	(556,546)
Tirua Property	524,879	6,932	531,811	24,735	(556,546)	-

Impairment

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

Sutakiki Property

In February 2020, Sanatana entered into a letter agreement with Cobre Nuevo Exploration ("CNE"), a private Australian company, regarding the Sutakiki property in the Solomon Islands. The letter agreement outlined terms for Sanatana to acquire the Sutakiki property and enter into a joint venture with CNE. In October 2021, CNE terminated the letter agreement and so Sanatana will not be undertaking further work at Sutakiki. The Company has never capitalized expenditures on the Sutakiki property.

In the year ended March 31, 2022, the Company incurred \$nil (2021 - \$13,905) on exploration. Certain exploration expenses, when incurred, were recoverable from CNE plus a management fee. Any recovery was recognized when received. In the year ended March 31, 2022, the Company received \$14,371 (2021 - \$14,022).

9. Sale of Mineral Property Rights

In 2016, Sanatana sold its Watershed Property to a company ultimately owned by IAMGOLD Corporation ("Iamgold") but, under the terms of the sale, retained the rights to certain post-closing royalty and deferred payments. In September 2020, Sanatana agreed a part-and-parcel agreement to sell its rights to the Watershed Property post-closing payments and undertake a private placement with Ely Gold Royalties Inc. ("Ely Gold"). The transaction closed in December 2020 and had three principal components:

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

9. Sale of Mineral Property Rights

Sale of Royalty

Santana 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 10-day volume-weighted average price of Ely Gold common shares exceeds \$1.97 per share. Shares acquired under the warrant were subject to a hold period that expired on April 4, 2021. Ely Gold was acquired by Gold Royalty Corp. during the year ended March 31, 2022 (note 7).

Deferred Payment Assignment

Sanatana also assigned its interest in certain deferred payments from the Watershed Property 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 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 were 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.

Sanatana Resources Inc.
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

10. Equipment

	Computer Equipment	Vehicles	Equipment	Total
	\$	\$	\$	\$
Cost				
At March 31, 2020	10,271	33,404	69,846	113,521
Additions	-	58,416	10,951	69,367
Disposal	-	(16,302)	-	(16,302)
At March 31, 2021	10,271	75,518	80,797	166,586
Disposal	(10,271)	-	(63,497)	(73,768)
At March 31, 2022	-	75,518	17,300	92,818
Accumulated Depreciation				
At March 31, 2020	10,271	23,630	64,557	98,458
Charge for the period	-	2,454	1,270	3,724
Disposal	-	(7,344)	-	(7,344)
At March 31, 2021	10,271	18,740	65,827	94,838
Charge for the period	-	11,688	6,215	17,903
Disposal	(10,271)	-	(63,497)	(73,768)
At March 31, 2022	-	30,428	8,545	38,973
Net book value				
At March 31, 2021	-	56,778	14,970	71,748
At March 31, 2022	-	45,090	8,755	53,845

In the year ended March 31, 2022, 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.

In July 2020, the Company disposed of a quad and trailer with a market value of \$8,500 and a net book value of \$8,958 resulting in a loss on disposition of \$458.

11. Payables and Accruals

At March 31,	2022	2021
	\$	\$
Trade payables	14,565	156,238
Accrued liabilities	52,980	2,165
Exploration expenditures	81,014	94,911
Due to related parties	11,017	9,341
	159,576	262,655

In April 2021, the Company issued 350,000 common shares with a fair 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 Consolidated Financial Statements
For the year ended March 31, 2022

12. Income Taxes

A reconciliation of the income tax provision computed at statutory rates of 27% (2020 – 27%) to the reported income tax provision is as follows:

For the year ended March 31,	2022	2021
	\$	\$
Loss for the year before taxes	(2,175,462)	1,365,357
Expected income tax recovery (expense) at statutory rate	(587,000)	(368,600)
Increase (decrease) in income tax recovery resulting from:		
Adjustment to prior years provision versus statutory tax returns	(514,000)	-
Permanent differences	54,000	(351,200)
Impact of flow-through shares	-	(553,500)
Share issue costs	(1,000)	49,100
Impact of mineral property rights sale	(4,000)	(222,700)
Change in unrecognized tax assets	1,052,000	1,446,900
Income tax recovery (expense)	-	-

The significant components of the Company's deferred income tax assets and liabilities after applying enacted corporate tax rates are as follows:

At March 31,	2022	2021
	\$	\$
Deferred tax assets		
Non-capital losses	4,514,000	4,332,000
Share issuance costs and other	178,000	155,700
Exploration and evaluation assets	2,939,000	2,091,400
	7,631,000	6,579,100
Unrecognized deferred tax assets	(7,631,000)	(6,579,100)
Deferred tax assets	-	-

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered. At March 31, 2022, the Company has accumulated Canadian Exploration and Development Expenditures of \$12,747,000 (2021 - \$9,545,000) and has accumulated non-capital losses totalling \$16,711,000 (2021 - \$16,044,000), which expire in various amounts from 2026 to 2042.

13. Share Capital and Reserves

Authorized share capital

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

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

13. Share Capital and Reserves (continued)

Common Shares

Fiscal 2022

In April 2021, the Company issued 350,000 common shares with a fair value of \$61,250 to settle a \$100,500 liability due to a supplier (note 11).

In November 2021, the Company issued 100,000 common shares with a fair value of \$9,000 as part of an option payment for the Gold Rush North property (note 8).

In December 2021, the Company issued 150,000 common shares with a fair value of \$21,000 as part of an option payment for the Gold Rush South property (note 8).

In March 2022, the Company collected \$600,000 in connection with private placement which closed in April 2022 (note 22).

Fiscal 2021

In addition to the share issuance costs noted below, the Company incurred legal, filing fees and other costs associated with private placements of \$75,464. The Company also made an adjustment to shareholders' equity to reflect the value to tax benefits transferred as part of flow through offerings of \$285,667.

Ely Gold Private Placement

In December 2020, Sanatana completed a non-brokered private placement of 1,666,666 common shares at a price of \$0.30 per common share for proceeds of \$500,000. This private placement was part of the Ely Gold transaction (note 9). Securities issued under the private placement are subject to a hold period which expired in April 2021.

December 2020 private placement

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

Each flow-through unit consists of one common share, which will be designated as a flow-through share pursuant to the Income Tax Act (Canada), and one-half of a share purchase warrant. Each flow-through unit warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.35; 1,500,000 until December 9, 2022 and 900,000 until December 17, 2022.

In connection with the private placement, the Company paid finder's fees of \$52,000 and issued 28,000 finder warrants to arm's length parties. Each finder warrant entitles the holder to acquire one common share at a price of \$0.35 per common share until December 17, 2022. The finder warrants were valued at \$2,520 using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	0%
Risk-free interest rate	0.20%
Estimated volatility	112%
Expected life in years	2

Sanatana Resources Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

13. Share Capital and Reserves (continued)

August 2020 private placement

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

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

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

In connection with the private placement, the Company paid finder's fees of \$107,556 and issued 564,000 compensation warrants and 429,216 finder's warrants to 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-half 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. The compensation warrants were valued at \$104,700 using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	0%
Risk-free interest rate	0.29%
Estimated volatility	109%
Expected life in years	2

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. The finders' warrants were valued at \$54,800 using the Black-Scholes option-pricing model with the following assumptions:

Dividend yield	0%
Risk-free interest rate	0.26%
Estimated volatility	138%
Expected life in years	1

In August 2020, The Company issued 2,141,822 shares valued at \$471,200 as part of the Gold Rush Project option agreement (note 8). The Company also issued as a finder's fee 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 18, 2022. The warrants were valued at \$25,600 using the Black-Scholes option-pricing model with the following assumptions:

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For the year ended March 31, 2022

13. Share Capital and Reserves (continued)

Dividend yield	0%
Risk-free interest rate	0.29%
Estimated volatility	109%
Expected life in years	2

Reserves

Reserves comprise the fair value of stock option grants, agent warrants prior to exercise and settlement of amounts with existing shareholders. The following is a summary of changes in reserves from March 31, 2020 to March 31, 2022:

	\$
Balance March 31, 2020	5,257,808
Fair value of finders' warrants issued re private placement	162,020
Fair value of warrants issued re Gold Rush Project finder's fee	25,600
Share-based compensation (note 14)	768,300
Balance March 31, 2021	6,213,728
Share-based compensation (note 14)	381,200
Balance March 31, 2022	6,594,928

Warrants

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

	March 31, 2022		March 31, 2021	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of year	16,665,186	\$0.39	3,752,305	\$1.00
Granted	-	-	12,912,881	0.22
Expired	(13,373,186)	0.41	-	1.00
Balance, end of year	3,292,000	0.32	16,665,186	0.39

Sanatana Resources Inc.
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For the year ended March 31, 2022

13. Share Capital and Reserves (continued)

Summary of outstanding warrants is as follows:

Expiry Date	Exercise Price	Financing Warrants	Compensatory Warrants
June 25, 2022	\$ 1.00	-	100,000
August 6, 2022	\$ 0.10	-	564,000
August 18, 2022	\$ 0.20	-	200,000
December 9, 2022	\$ 0.35	1,500,000	-
December 17, 2022	\$ 0.35	900,000	28,000
		2,400,000	892,000

14. Share-Based Compensation

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 January 2021.

In September 2020, the Company granted incentive stock options to directors, officers, employees and contractors of the Company to purchase up to 3,400,000 common shares of the Company at a price of \$0.35 per share. The stock options are exercisable on or before September 30, 2025 and vest in stages with 25% vesting immediately and the remainder to vest 25% every six months from the date of the grant. Of the options granted, 2,550,000 were awarded to directors and officers of the Company.

In April 2021, the Company granted incentive stock options to a director of the Company to purchase up to 400,000 common shares of the Company at a price of \$0.16 per share. The stock options are exercisable on or before April 29, 2026 and vest in stages with 25% vesting immediately and the remainder to vest 25% every six months from the date of the grant.

In October 2021, the Company granted incentive stock options to a director and a contractor of the Company to purchase up to 600,000 common shares of the Company at a price of \$0.16 per share. The stock options are exercisable on or before October 28, 2026 and vest in stages with 25% vesting immediately and the remainder to vest 25% every six months from the date of the grant. Of the options granted 400,000 stock options were granted to a director of the Company.

Sanatana Resources Inc.
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For the year ended March 31, 2022

14. Share-Based Payments (continued)

	March 31, 2022		March 31, 2021	
	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Balance, beginning of year	3,870,000	\$0.38	570,000	\$0.60
Granted	1,000,000	0.16	3,400,000	0.35
Forfeited or expired	(500,000)	0.40	(100,000)	0.60
Balance, end of year	4,370,000	\$0.33	3,870,000	\$0.38

Summary of outstanding options at March 31, 2022:

Exercise Price Range	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	4.32 years	350,000	\$0.16
\$0.35	3,000,000	\$0.35	3.50 years	3,000,000	\$0.35
\$0.60	370,000	\$0.60	0.49 years	370,000	\$0.60
	4,370,000	\$0.33	3.45 years	3,720,000	\$0.36

The Company incurred an expense of \$381,200 (2021 - \$768,300) for share-based payments for the year ended March 31, 2022.

The options were valued using the Black-Scholes option-pricing model with the following assumptions:

For the year ended March 31,	2022	2021
Stock price	\$0.11	\$0.33
Dividend yield	0%	0%
Risk-free interest rate	1.19%	0.36%
Estimated volatility	109%	191%
Expected life in years	5	5

The weighted average grant-date fair value of options issued in the year ended March 31, 2022 was \$0.09.

Sanatana Resources Inc.

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For the year ended March 31, 2022

15. Related Party Transactions and Balances

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. The following are related party transactions not disclosed elsewhere in the consolidated financial statements:

For the year ended March 31,	2022	2021
	\$	\$
Short-term compensation	374,092	408,106
Share-based payments	280,840	576,200
Total	654,932	984,306

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

At March 31,	2022	2021
	\$	\$
Directors and officers	-	7,010
S2 Management Inc.	11,017	2,331
	11,017	9,341

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

16. Loss per Share

Net loss per share for the year ended March 31, 2022 excludes the exercise of 3,720,000 options and 3,292,000 warrants that would be anti-dilutive. Net income per share for the year ended March 31, 2021 excludes the exercise of 1,320,000 options and 10,351,186 warrants that were out of the money.

17. Supplemental Cash Flow Information

Non-cash transactions included the following:

For the year ended March 31,	2022	2021
	\$	\$
Shares issued for exploration and evaluation assets	30,000	515,199
Fair value of finders' warrants granted	-	162,020
Liability to renounce flow-through expenditures	-	285,667
Fair value of warrants granted re option agreement	-	25,600
Change in payables for exploration and evaluation assets	44,487	(90,918)
Settlement of liability through share issuance	61,250	-

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

18. Commitments

In December 2020, the Company undertook a flow-through financing and, at December 31, 2021, had satisfied its obligation to expend the proceeds on qualifying exploration.

During the year ended March 31, 2022, the Company recognized \$185,136 (2021 - \$108,584) in other income related to the renunciation of the flow-through liability.

In fiscal 2021, the Company undertook two flow-through financings and as a result was required to spend \$2,050,000 on eligible exploration expenditures by December 31, 2022. As of March 31, 2022, \$nil (2021 - \$1,446,813) was still unspent.

19. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At March 31, 2022, all exploration and evaluation assets and equipment were located in Canada and Solomon Islands.

At March 31,	2022	2021
	\$	\$
Canada	2,276,852	1,335,403
Solomon Islands	-	535,830
	2,276,852	1,871,233

20. Capital Management

The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions. The Company defines capital as equity, consisting of the issued common shares, share purchase options and warrants. The capital structure of the Company is managed to provide sufficient funding for mineral exploration and other operating activities. Funds are primarily secured through a combination of equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, which are all held with major financial institutions.

The Company does not have any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended March 31, 2022.

21. Financial Risk Management

Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash and equivalents. Cash and equivalents generate interest based on market interest rates. At March 31, 2022, the Company was not subject to significant interest rate risk.

Sanatana Resources Inc.

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For the year ended March 31, 2022

21. Financial Risk Management (continued)

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to money market investments.

The Company manages its credit risk by investing only in obligations of any province of Canada, Canada or their respective agencies; banker's acceptances purchased in the secondary market and having received the highest credit rating from a recognized rating agency in Canada, with a term of less than 180 days; and bank term deposits and bearer deposit notes, with a term of less than 180 days.

The Company's maximum exposure to credit risk as at March 31, 2022 is the carrying value of cash and cash equivalents, certain short-term investments and receivables.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company manages capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and matching the maturity profile of financial assets to development, capital and operating needs. All payables are due within a year.

Currency Risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at March 31, 2022, the Company's exposure to changes in foreign currency was not material.

Fair Value

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

At March 31, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets:				
Cash and cash equivalents	1,207,908	-	-	1,207,908
Short-term investments	1,000,582	404,000	-	1,404,582
	2,208,490	404,000	-	2,612,490
At March 31, 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets:				
Cash and cash equivalents	3,038,829	-	-	3,038,829
Short-term investments	1,000,630	408,000	-	1,408,630
	4,039,459	408,000	-	4,447,459

Accounts payable and accrued liabilities are carried at their amortized cost which approximates their fair value.

Sanatana Resources Inc.

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For the year ended March 31, 2022

22. Events after the Reporting Period

In April 2022, after receiving TSX-V approval for the Oweegee Dome option agreement, the Company issued 300,000 common shares to ArcWest as part of the Company's obligations under the Oweegee Dome option agreement and 250,000 common shares as a finder's fee for the Oweegee Dome property (note 8).

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 consisted of 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 for a period expiring on April 26, 2024. All securities issued in the private placement were subject to a statutory hold period expiring on August 27, 2022.

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 \$2,375,000. 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. All securities issued to investors and finders were subject to a hold period of four months and one day following closing.

In June 2022, the Company entered into an agreement to acquire a 100% interest in the Enid gold exploration property in the Timmins, Ontario region. The Company will pay cash of \$10,000; 30,000 common shares; and provide a 2% net smelter royalty ("NSR"). Sanatana may purchase 1% of the NSR for \$350,000 and a further 0.5% of the NSR for \$500,000 at any time. The common shares will be subject to a hold period of four months and a day from the date of issuance. The agreement is subject to TSX-V approval.

In June 2022, the Company granted 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 immediately and the remainder to vest 25% every six months from the grant date. Of the options granted, 1,650,000 were awarded to directors and officers of the Company.