

SANATANA RESOURCES INC.

Management's Discussion and Analysis

September 30, 2014



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SANATANA RESOURCES INC.
Management's Discussion and Analysis
Six Months Ended September 30, 2014

Introduction	2
Incorporation and Listing Information	2
Operating Report	2
Corporate Developments	2
Watershed Property	3
Introduction	3
Option and Joint Venture Agreement.....	4
Arbitration.....	5
Trelawney Easement Application.....	6
Purchase of Rights Under the AOI.....	6
Exploration Activities	7
Current Field Programs	14
Green Lake Property.....	14
Financial	15
Exploration and Evaluation Expenditures	15
Selected Quarterly Financial Data	15
Results of Operations for the Period.....	16
Changes in Financial Position	17
Liquidity	17
Related Party Transactions	18
Contractual Obligations and Commitments.....	19
Share Capital	19
Private Placements.....	19
Share Option Plan	20
Share Purchase Warrants	20
Dividends	21
Outstanding Share Information.....	21
Risks and Uncertainties	21

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

This management's discussion and analysis ("MD&A") contains certain forward-looking statements that are prospective and reflect management's expectations regarding Sanatana Resources Inc.'s ("Sanatana" or the "Company") future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included in this MD&A including without limitation, statements regarding potential mineralization and resources or reserves, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, exploration results and future plans and objectives of Sanatana are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Sanatana's expectations are disclosed in its documents filed from time to time with the TSX Venture Exchange (the "TSX-V") and other regulatory authorities and include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors.

Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Sanatana undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Six Months Ended September 30, 2014

Introduction

This MD&A has been prepared as of November 20, 2014 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the period ended September 30, 2014 and the Company's audited financial statements and related notes for the year ended March 31, 2014. This MD&A is intended to provide the reader with a review of the Company's performance for the period ended September 30, 2014 and through to the date of this report, and the factors reasonably expected to impact future operations and results. This MD&A contains forward-looking statements that are subject to risk factors set out above.

The Company's financial statements for the period ended September 30, 2014 have been prepared in accordance with *IAS 34 – Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

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

Incorporation and Listing Information

Sanatana was incorporated as Sanatana Diamonds Inc. under the British Columbia *Business Companies Act* on June 25, 2004. In November 2005, the Company became a reporting issuer in every province and territory of Canada, except Quebec. The Company's common shares trade on the TSX-V as a mining exploration and development company under the symbol "STA". In 2011, the Company changed its name to Sanatana Resources Inc. to better reflect the broader nature of its mineral exploration activities.

Operating Report

The Company is an exploration stage company and is engaged in the acquisition, exploration and development of exploration and evaluation assets. The Company's operations are focused on the Watershed Property in Ontario. See *Watershed Property* below.

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

Corporate Developments

- In November 2014, Trelawney Mining and Exploration Inc. ("Trelawney") withdrew its easement application in connection with the Watershed Project (see *Trelawney Easement Application* below).
- In October 2014, the Company closed a non-brokered private placement issuing 2,500,000 flow-through units at \$0.12 per unit for gross proceeds of \$300,000. See *Share Capital* below.
- In September 2014, the Company closed a non-brokered private placement issuing 2,750,000 units at \$0.10 for gross proceeds of \$275,000. See *Share Capital* below.

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

- In September 2014, the Ontario Mining and Lands Commissioner (the "Commissioner") set hearing dates regarding the easement dispute with Trelawney. See *Watershed Property – Trelawney Easement Application* below.
- In September 2014, the Company arranged a warrant exercise incentive program to encourage the exercise of all non-flow through common shares purchase warrants issued as part of the December 2013 flow-through private placement for proceeds up to \$275,000. See *Share Capital* below.
- In July 2014, the Company appointed Darcy J. Will to its board of directors. Mr. Will has over 25 years of public markets and corporate experience. He is co-founder, director, and senior officer of Gamehost Inc. (T.GH) a successful gaming, lodging and entertainment company listed on the Toronto Stock Exchange. Mr. Will has extensive experience in commercial real estate development, financing, construction, design, and operating multiple active businesses.

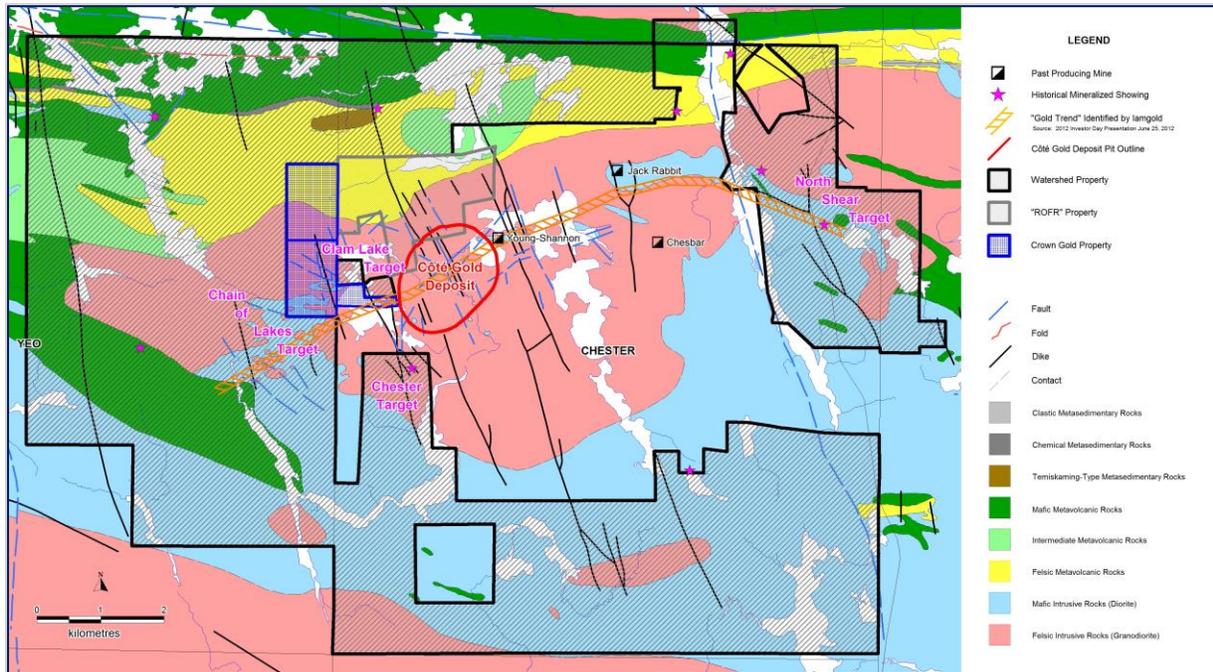
Watershed Property

Introduction

The Watershed Property comprises a 50% interest in 46 mining claims and a 10% interest in three further mining claims (see *Option and Joint Venture Agreement* and *Area of Interest* below) covering a total of 7,904 hectares (Figure 1). The project area is located midway along Highway 144 between Sudbury and Timmins near the town of Gogama, Ontario. Major known prospects on the property include the Schist Lake area located in the Yeo township and the Chester Gold area located in the Chester township. The Company believes that this area is prospective based on its review of historical data and the local geology. Other companies have found evidence of gold mineralization in the area.

The geology of the Watershed Property area is typical of the Swayze Greenstone Belt in this area, comprising a structurally complex mafic to felsic metavolcano-sedimentary supracrustal sequence of rocks intruded in places by diorite to tonalite rocks of the Chester Intrusive Complex. There are ten historical high-grade gold mineralized showings highlighting the gold-bearing tenor of the property. Access to the property is via paved highway from Sudbury and Timmins, Ontario. A network of dirt roads crosses the property. The infrastructure in the area of the Watershed Property, including access to power, water, accommodation and other services, is excellent.

Figure 1: Watershed Property Claims



Option and Joint Venture Agreement

In February 2011, Sanatana entered into an option and joint venture agreement with Augen Gold Corp. (“Augen”), as it then was, (the "Option and JV Agreement") regarding the Watershed Property. Trelawney subsequently acquired Augen and, through a corporate reorganization, renamed Augen as Trelawney Augen Acquisition Corp. (“TAAC”). Subsequently, in June 2012, IAMGOLD Corporation (“Iamgold”) acquired Trelawney. The Company has posted a redacted copy of the Option and JV Agreement on SEDAR. The Company paid a finder’s fee in connection with the Option and JV Agreement through the issuance of 678,571 common shares.

Under the terms of the Option and JV Agreement, Sanatana has the option to acquire up to a 51% undivided interest in the rights to 46 mineral concessions in Ontario (the “Core Property”) free and clear of all encumbrances. The Core Property is located within the townships of Yeo, Chester, Neville and Benneweis and covers 7,691 hectares.

In November 2012, Sanatana exercised its first option and acquired a 50% undivided interest in the Core Property (the "50% Interest"). In order to exercise the 50% Interest, Sanatana paid \$150,000 in cash, issued 5,000,000 common shares and incurred over \$5,000,000 in work costs. Sanatana is the registered owner of the Watershed Property, which is to be held in trust for the benefit of the parties in accordance with their respective interests.

Earn-in of up to 51% Interest

Sanatana has the right to earn a further 1% interest in the Core Property, for a total undivided interest of 51%, free and clear of all encumbrances. In order to earn a 51% interest, Sanatana must prepare and deliver to TAAC (at Sanatana's sole cost) a pre-feasibility study on or before March 23, 2016. Sanatana is considering its options in this regard and has until March 23, 2016

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

to decide whether to exercise its right to acquire the 51% interest. The parties will form a joint venture to further explore the Core Property on the earlier of (1) the date that Sanatana exercises its right to acquire a 51% interest; or (2) the date Sanatana surrenders its right to acquire a 51% interest, as applicable. In any event, the parties will form a joint venture no later than March 23, 2016.

Joint Venture

Sanatana has the right to be the manager of the joint venture when it is formed and will manage exploration work as directed by a management committee based on the parties' respective interests in the joint venture. Ultimately, if Sanatana acquires a 51% interest (and assuming that it does not dilute its interest in the joint venture), Sanatana will control the management committee and so control the instructions the management committee gives to the manager to establish exploration programs.

Sanatana has elected to continue exploring the Core Property and continues to be credited for related work costs. Specifically, any work costs incurred by Sanatana in excess of the work costs required to earn its interest in the Core Property will be credited to Sanatana's contribution to the first work program after formation of the joint venture and will not automatically dilute the participating interest of TAAC on formation. To September 30, 2014, Sanatana has incurred \$4,382,000 in work costs in addition to the \$5,000,000 in work costs that Sanatana spent to acquire the 50% Interest.

Area of Interest

The Core Property is protected by an area of interest extending at least one kilometre from any portion of the Core Property (the "AOI") as it existed as of the date of the Option and JV Agreement. If a party to the Option and JV Agreement (or its affiliate) acquires any interest in mining claims or any other form of mineral tenure located wholly or partly in the AOI (the "AOI Tenure"), then the acquiring party must immediately notify the other party and provide (1) details of the related costs and (2) all details in its possession with respect to the nature of the AOI Tenure and its known mineralization. While the AOI extends at least one kilometre from the Core Property, the exact size of the AOI was redacted in the copy of the Option and JV Agreement that Sanatana filed on SEDAR and has not been publicly disclosed.

Participation Right

TAAC has the right to purchase up to 10% of any securities issued by Sanatana in a brokered or non-brokered private placement, provided that TAAC qualifies under an exemption provided by National Instrument 45-106 - *Prospectus and Registration Exemptions*. The participation right terminates on the termination of the Option and JV Agreement or formation of the joint venture. TAAC is prohibited from exercising the participation right if it (or any person or company acting jointly or in concert with TAAC) would in the aggregate beneficially own, or exercise control or direction over, 20% or more of the voting securities of Sanatana.

Arbitration

In October 2013, Sanatana commenced binding arbitration proceedings with respect to disputes arising under the Option and JV Agreement. In accordance with the Option and JV Agreement, the binding arbitration will be heard by a panel of three arbitrators and will be held in Vancouver, BC. Each party has appointed one arbitrator; the parties' two designated arbitrators have appointed the third arbitrator.

Trelawney Easement Application

On April 26, 2013, Trelawney, a subsidiary of Iamgold, filed an application with the Commissioner seeking easement rights on the Watershed Property. The proposed easements would have had a materially adverse effect on Sanatana's ability to raise funding for and to explore the Watershed Property. The Commissioner scheduled a hearing to address this matter in November 2014; however, on the first day of the hearing Trelawney withdrew its easement application and the Commissioner ordered that the hearing be discontinued. The Company plans to post a copy of the Commissioner's order regarding the discontinuance on its website (www.sanatanaresources.com) under "Easement Dispute".

Sanatana and Trelawney are attempting to agree on the reimbursement of Sanatana's costs for the hearing. The Company has incurred expenses of over \$700,000 to defend its property rights but expects to recover a significant proportion of this amount. If the parties are unable to agree on costs, then Sanatana and Trelawney will make written submissions to the Commissioner on or before December 2, 2014 and December 9, 2014 respectively.

Purchase of Rights Under the AOI

Rights Acquired

Trelawney, an affiliate of TAAC, previously acquired a 20% undivided legal and beneficial interest in and to unpatented mining claims 4240522, 4241016 and 4220425 (the "Clam Lake Property") over an area of 213 hectares situated in the Yeo and Chester townships, which are within the AOI. Concurrently, TAAC took an assignment of Crown Gold Corporation's ("Crown Gold") rights under an amendment and assignment of mining claim acquisition agreement (the "Acquisition Agreement").

Having reviewed the geological information associated with the Clam Lake Property along with the Acquisition Agreement, Sanatana elected to (1) have the interest in the Clam Lake Property form part of the Watershed Property for the benefit of Sanatana and TAAC and (2) acquire the rights under the Acquisition Agreement. The acquisition costs for the interest in the Clam Lake Property and the assignment of the Acquisition Agreement totalled \$143,317 and the Company has reimbursed TAAC for this amount.

Under the terms of the underlying Acquisition Agreement the Clam Lake Property are subject to the following terms:

- The 20% undivided legal and beneficial interest in the Clam Lake Property is identified as a "carried interest" under the Acquisition Agreement and is defined to mean that, until completion of a positive pre-feasibility study, all costs and expenses of the exploration programs, preparation and filing of assessment reports and other obligations relating to the Clam Lake Property are the sole obligation of Trelawney and Sanatana will not have any obligation in that regard.
- Upon completion and delivery of a positive pre-feasibility study to Sanatana and TAAC, Trelawney, TAAC and Sanatana will enter into a joint venture agreement for the further exploration and development of the Clam Lake Property on terms to be negotiated in good faith between the parties.

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

- If Sanatana and TAAC's interest in the Clam Lake Property is diluted to an amount less than 10% then such interest which is less than 10% will be converted into a 2% net smelter return royalty.
- So long as Sanatana and TAAC have any interest in the Clam Lake Property, Trelawney is required to deliver to Sanatana no less than quarter-yearly, complete copies of all reports, files, maps, core, samples, data and other information regarding the Clam Lake Property.
- The Clam Lake Property is subject to 2% net smelter return royalty, which can be reduced to 1% by paying the royalty holders \$1,000,000 at any time.

Trelawney recently commenced a drill program on the Clam Lake Property. See *Exploration Activities - Drilling Completed by Trelawney* below.

Drill Results

During the drill program for mining claim 3011820 Sanatana inadvertently drilled seven holes beyond the limits of mining claim 3011820 in the sub-surface to the south (see Figure 2 below, holes SR-12-24 and SR-13-01 to SR-13-06). This occurred because the drill holes deflected off their planned path during drilling and the amount of deflection was not known until a survey of the holes was completed. The off-property drilling extended for up to 50 metres on to mining claim 4220425, which was then held jointly by Trelawney (80%) and Crown Gold (20%) and is now held jointly by Trelawney (80%) and Sanatana (for the benefit of Sanatana and TAAC) (20%). Intervals of gold mineralization ranging from approximately 1 metre at 7 g/t to 18 metres at 1 g/t were encountered in this drilling. Sanatana informed Trelawney and Crown Gold of such drilling and supplied them with the drill data in conformity with standard protocols. Having acquired the 20% interest in the Clam Lake Property for the benefit of Sanatana and TAAC, Sanatana views such drilling results for mining claim 4220425 as material and that disclosure is necessary for observance of applicable laws and stock exchange listing requirements. For details of the drill results refer to the Company website.

The gold mineralization observed in these drill intercepts shares many similarities to mineralization within mining claim 3011820 (the "Clam Lake prospect") and Trelawney's Côté gold deposit as has been publicly described and presented previously. Like the Côté gold system, the Clam Lake prospect has gold mineralization hosted in intrusive breccias associated with silicification, potassium and sodic alteration with accessory copper, molybdenum and telluride mineralization. Some of the higher-grade intervals are associated with calcite quartz sulphide veins within the breccias however there are also many examples of barren veins of similar nature. The gold mineralization remains open on the property and into other parties' ground to the east, west, north and south. The Clam Lake Property is exploratory in nature and it is too early to conclude any further similarities between the Côté gold deposit and the Clam Lake Property.

Exploration Activities

Before Sanatana's Involvement

There was historic exploration on the Watershed Property that included grab sampling, geophysical surveys, and diamond drilling. The grab sampling returned gold assays of up to 270 g/t Au from historical gold showings.

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

In 2007, TAAC (at that time operating as Augen Gold Corp.) completed a DIGHEM (Fugro) airborne magnetic and electromagnetic ("EM") survey on its South Swayze property, which at the time included the Company's current Watershed Property. The information was used to produce maps that display magnetic, conductive and radiometric properties of the underlying bedrock. The EM survey identified more than 500 weak to strong bedrock conductors over the survey area. None of these targets were drill tested.

In 2009, TAAC (at that time operating as Augen Gold Corp.) completed diamond drilling on the Chester Gold area and Schist Lake area. Drilling failed to identify significant gold mineralization underlying the historic gold occurrences in either of these areas.

Geophysical Surveys Completed by Sanatana

The Company completed an airborne EM survey and received the final report and data in June 2011. Geotech Ltd. flew its proprietary ZTEM system covering the entire Watershed Property at 200-metre line spacing for a total of 1,000 line-kilometres. ZTEM is a passive EM system that measures naturally induced variations in the vertical field of the audio frequency range. This system has the advantage over other EM methods in highlighting deep structural zones in poorly conductive rocks without being affected by highly conductive surficial materials (e.g. lake bottom sediments). The data was processed and inversion modelling completed by Geotech Ltd. In-house review by the Company revealed significant large-scale structural features of this part of the Swayze Greenstone Belt that will help the Company to understand mineralization processes of the property area. The data was incorporated into the project 3-D model by Caracle Creek International Consulting Inc. ("CCIC") and used along with the TAAC airborne data to complete a bedrock structural interpretation over the property area. The report on the structural interpretation proposes five target areas that present structural settings with potential to host gold mineralization based on generally accepted gold mineralizing processes in this geological terrane.

The Company completed an induced polarization ("IP") survey on key sections of the Watershed Property in an attempt to locate extensions of the Côté Lake mineralization trend. The Company engaged CCIC to undertake the IP survey using the EarthProbe method. Cut lines were oriented north-south varying from one to four kilometres for a total of approximately 25 line-kilometres. Results show that an east-west trending IP anomaly extends on to the Company's mining claim #3011820¹ east of the Clam Lake area as well as delineating new anomalous areas around the Chester showing to the south and other ground lying further to the west referred to as the Chain of Lakes area. Inversion modeling of the IP data refined the drill targets for testing by the diamond-drilling programs.

Three ground magnetic surveys were conducted by the Company over the Clam Lake, Chain of Lakes and Chester areas (Figure 1) in early spring 2012. The objective of these surveys was to identify diabase dykes in the unexposed subsurface geology to assist with drill collar positioning and avoid intersecting them where possible. Overall, though the ground magnetic was noisy, likely due to tree cover and difficult walking conditions, the study did identify probable diabase dykes in the processed images. Knowledge of the locations and trends will help with planning future drill programs in these areas.

A fourth ground magnetic survey was completed over the North Shear prospect east of Highway 144 (Figure 1) in spring 2013. This survey was aimed at defining the gold mineralized shear

¹ The Company's corporate presentation at www.sanatanaresources.com includes a map showing the location of individual claims.

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

zone and attempting to trace its extensions to the northwest and southeast in places of little or no outcrop. So far the data has been used successfully to locate subcrops of sheared rocks along strike to the west of Highway 144 that could represent an extension of the shear zone. Rock samples have been collected and submitted for assay, but no results have been received as yet and it is not known if these sheared rocks contain any gold mineralization at this stage.

CCIC completed down hole IP using the EarthProbe method on selected drill holes throughout the 2011-12 drill programs, to reconcile the drill hole geology and sample assay results against the original surface IP drill targets to check for possible "near miss" scenarios. Interpretation of the data concluded that the drill holes had sufficiently tested most of the surface IP targets and the lithologies observed in the drill core correlated well with changing IP responses in down hole profiles. Gold mineralization encountered by the drilling was correlated with zones of higher chargeability in the down hole IP, however this was not quantifiable and the higher chargeability seemed to be related more to the host rock than the mineralization itself.

DGI Geoscience Inc. ("DGI") conducted down hole geophysical data logging of selected drill holes throughout the 2011-12 drill programs. The down hole surveys included Acoustic Televiewer structural measurements and a range of physical rock properties. The resultant data was incorporated into the drill hole database for analysis, but DGI also performed its proprietary 2-4C multivariate cluster analysis using the physical property data, lithological logging and assay data to define correlative units and assist in interpretation of data between drill holes and sections.

Trenching and Geochemical Sampling Completed by Sanatana

Sanatana completed a program of outcrop stripping with detailed geological mapping and channel sampling of the exposed bedrock over selected IP anomalies at all three areas to provide surficial control for the geophysical targets and locating of drill hole collars to test them. The maps compiled from this work assisted in refining targets for the drill programs.

At Clam Lake, the Company completed five trenches traversing two separate IP anomalies. Rock grab samples from the newly exposed bedrock returned elevated gold values of up to 3.09 g/t and continuous channel sampling returned elevated gold values of up to 6.18 g/t.

The Company completed outcrop stripping at eight locations spread over different IP lines at Chester and the western Chain of Lakes areas in 2011. Channel cutting and sampling of the stripped outcrops had to be postponed due to the onset of winter weather late in the season, but was completed in spring 2012. A grab sample collected at one of the outcrops returned an assays result of 25.3 g/t Au: Channel sampling of the various outcrop provided results ranging from 1 g/t Au to up to 6 g/t Au over 1 metre.

Prospecting undertaken at the existing "Silver Butte" showing, just off Highway 144 near the Mesomikenda Lake turn-off in the eastern part of the property, identified a new area of interest along the "Gold Trend" at the Northern Shear zone Au occurrence where hand stripping, mapping and channel sampling revealed an interval of 8.4 metres at 1.63g/t Au within a 12-metre outcrop. Though this location was previously mapped on a prospect-scale fact map, only a limited number of grab samples were collected. No systematic sampling was undertaken and the prospect was not drilled. Fresh mechanized stripping and washing to enhance pre-existing stripped outcrops and open up new outcrops was completed in the fall of 2012. So far the North Shear zone has been traced 100 metres to the northwest and to the southeast along a strike of 120-125° (or 300-305°). The new outcrop areas were washed and mapped and channel samples cut and collected across the width of the shear zone to assess the extent of gold mineralization ahead of possible drill testing. The assay results returned values from 70

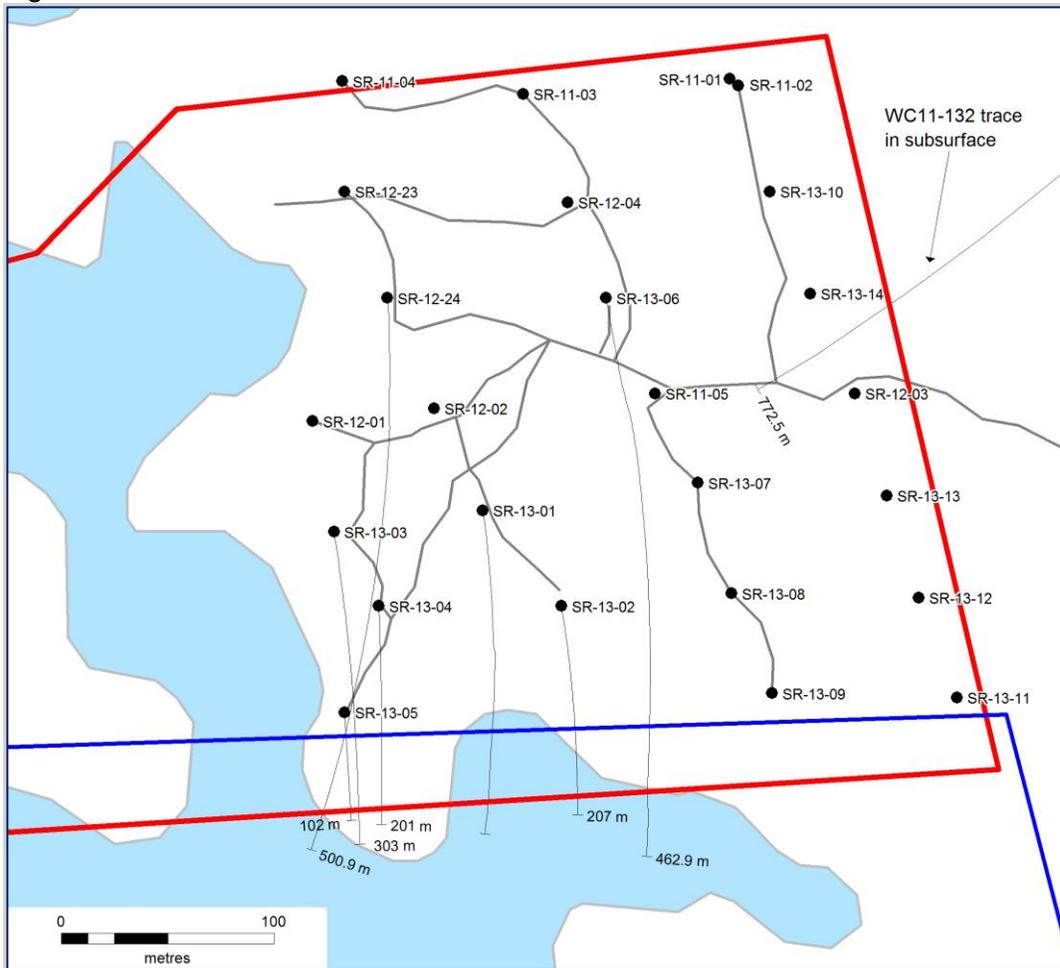
centimetres at 1 g/t Au up to 1.2 metres at 38 g/t Au. For details on all the rock grab and channel sampling assay results refer to the Company website.

A regional soil-sampling program was completed across the entire property, comprising 1,042 samples at a staggered grid spacing of 400 metres collecting B horizon soil from till cover to test for gold anomalism by trace level aqua regia ICP-MS method by ALS, Sudbury. Interpretation of geochemical anomalies in soils relies upon statistical analysis of a complete dataset of assay results for the property. Five areas of anomalous gold in soil were selected from the regional dataset for follow up infill sampling at 100-metre grid spacing. A further 412 samples were collected from these areas. The infill sample results did not define a clearly anomalous area of gold geochemistry in soil, however there are two areas of interest in the south and south-eastern parts of the property and one to the north that warrant further investigation.

Drilling Completed by Sanatana

The Company completed diamond drilling over five areas on the Watershed Property from October 2011 until March 2013, comprising 43 drill holes totaling 17,131 metres. For details of the drill results refer to the Company's website.

Figure 2: Clam Lake Claim 3011820 Detailed Drill Hole Locations



At Clam Lake mining claim #3011820, 25 drill holes (9,193 metres) were completed (see Figure 2, SR-11-01 – 05, SR-12-01 – 04, SR-12-21 - 22 and SR-13-01 – 14) at a nominal spacing of 50

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

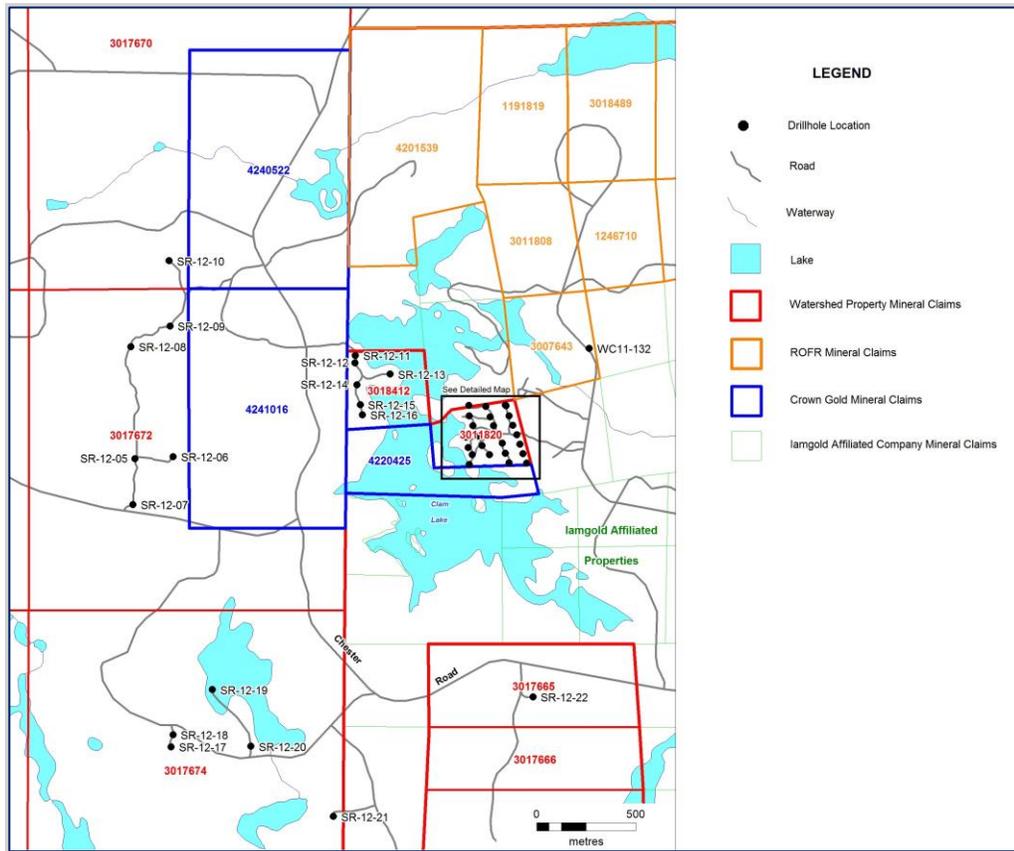
metres along four lines spaced 100 metres apart (including infill) testing subsurface IP anomalies and coincident gold values in surficial geochemical sampling of stripped bedrock outcrops. The drill holes were inclined at 60°, 70° or 80° to horizontal towards 160° or 170° depending upon the location of the collar around the claim and proximity to the southern claim boundary. Several significant gold mineralized down hole intervals were encountered in this drill program.

Based on assay results and observations from the drill program on the Clam Lake claim #3011820, the Company has defined a zone of lower grade disseminated gold mineralization hosted in an intensely silicified breccia with a lateral extent up to 300 metres wide in the north-south direction. Along strike, the mineralization extends from the Trelawney claim boundary in the east to the shores of Clam Lake in the west, a length of 300 metres and is open in both directions. The drilling has shown the mineralization extending to a vertical depth of approximately 400 metres and this also remains open at depth. Within the lower grade zone, high grade gold occurs variously associated with quartz veins, structures, and areas of the most intense alteration.

Geological interpretation of the data indicates it is unlikely that this is a separate zone of gold mineralization confined to the boundaries of the mining claim. The wider alteration system exhibits textures and mineralogy similar to that described by Trelawney at the time of the Côté Lake discovery on Trelawney's adjacent property. The most probable conclusion is that this zone of gold mineralization is an extension of the Côté gold deposit. The closest mineralized Trelawney drill hole (E11-145) included in the Côté gold deposit NI 43-101 resource estimate update (Trelawney news release October 4, 2012 and subsequent SEDAR updates) is located on the adjacent property only 125 metres due east of the boundary of the Watershed Property mining claim #3011820.

The Company was sufficiently encouraged from observations of the drill core from Clam Lake to continue with drilling of IP anomalies in other areas of the Watershed Property.

Figure 3: Drill Hole Locations



The Company completed a six-hole (3,035 metre) drill program to test the existence of gold mineralization on IP anomaly trends around the Chain of Lakes area 1.5 kilometres along strike to the west of Clam Lake (Figure 3, holes SR-12-05 to SR-12-10 and SR-12-17 to SR-12-22). All the drilling was angled at 60° to horizontal towards the south, allowing for some slight drift to the west at times. Observations from the first three drill holes of the program indicated a more mafic rock sequence of monotonous repetitive shear zones and very little alteration. Hole SR-12-08 provided the first indications of the same host rock type and alteration as was seen at Clam Lake. More substantial gold mineralization was first encountered in hole SR-12-09 and the style and consistency of this mineralization is encouraging and re-enforces the concept of the Côté Lake - Clam Lake trend extending well beyond the currently defined boundaries. Interpretation of the data implies that these narrow zones of gold mineralization may represent stringers peripheral to the main lode.

Five additional holes (2,573 metres) were drilled in the southern part of the Chain of Lakes area on mining claim #3017674 (Figure 3, SR-12-17 to SR-12-21) targeting parallel IP anomaly trends 2.0 kilometres southwest of the Clam Lake claim #301820 thought to represent possible mineralized trends parallel to the Côté gold deposit - Clam Lake trend. No significant gold mineralization was encountered in these drill holes. Hole SR-12-22 (502 metres) tested an isolated IP anomaly oriented southeast – northwest in the Chester area within mining claim #3017665.

Six drill holes (1,829 metres) were drilled on mining claim #3018412 (Figure 3, holes SR-12-11 to SR-11-16) testing for extensions of the gold mineralization from mining claim #301820

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

across to the western shore of Clam Lake. Again, the drilling was angled at 60 degrees to horizontal towards the south, allowing for some slight drift to the west at times, except for hole SR-12-12 which was drilled due north at 50 degrees as a scissor hole testing gold mineralization encountered in hole SR-12-11. Visible gold was observed at 29 metres down hole hosted in a lode-style quartz vein that returned an assay result of 32.4 g/t Au over 0.6 metres from 29.1 metres. The scissor hole SR-12-12 intersected the same quartz vein at 44.7 metres down hole and returned an assay result of 0.7 metres at 1.2 g/t Au from a point approximately 10 metres along strike to the west and a little down dip from the original intersection in hole SR-12-11 showing the variability of gold distribution of the lode quartz vein.

Drilling Completed by TAAC

Recently it came to the Company's attention that a drill hole undertaken by TAAC in 2011 (WC11-132) and collared within the Iamgold affiliated mining claim area (Figure 3) had drifted onto mining claim 3011820 of the Watershed Property (Figure 2). All relevant data has now been made available to the Company. There were two sample intervals of greater than 0.3 g/t Au recorded from the drill hole, however due to the angle at which the hole entered the mining claim, it would not have been expected to traverse the mineralized trend at an optimal angle and therefore no significant intervals of gold mineralization were expected. The cost of the drilling conducted within mining claim 3011820 has been filed for assessment work and is pending approval by the Ontario Ministry of Northern Development and Mines.

Drilling Completed by Trelawney

In November 2013, Trelawney drilled three exploration drill holes (892.5 metres) on the Clam Lake Property on the west side of Clam Lake. One drill hole (Figure 3, CLM13-01) was located within mining claim 4240522 and testing targets of the Baxter Trend in the north. The other two drill holes were located within mining claim 4221016 targeting the newly defined South IP Anomaly (Figure 3, CLM13-02) in the central west part of claim and the Hopkins Trend in the south (Figure 3, CLM13-03). A best intersection of five metres at 63.2 g/t Au from 143.0 metres, uncut and 2.5 metres true width, down hole CLM13-02 targeting the eastern edge of the South IP Anomaly was returned from assay results received during the first quarter of 2014 and reported to the Company by Trelawney in May 2014. No significant results were reported from the other two drill holes (CLM13-01 and CLM13-03).

The mineralized interval was hosted by a sulphidic deformation zone at the contact between mafic and felsic intrusive rocks with visible gold also present. Sanatana previously drilled similar intersections of sheared and silicified sulphide mineralized zones with varying gold grades and visible gold within 500 metres east and west of hole CLM13-02 on mining claims 3011820, 3017672 and 3018412 of the Watershed Property.

Trelawney intends to study the geological structure and alteration as well as the geophysical signature of the mineralized intersection to help design a follow up drill program. A work permit covering the entire Clam Lake Property is already in place to allow Trelawney to conduct further exploration drilling.

As described in Sanatana's news release dated August 26, 2014, Trelawney has commenced a seven- to nine-hole drill program (2,000 to 2,400 metres) to follow up on the high-grade intersection at Clam Lake Property drill hole CLM13-02 as described above, as well as to test selected target areas along the Baxter's and Hopkins trends. Sanatana currently has a 10% carried interest in the Clam Lake Property and has the right to earn up to a 10.2% carried interest (see *Rights Acquired Under the AOI* above).

Current Field Programs

Data compilation and interpretation, as well as drill core sample QA/QC tasks, are ongoing in support of calculating a resources estimate on the Clam Lake claim. The Company is in the process of applying for exploration permits under the new Ontario mining regulations in order to continue prospecting and drilling field programs across the Watershed Property.

The Company plans to spend at least \$10,000 on the Watershed Property through the remainder of calendar 2014 and \$275,000 in calendar 2015.

Green Lake Property

In February 2014, the Company acquired a 100% interest in four mineral claims covering a combined area of approximately 6,000 hectares near Green Lake, Saskatchewan. The mineral claims were acquired using the online Mineral Administration Registry Saskatchewan system. Based on its review of publicly available airborne magnetic and ground geochemical data, the Company believes the properties are prospective for diamondiferous kimberlite exploration.

In order to keep the Green Lake property, the Company must spend about \$50,000 over the next 15 months. The Company has held a preliminary meeting with the local community as the first step in developing an exploration plan. The Company has completed some preliminary sampling but has not yet analyzed the data. Once the local community and the Company have reached an agreement, the Company plans to undertake a larger exploration program, if funding permits.

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Six Months Ended September 30, 2014

Financial

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

Exploration and Evaluation Expenditures

Exploration and evaluation asset costs formed the bulk of the Company's expenditures in the period. These costs before impairment provisions are set out in the following table:

	Six Months Ended September 30 2014 \$	Year Ended March 31 2014 \$
Watershed Property		
Acquisition costs	-	143,317
Contractor and consultant	58,512	271,072
Field and camp	5,035	62,449
Permitting and other	15,015	27,770
Project management fees	59,250	159,000
Sampling and assays	-	67,278
Transport and accommodation	12,220	83,260
	150,032	814,146
Cryderman Property		
Acquisition costs	-	4,536
Green Lake Property		
Acquisition costs	-	3,531
Contractor and consultant	8,249	1,480
Field and camp	1,848	127
Project management fees	22,250	6,500
Sampling and assays	-	146
Transport and accommodation	10,143	3,406
	42,490	15,190
All exploration and evaluation expenditures	192,522	833,872

Selected Quarterly Financial Data

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

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Six Months Ended September 30, 2014

Quarter Ended	Cash and Equivalents	Exploration and Evaluation Assets	Loss for the Quarter ¹	Income (Loss) per Share ^{1,2} (Basic and Diluted)
	\$	\$	\$	\$
December 31, 2012	1,862,167	8,386,211	(301,393)	(0.00)
March 31, 2013	791,267	9,339,616	(176,574)	(0.00)
June 30, 2013	285,565	9,730,577	(270,196)	(0.00)
September 30, 2013	417,976	10,032,448	(501,557)	(0.00)
December 31, 2013	477,578	4,023,592	(6,365,516)	(0.05)
March 31, 2014	284,063	4,102,952	(383,648)	(0.00)
June 30, 2014	190,108	4,173,703	(250,601)	(0.00)
September 2014	635,384	4,295,474	(253,937)	(0.00)

¹ The quarter ended December 31, 2012 has been restated from amounts previously disclosed to adjust for the recognition of deferred income taxes resulting from flow-through offerings.

² Sum of quarterly loss per share may not equal year-to-date amounts due to rounding.

The Company is an exploration stage company and has not generated any sales or revenues, nor has it had any extraordinary items or discontinued operations in the most recent eight fiscal quarters. As the Company is still in the exploration stage, variances in its quarterly losses are not affected by sales or production-related factors. Variances by quarter reflect overall exploration and corporate activity and certain factors that may not recur each quarter.

Significant variations from the normal level of operating loss include:

- December 31, 2012 - The Company recorded share-based compensation of \$106,000 and a deferred income tax recovery of \$75,000.
- June 30, 2013 and September 30, 2013 – The Company incurred abnormally high legal costs regarding the Watershed Property.
- December 31, 2013 – The Company recorded an impairment charge of \$6,071,000 on its exploration and evaluation assets. See *Results of Operations for the Period* below.
- March 31, 2014 – The Company incurred higher-than-normal Watershed Property-related legal costs (see *Trelawney Easement Application*).

Results of Operations for the Period

The principal factors necessary to understand the Company's results of operations are:

- To September 30, 2014, directors, including executive directors, were paid \$10,000 annually; the chairman of the board was paid \$20,000 annually. In April 2013, the board of directors agreed to defer payment of director fees until the Company's financial position improves. Effective March 31, 2014, the Company entered into a different fee arrangement with its new chairman who is paid a base fee of \$96,000 annually (see *Related Party Transactions* below).

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

- Investor relations expenses relate to investor communications, including maintaining and updating the website and disseminating news releases. The Company is paying \$3,500 per month to an investor relations consultant until February 2015.
- Management fees and salaries represent amounts paid to officers, employees and contractors and related benefits, net of amounts capitalized to exploration and evaluation assets or allocated to property investigation costs. The Company's employees have agreed to defer part of their compensation until the Company's financial position improves (see *Liquidity* below).
- Professional fees were paid to lawyers and auditors. Legal fees in the current period continue to be high as the Company defends its property rights on the Watershed Property (see *Trelawney Easement Application*).
- Rent relates to the Company's office premises and a storage locker. The Company has moved into smaller offices with a shorter-term lease as part of its initiative to reduce overhead.
- Share-based payments represents the fair value of stock options recognized over their vesting term, calculated using the Black-Scholes option-pricing model. See note 12 of the Company's September 30, 2014 financial statements for further particulars.
- Travel and accommodation represents the cost for management travel to Sanatana's exploration and evaluation assets and for corporate development activities, but does not include the travel costs to inspect prospective acquisitions. Travel and accommodation expense fluctuates significantly from period to period depending on the initiatives under way.
- Interest and other income for fiscal 2014 primarily comprise a recovery of refundable deposits previously written off.
- Deferred income tax recovery represents the reversal of flow-through shares premium liability. This amount does not represent a cash flow to the Company.

Changes in Financial Position

Changes in the Company's financial position since its March 31, 2014 year end primarily relate to expenditures of cash on administration, exploration activities and professional fees to defend its property rights on the Watershed Property. The Company completed private placements in September and October 2014, raising total gross proceeds of \$575,000. The Company also collected \$202,000 from the refund of bonds relating to its old Mackenzie project.

Liquidity

At September 30, 2014, the Company had cash and cash equivalents of \$635,000. Cash on hand will not be sufficient to fund 12 months' activities due to legal costs that the Company is likely to incur regarding the Watershed Property and flow-through exploration obligations. Specific factors affecting the Company's liquidity are:

- In October 2014, the Company completed a private placement raising gross proceeds of \$300,000.
- The board of directors is deferring payment of certain director fees until the Company's financial position permits. The Company's employees have also agreed to defer a portion of their compensation. At September 30, 2014 the Company owed its board and employees a total of \$201,000.

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

- Under the terms of flow-through financings, the Company is committed to spending \$10,000 on exploration activities before December 31, 2014 and \$300,000 before December 31, 2015. The Company cannot use these funds for administration.
- The Company is seeking to recover costs incurred to defend Trelawney's easement application claim (see *Trelawney Easement Application* above). The amount of the recovery, if any, is not known but will be used to settle accounts payable.
- The Company expects to continue to incur legal costs at an arbitration to defend its rights to the Watershed Property. This arbitration could materially affect future cash flows through the need to fund ongoing legal fees, or not, and the awarding of costs in Sanatana's favour, or not.
- The Company is contingently liable to pay up to 1% of the transaction value of a settlement with Trelawney if certain conditions are met. See *Contractual Obligations and Commitments* below.
- In the event of a settlement of the dispute with Trelawney, the Company may be obliged to pay a proportion of the settlement amount as compensation to its board chairman. See *Related Party Transactions* below.
- Office premises lease payments total \$15,000 through to December 2014.
- The Company has signed vehicle lease contracts that commit it to monthly payments of \$2,190 until November 2014. The Company plans to extend the lease but has not yet finalized the terms.
- An employment contract with the Company's CEO includes a six-month termination provision that could cost \$90,000. An employment contract with the Company's board chairman commits the Company to monthly payments of \$8,000 until March 31, 2016.

The Company may supplement its cash by selling its drill, which is not suited to exploration work at the Watershed Property. In addition, shareholders may exercise additional share purchase warrants. There can be no assurance that the Company will be successful in its efforts to sell the drill or that shareholders will exercise warrants.

Related Party Transactions

At September 30, 2014, the Company had four employees and arrangements with contractors to provide certain administrative, accounting and management services. In addition, certain directors, officers and significant shareholders provide management and consulting services to the Company. Particulars of related party transactions are disclosed in note 13 of the September 30, 2014 financial statements.

The Company has a contract with its CEO that provides for monthly compensation of \$15,000 with six months' notice or payment in lieu of notice.

The Company has a contract with its board chairman, Barry Fraser that provides for a monthly payment of \$8,000 until March 31, 2016 and the issuance of 1,500,000 options to purchase common shares at \$0.10 per share. The Company issued the 1,500,000 options to Mr. Fraser in March 2014. Sanatana also committed to award options to Mr. Fraser to purchase 500,000 common shares when there is sufficient grant headroom. At September 30, 2014, the maximum available option grant was to acquire 476,107 common shares. At the date of this MD&A there is sufficient headroom in the option plan to award these options and the Company plans to do so shortly. The options will be awarded at an exercise price no less than the grant date-prevailing market price of the Company's shares; the grant is subject to the rules of the TSX-V.

The Company's Watershed Property is subject to an easement claim by Trelawney, see *Trelawney Application for Easements* below. In the event that the Company reaches a

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Six Months Ended September 30, 2014

settlement with Trelawney, Iamgold, or any of their affiliates regarding the Company's interests in the vicinity of the Côté gold deposit, the Company will pay a bonus to Barry Fraser. The bonus amount is to be determined as (a) 5% of any settlement or transaction amount up to \$10,000,000 (so the maximum amount payable under this part is \$500,000); and (b) 2.5% of the balance.

In August 2012, the Company entered into change of control agreements with its directors, officers and employees. These agreements provide that in the event of a change of control, as defined, directors and officers of the company may be eligible to receive termination payments within 12 months of the change of control if they resign or are terminated. The amounts potentially payable are: Edward Marlow \$100,000; Peter Miles \$540,000; Buddy Doyle \$144,000; and Simon Anderson \$135,000. In addition, other employees would be eligible to receive up to an aggregate of \$537,600. The change of control agreements confirm that unvested stock options would vest immediately on a change of control.

Contractual Obligations and Commitments

Particulars of the Company's contractual obligations and commitments at September 30, 2014 are disclosed in note 16 to the September 30, 2014 financial statements and *Liquidity and Related Party Transactions* above.

As a result of its December 2013 flow-through equity financing, the Company must spend \$10,000 on qualifying exploration expenditures by December 31, 2014 to avoid penalties. The Company is subject to Part XII.6 tax, essentially a financing charge, on amounts not spent by January 31, 2015.

As a result of its October 2014 flow-through equity financing, the Company must spend \$300,000 on qualifying exploration expenditures by December 31, 2015 to avoid penalties. The Company is subject to Part XII.6 tax, essentially a financing charge, on amounts not spent by January 31, 2016.

As described in note 16 of the September 30, 2014 financial statements, Sanatana has entered into a success fee agreement with a professional advisor that could result in a payment and bonus on certain fees and a success fee of 1% of the transaction value if certain benchmarks are met. The Company has accrued the bonus but value of any success fee is a contingent liability but cannot be quantified at this time.

Share Capital

The Company had 120,973,573 common shares issued and outstanding at March 31, 2014 and 125,261,073 common shares issued and outstanding at September 30, 2014.

Private Placements

September 2014 Private Placement

In September 2014, the Company closed a non-brokered private placement of 2,750,000 units at \$0.10 per unit for gross proceeds of \$275,000. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of \$0.12 per warrant share until September 17, 2015.

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Six Months Ended September 30, 2014

October 2014 Private Placement

In October 2014, the Company closed a non-brokered private placement of 2,500,000 flow-through units at \$0.12 per flow-through unit for gross proceeds of \$300,000. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant. Each whole flow-through unit warrant entitles the holder to purchase one additional non-flow-through common share in the capital of the Company at a price of \$0.15 per flow-through unit warrant share until October 1, 2016.

Share Option Plan

Plan Description

The Company has a rolling share option plan that provides an incentive to directors, officers, employees, management and others who provide services to the Company. Under the option plan, a maximum of 10% of the issued and outstanding common shares at the time an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the option plan, are reserved for options to be granted at the discretion of the board to eligible optionees.

Options granted under the option plan are non-assignable and non-transferable and are issuable for a period of up to ten years. In the case of employment or other contracting arrangements of a director, officer, employee or consultant of the Company being terminated, the options will immediately terminate without right to exercise. The board of directors of the Company determines the exercise price, which may be no less than the discounted market price, as defined in the option plan, at the day of grant. The Company's shareholders re-approved the plan in December 2013.

Share Purchase Warrants

In July 2014, warrant holders exercised warrants to purchase 1,537,500 common shares at \$0.12 per share for proceeds of \$185,000.

In September 2014, the Company cancelled 2,750,000 warrants at an exercise price of \$0.10 that were previously issued on December 20, 2013.

In September 2014, the Company issued 2,750,000 warrants at an exercise price of \$0.12 with an expiry of September 17, 2015.

In October 2014, the Company issued 1,250,000 warrants at an exercise price of \$0.15 with an expiry of October 1, 2016.

In November 2014, 3,006,750 warrants at \$0.40 expired.

Warrant Exercise Incentive Program

The Company introduced a warrant exercise incentive program (the "Incentive Program") to encourage the exercise of all the non-flow-through common share purchase warrants issued as part of the Company's December 2013 flow-through private placement (the "Eligible Warrants") for further gross proceeds of up to \$275,000.

The Eligible Warrants were originally issued pursuant to the Company's private placement which closed on December 20, 2013. In total, there are 2,750,000 Eligible Warrants exercisable until December 20, 2015, to acquire 2,750,000 non-flow-through common shares in the capital of the Company at an exercise price of \$0.10 per non-flow-through common share. Pursuant to

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

the terms of the Incentive Program, the holder of the Eligible Warrants may surrender the Eligible Warrants to the Company for cancellation and concurrently subscribe for 2,750,000 units at a price of \$0.10 per unit for gross proceeds of up to \$275,000. Each unit will consist of one non-flow-through common share in the capital of the Company and one whole share purchase warrant (an "Incentive Program Warrant"). Each Incentive Program Warrant will entitle the holder to purchase one additional non-flow-through common share in the capital of the Company (an "Incentive Program Warrant Share") at a price of \$0.12 per Incentive Program Warrant Share for a period of 12 months from the closing of the Incentive Program.

The offering and the Incentive Program are subject to applicable Canadian prospectus exemptions being available along with a number of conditions, including, but not limited to, receipt of all necessary corporate approvals and TSXV approval. All securities issued in connection with the offering and the Incentive Program will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation. The proceeds from the offering and the Incentive Program will be used for mineral exploration and development for the Company's Watershed Property and general working capital purposes.

Dividends

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

Outstanding Share Information

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

- 127,761,073 common shares;
- 13,455,000 share purchase warrants; and
- 12,050,000 stock options.

Fully diluted share capital is therefore 153,266,073 common shares. In addition to the dilutive factors above, the Company has committed to issue options to acquire a further 500,000 common shares, see *Related Party Transactions* above.

Risks and Uncertainties

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

Capital Markets and Economic Uncertainty

Sanatana does not have sufficient cash or access to capital to complete the development of its exploration and evaluation assets, even if it were to find an economic mineral resource. The Company's business plan currently relies on obtaining funding through offerings of its equity.

Nature of Mineral Exploration and Development Projects

The business of mineral exploration involves a high degree of risk. Few of the properties that are explored are ultimately developed into mines. Sanatana's properties are in the exploration

SANATANA RESOURCES INC.

Management's Discussion and Analysis Six Months Ended September 30, 2014

stage. Proposed exploration programs are exploratory searches for such a deposit. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

The Company's operations are subject to all the hazards and risks normally associated with mineral exploration, any of which could result in damage to life or property or the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment or machinery, labour disputes, or adverse weather conditions. Although the Company maintains insurance to cover normal business risks, the availability of insurance for many of the hazards and risks is extremely limited or uneconomical at this time. Through high operating standards, Sanatana works to reduce these risks.

In the event the Company is fortunate enough to discover a sizable deposit, the economics of commercial production depend on many factors, including the cost of operations, the size, quantity and quality of ore concentration of gold, proximity to infrastructure, financing costs and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

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

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

Licenses and Permits, Laws and Regulations

Sanatana's exploration activities require permits from various government authorities and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. Sanatana draws on the expertise and commitment of its management team, directors, advisors and contractors to ensure compliance with current laws and fosters a climate of open communication and cooperation with regulatory bodies.

The Company believes that it holds all necessary licenses, and will receive all necessary permits under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licenses and permits. There is no assurance that future changes in applicable regulations, if any, will not adversely affect the Company's operations.

SANATANA RESOURCES INC.
Management's Discussion and Analysis
Six Months Ended September 30, 2014

Government approvals and permits are required in connection with the exploration activities proposed for the Company's properties. To the extent such approvals are required and not obtained, the Company's planned exploration and development activities may be delayed, curtailed, or cancelled entirely.

Competing Interests with Trelawney

The Company's interests and those of Iamgold, Trelawney and TAAC (see *Watershed Property* above) are not necessarily aligned and, from time to time, it may be necessary for the Company to incur costs to defend its interests or risk an impairment of its assets.

Claim Titles and Aboriginal Rights

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been asserted or any legal actions relating to aboriginal issues having been instituted with respect to the Watershed Property.

Conflicts of Interest

Certain of the Company's directors, officers and significant shareholders are or may become shareholders, directors or officers of other natural resource companies, and, to the extent that such other companies may participate in ventures with the Company, these individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or of its terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors or officers may have a conflict.

From time to time, the Company, together with several other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting the Company to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. The Company may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other company or companies.

In accordance with the laws of the province of British Columbia, the directors are required to act honestly and in good faith with a view to furthering the best interest of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed, and the financial position of the Company at that time.

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