

SANATANA RESOURCES INC.

Financial Statements

For the Year Ended March 31, 2015

Expressed in Canadian Dollars

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Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Shareholders of Sanatana Resources Inc.

We have audited the accompanying financial statements of Sanatana Resources Inc., which comprise the statements of financial position as at March 31, 2015 and 2014 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sanatana Resources Inc. as at March 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$1,062,805 during the year ended March 31, 2015 and, as of that date, had an accumulated deficit of \$43,857,832. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Accountants

Vancouver, British Columbia
July 15, 2015

Sanatana Resources Inc.

Statements of Financial Position

	Notes	March 31, 2015 \$	March 31, 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	94,403	284,063
Receivables	6	8,197	16,184
Prepaid expenses		21,453	24,274
Total current assets		124,053	324,521
Non-current assets			
Prepaid exploration and evaluation advance		23,013	-
Reimbursable bonds and deposits	7	-	193,052
Exploration and evaluation assets	8	4,562,595	4,102,952
Property and equipment	9	175,241	151,960
Total non-current assets		4,760,849	4,447,964
Total assets		4,884,902	4,772,485
LIABILITIES			
Current liabilities			
Payables and accruals	10	1,087,088	467,129
Provisions	11	130,000	300,000
Liability to renounce exploration expenditures	12	15,183	50,708
Total liabilities		1,232,271	817,837
EQUITY			
Share capital	13	42,776,892	42,076,104
Reserves	13	4,733,571	4,673,571
Deficit		(43,857,832)	(42,795,027)
Total equity		3,652,631	3,954,648
Total equity and liabilities		4,884,902	4,772,485

Signed on the Company's behalf by:

"Peter Miles", Director
Peter Miles

"Barry Fraser", Director
Barry Fraser

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

Sanatana Resources Inc.

Statements of Comprehensive Loss

For the year ended March 31,	Notes	2015	2014
		\$	\$
Expenses			
Depreciation	9	10,923	9,015
Director fees	15	133,500	50,000
Filing fees		16,896	13,031
Investor relations		42,288	34,519
Management fees and salaries	15	287,102	298,645
Office and administration		64,587	47,922
Professional fees		419,580	683,986
Rent		64,151	95,875
Share-based compensation	14	73,000	225,000
Transfer agent fees		13,602	25,141
Travel and accommodation		32,227	31,330
Loss before other income/expenses		(1,157,856)	(1,514,464)
Exploration and evaluation assets impairment	8	-	(6,070,536)
Interest and other income		9,526	2,437
Loss before income taxes		(1,148,330)	(7,582,563)
Deferred income tax recovery	12	85,525	61,646
Loss and total comprehensive loss for the year		(1,062,805)	(7,520,917)
Loss per share - basic and diluted	16	(0.01)	(0.07)
Weighted average common shares outstanding - basic and diluted	16	124,735,148	112,914,738

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

Sanatana Resources Inc.

Statements of Changes in Equity

	Notes	Common Shares \$	Reserves \$	Deficit \$	Equity \$
Balance - March 31, 2013		41,086,459	4,441,641	(35,274,110)	10,253,990
Private placements	13	853,000	-	-	853,000
Private placement of flow-through shares	13	275,000	-	-	275,000
Share issuance costs	13	(62,625)	-	-	(62,625)
Fair value of broker warrants	13	(6,930)	6,930	-	-
Liability to renounce exploration expenditures	12	(68,800)	-	-	(68,800)
Share-based compensation	14	-	225,000	-	225,000
Loss for the year		-	-	(7,520,917)	(7,520,917)
Balance - March 31, 2014		42,076,104	4,673,571	(42,795,027)	3,954,648
Private placements	13	575,000	-	-	575,000
Share issuance costs	13	(8,712)	-	-	(8,712)
Warrant exercise	13	184,500	-	-	184,500
Liability to renounce exploration expenditures	12	(50,000)	-	-	(50,000)
Share-based compensation	14	-	60,000	-	60,000
Loss for the year		-	-	(1,062,805)	(1,062,805)
Balance - March 31, 2015		42,776,892	4,733,571	(43,857,832)	3,652,631

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

Sanatana Resources Inc.

Statements of Cash Flows

For the year ended March 31,	Notes	2015	2014
		\$	\$
Cash provided by (used in):			
Operating activities:			
Loss before income taxes		(1,148,330)	(7,582,563)
Adjustments for:			
Depreciation of property and equipment	9	10,923	9,015
Interest income		(9,526)	(2,437)
Bond recovery		(9,322)	-
Share-based compensation	14	73,000	225,000
Exploration and evaluation assets impairment	8	-	6,070,536
Changes in non-cash working capital items:			
Receivables		7,987	101,922
Prepaid expenses		2,821	(2,160)
Payables and accruals		442,447	344,792
Provisions		(39,000)	170,000
		(669,000)	(665,895)
Investing activities:			
Prepaid exploration and evaluation advance		(23,013)	4,056
Reimbursable bonds and deposits	7	202,374	76,599
Exploration and evaluation assets	8	(426,131)	(989,776)
Property and equipment purchases	9	(34,204)	-
Interest received		9,526	2,437
		(271,448)	(906,684)
Financing activities			
Issuance of common shares, net of costs	13	750,788	1,065,375
		750,788	1,065,375
Decrease in cash and cash equivalents		(189,660)	(507,204)
Cash and cash equivalents, beginning of year		284,063	791,267
Cash and cash equivalents, end of year		94,403	284,063
Cash and equivalents comprise:			
Cash		32,305	104,124
Equivalents		62,098	179,939
		94,403	284,063

Supplementary cash flow information (note 17)

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

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

1. Nature of Operations and Continuance of Operations

Sanatana Resources Inc. ("Sanatana" or the "Company") was incorporated as Sanatana Diamonds Inc. on June 25, 2004 under the British Columbia Business Corporations Act. The Company changed its name to Sanatana Resources Inc. on April 28, 2011. Sanatana is an exploration stage company, and its principal business activity is the acquisition, exploration and development of mineral properties. The Company holds interests in certain Ontario gold exploration claims and Saskatchewan diamond exploration claims.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company has not generated revenue from operations. The Company incurred a loss of \$1,062,805 during the year ended March 31, 2015 and, as of that date the Company's deficit was \$43,857,832. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of \$94,403 at March 31, 2015 (March 31, 2014 - \$284,063).

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. Changes in future conditions could require material write-downs of the carrying values of the exploration and evaluation assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, and non-compliance with regulatory requirements.

The head office and principal address of the Company are located at Suite 908 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. These financial statements are authorized for issue by the board of directors on July 15, 2015.

2. Basis of Presentation

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

The 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, 2015.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

2. Basis of Presentation (continued)

The financial statements have been prepared under the historical cost basis. 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 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 financial statements are disclosed in note 4.

3. Summary of Significant Accounting Policies

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

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

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

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") 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 the statement of comprehensive loss/income.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

3. Summary of Significant Accounting Policies (continued)

The Company assesses exploration and evaluation assets for impairment 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.

Mineral exploration and evaluation expenditures are classified as intangible assets.

c) Reclamation Deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits are classified as loans and receivables.

d) 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.

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.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

3. Summary of Significant Accounting Policies (continued)

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
Office furniture	Straight line over 5 Years
Mining equipment	Straight line over 5-25 Years

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

e) 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.

f) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

3. Summary of Significant Accounting Policies (continued)

Loans and Receivables

These assets, including receivables, prepaid bonds and deposits, are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise payables and accruals. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

g) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks if the impact is significant.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

3. Summary of Significant Accounting Policies (continued)

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

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.

h) 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.

i) 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 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 Financial Statements

For the year ended March 31, 2015

3. Summary of Significant Accounting Policies (continued)

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 in note 18.

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 expense until paid.

j) 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.

k) 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.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

3. Summary of Significant Accounting Policies (continued)

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.

l) Standards, Amendments and Interpretations 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, 2015. None of these are expected to be relevant to the Company's financial statements, except for the following:

IFRS 9 Financial Instruments

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 will be effective for the fiscal year beginning April 1, 2018. The Company is evaluating the impact of the new standard.

IFRS 2 Share-based payments

The amendment to IFRS 2 clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendment is effective for the Company's fiscal year beginning April 1, 2015. The Company's options granted to date do not have performance conditions and so adoption of this standard is not expected to have a material effect on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. These amendments will be effective for the Company's fiscal year beginning April 1, 2016. The Company is evaluating the impact of these amendments.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

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 judgments 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:

Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates with future period amounts discounted to reflect the time value of money. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure 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.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

4. Critical Accounting Estimates and Judgements (continued)

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.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees 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 payment transactions are disclosed in note 14.

5. Cash and Cash Equivalents

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Short-term investment deposits included in cash and cash equivalents bear interest at 0.35% to maturity. Substantially all of the cash balance at March 31, 2015 was committed to satisfy obligations under a flow-through financing, see notes 13 and 18.

6. Receivables

At March 31,	2015	2014
	\$	\$
Related parties	-	7,518
GST - value added tax	8,197	8,666
	8,197	16,184

7. Reimbursable Bonds and Deposits

	\$
Balance March 31, 2013	269,651
Bond redemptions	(76,599)
Balance March 31, 2014	193,052
Bond redemptions	(193,052)
Balance March 31, 2015	-

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

8. Exploration and Evaluation Assets

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

	March 31, 2013	Costs Incurred	Impairment	March 31, 2014	Costs Incurred	March 31, 2015
	\$	\$	\$	\$	\$	\$
Watershed Project						
Watershed Property	9,339,616	814,146	(6,066,000)	4,087,762	323,082	4,410,844
Cryderman Property	-	4,536	(4,536)	-	-	-
Green Lake Project	-	15,190	-	15,190	136,561	151,751
	9,339,616	833,872	(6,070,536)	4,102,952	459,643	4,562,595

Watershed Property

	March 31, 2013	Costs Incurred	Impairment	March 31, 2014	Costs Incurred	March 31, 2015
	\$	\$	\$	\$	\$	\$
Acquisition costs	1,955,072	143,317	-	2,098,389	-	2,098,389
Contractor and consultant	4,999,614	271,072	-	5,270,686	119,465	5,390,151
Helicopter and fixed wing aircraft costs	13,007	-	-	13,007	-	13,007
Expediting	5,216	-	-	5,216	-	5,216
Project management fees	332,405	159,000	-	491,405	112,250	603,655
Field and camp	229,787	62,449	-	292,236	13,504	305,740
Sampling and assays	1,146,400	67,278	-	1,213,678	25,129	1,238,807
Transport and accomodation	558,503	83,260	-	641,763	25,742	667,505
Reclamation provision	30,000	-	-	30,000	-	30,000
Permitting and other	69,612	27,770	-	97,382	26,992	124,374
Impairment	-	-	(6,066,000)	(6,066,000)	-	(6,066,000)
Watershed property	9,339,616	814,146	(6,066,000)	4,087,762	323,082	4,410,844

In February 2011, the Company entered into an option and joint venture agreement with Augen Gold Corp., which was subsequently acquired by Trelawney Mining and Exploration Inc. ("Trelawney") and renamed Trelawney Augen Acquisition Corp. ("TAAC"). In turn, Trelawney Mining and Exploration Inc. was purchased by IAMGOLD Corporation. The option and joint venture agreement grants the Company an option to acquire up to a 51% undivided interest in the rights to 46 mineral concessions (the "Claims"), all located in Ontario and owned by TAAC.

The Company has earned a 50% undivided interest in the Claims (the "50% Interest") by paying \$150,000 in cash, issuing 5,000,000 common shares and incurring exploration expenditures of \$5,000,000. The Company has continued exploration of the Claims and incurred a further \$4,691,000 in exploration and related expenditures that will be credited to the Company's contribution to the first work program after formation of a joint venture together with permitted administrative markup on these amounts.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

8. Exploration and Evaluation Assets (continued)

The Company has a right to earn a further 1% interest in the Claims for a total undivided interest of 51% by delivering a pre-feasibility study to TAAC on or before March 23, 2016. The parties will enter into a joint venture agreement for the Claims in accordance with the terms of the option and joint venture agreement on the earlier of the date that (i) Sanatana vests the 50% Interest but elects by notice to TAAC not to proceed to earn the 51% Interest; and (ii) Sanatana earns the 51% Interest.

The option and joint venture agreement includes a provision that while the Company and TAAC are parties to an option or joint venture with respect to the Claims, TAAC has the option to purchase up to 10% of any securities issued in equity offerings by the Company.

The Company agreed to pay a finders' fee in connection with the Watershed property that was payable in the Company's common shares. The amount of the finders' fee was based on the transaction value, as defined in the finder's fee agreement and settled through the issuance of 678,570 common shares with a value for accounting purposes of \$160,072.

The Company assesses its exploration and evaluation assets for impairment at the end of every fiscal quarter. At December 31, 2013, the Company recorded an impairment provision of \$6,066,000 against the Watershed Project. In determining the need for an impairment provision, the Company concluded that the carrying amount of the Watershed Project was unlikely to be recovered in full from successful development or by sale. It based this conclusion on the prevailing price of gold, difficulty in raising project development funds and the likelihood of concluding a satisfactory arrangement with IAMGOLD Corporation and its affiliates. The amount of the impairment provision was determined by reference to the Company's market capitalization at December 31, 2013. Based on its impairment evaluation at March 31, 2015, the Company concluded that no further impairment was necessary.

Rights Acquired

Trelawney, an affiliate of TAAC, previously acquired a 20% undivided interest in certain unpatented mining claims (the "Clam Lake Property") situated in the Yeo and Chester townships that are within the area of interest under the Company's option and joint venture agreement with TAAC. 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").

In July 2013, Sanatana elected to (1) have the interest in the Clam Lake Property be included and 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.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

8. Exploration and Evaluation Assets (continued)

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 Mining Claims are the sole obligation of Trelawney and Sanatana will not have any obligation in that regard.
- Upon completion and delivery of a positive pre-feasibly 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.
- If Sanatana’s 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 returns 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 are subject to 2% net smelter return royalty, which can be reduced to 1% by paying the royalty holders \$1,000,000 at any time.

Green Lake Project

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. In December 2014, the Company purchased additional mineral tenure bringing its land position to 85,000 hectares. The Company plans to undertake diamondiferous kimberlite exploration on these properties.

	March 31, 2013	Change	March 31, 2014	Change	March 31, 2015
	\$	\$	\$	\$	\$
Acquisition costs	-	3,531	3,531	48,061	51,592
Sampling and assays	-	146	146	-	146
Contractor and consultant	-	1,480	1,480	8,476	9,956
Project management fees	-	6,500	6,500	51,250	57,750
Field and camp	-	127	127	11,084	11,211
Transport and accomodation	-	3,406	3,406	17,690	21,096
Green Lake Project	-	15,190	15,190	136,561	151,751

Cryderman Property

In the quarter ended June 30, 2013, the Company staked a mining claim, the “Cryderman Property”, that is within the area of interest under the option and joint venture agreement with TAAC. In accordance with the option and joint venture agreement, the Company elected to keep the claim for its own benefit and so it did not form a part of the Watershed Property. In October 2013, the Company lost its rights to the Cryderman property and so the Company wrote off accumulated costs of \$4,536.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

9. Property and Equipment

	Office Furniture	Computer Equipment	Leasehold Improvements	Exploration Equipment	Trucks	Total
	\$	\$	\$	\$	\$	\$
Cost						
At March 31, 2013 and 2014	34,703	29,491	41,357	363,497	-	469,048
Additions	-	-	-	-	34,204	34,204
Disposals	-	(20,416)	(41,357)	-	-	(61,773)
At March 31, 2015	34,703	9,075	-	363,497	34,204	441,479
Accumulated Depreciation						
At March 31, 2013	34,703	27,841	41,357	204,172	-	308,073
Charge for the period	-	1,011	-	8,004	-	9,015
At March 31, 2014	34,703	28,852	41,357	212,176	-	317,088
Charge for the period	-	639	-	8,004	2,280	10,923
Disposals	-	(20,416)	(41,357)	-	-	(61,773)
At March 31, 2015	34,703	9,075	-	220,180	2,280	266,238
Net book value						
At March 31, 2013	-	1,650	-	159,325	-	160,975
At March 31, 2014	-	639	-	151,321	-	151,960
At March 31, 2015	-	-	-	143,317	31,924	175,241

10. Payables and Accruals

At March 31,	2015	2014
	\$	\$
Trade payables	633,679	304,171
Accrued liabilities	176,698	36,540
Exploration expenditures	45,457	19,295
Due to related parties	231,254	107,123
	1,087,088	467,129

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

11. Provisions

Provisions comprise the estimated cost to undertake reclamation work at the Company's exploration properties and the value of professional fees potentially payable under a success-fee arrangement.

At March 31,	2015	2014
	\$	\$
Mackenzie Diamond Project reclamation	100,000	100,000
Watershed Property reclamation	30,000	30,000
Professional fees	-	170,000
	130,000	300,000

In prior periods, the Company recorded a provision for professional fees potentially due in connection with the Watershed property. Most of this balance was subsequently invoiced but a balance \$39,000 remained as a provision. In the current period, the Company concluded that the conditions required for a payment to be made would not be satisfied and so reversed the residual provision, resulting in a \$39,000 recovery of professional fees.

The Company expects to complete the reclamation work within the next 12 months and accordingly has not applied any discount to reflect the time value of money.

12. Income Taxes

The material components of the income tax expense for the years ended March 31, 2015 and 2014 are as follows:

For the year ended March 31,	2015	2014
	\$	\$
Current tax recovery (expense)	-	-
Deferred tax recovery (expense)	85,525	61,646
Total income tax recovery (expense)	85,525	61,646

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

12. Income Taxes (continued)

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

For the year ended March 31,	2015	2014
	\$	\$
Loss for the year before taxes	(1,148,330)	(7,582,563)
Statutory tax rate	26.00%	26.00%
Expected income tax recovery	298,600	1,971,500
Increase (decrease) in income tax recovery resulting from:		
Non-deductible expenses	(19,500)	(59,000)
Share issue costs	2,200	16,300
Impact of underprovision in prior year	19,700	-
Expiry of loss carry forward	(57,200)	-
Change in tax rate	-	153,900
Reversal of flow-through shares premium liability	85,525	61,646
Renunciation of eligible expenditures	(107,000)	(144,300)
Unrecognized (recognized) deferred tax asset	(136,800)	(1,938,400)
Actual income tax recovery (expense)	85,525	61,646

Effective April 1, 2014, the Canadian Federal tax rate remained at 15% and the British Columbia provincial tax rate remained at 11%.

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,	2015	2014
	\$	\$
Deferred tax assets:		
Non-capital losses	3,306,800	2,993,700
Share issuance costs and others	160,200	230,000
Exploration and evaluation assets	2,455,100	2,561,600
	5,922,100	5,785,300
Unrecognized deferred tax assets	(5,922,100)	(5,785,300)
Deferred tax assets	-	-

At March 31, 2015, the Company has accumulated Canadian Exploration and Development Expenditures of \$14,005,000 (2014 - \$13,957,000) and has accumulated non-capital losses totalling \$12,718,000 (2014 - \$11,514,000), which expire in various amounts from 2026 to 2035.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

12. Income Taxes (continued)

In assessing the realizability of deferred tax assets, management considers whether it is possible that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

During the year ended March 31, 2015, the Company renounced proceeds of flow-through share issuances of \$300,000 (2014 - \$275,000).

13. Share Capital and Reserves

Authorized share capital

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

Common Shares

Fiscal 2015

In October 2014, the Company closed a non-brokered private placement of units for gross proceeds of \$300,000 representing 2,500,000 units at a price of \$0.12 per unit. Each unit consisted of one flow-through common share and one-half of one share purchase warrant. One whole warrant entitles the holder to purchase a common share at a price of \$0.15 until October 1, 2016. All securities issued under the offering were subject to a statutory hold period that ended on February 2, 2015.

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. Each warrant is exercisable into one common share at a price of \$0.12 per share on or before September 17, 2015.

Concurrent with the closing of this offering, the Company cancelled 2,750,000 warrants issued on December 20, 2013. The cancelled warrants were exercisable until December 20, 2015 for the purchase of 2,750,000 shares at an exercise price of \$0.10 per share.

In the year ended March 31, 2015, 1,537,500 warrants were exercised for gross proceeds of \$184,500.

Fiscal 2014

In December 2013, the Company closed a non-brokered private placement of 5,500,000 flow-through units at a price of \$0.05 per unit for gross proceeds of \$275,000. Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional non-flow-through common share at a price of \$0.10 until December 20, 2015. The Company paid an aggregate cash commission of \$22,000 representing 8% of the gross proceeds from the sale of units to purchasers. All securities issued under the offering were subject to a statutory hold period that ended on April 21, 2014.

On closing the December 2013 flow-through financing, the Company recognized a \$68,800 liability representing its obligation to renounce flow-through expenditures to investors.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

13. Share Capital and Reserves (continued)

In October 2013, the Company closed a non-brokered private placement of units for gross proceeds of \$50,000 representing 625,000 units at a price of \$0.08 per unit. Each unit consisted of one common share and one warrant to purchase a common share at a price of \$0.12 until October 16, 2015. All securities issued under the offering were subject to a statutory hold period that ended on February 17, 2014.

In August 2013, the Company closed a non-brokered private placement of units for gross proceeds of \$803,000, representing 10,037,500 units at a price of \$0.08 per unit. Each unit consists of one common share and one warrant to purchase a common share at a price of \$0.12 until August 14, 2015. In connection with the offering, the Company paid a cash commission of \$19,800, being 6% of the aggregate proceeds from the sale of units to purchasers introduced by a finder. The Company also issued warrants with the same terms as the financing warrants to acquire up to 330,000 shares, being 8% of the number of units sold under the offering to purchasers introduced by a finder. All securities issued under the Offering were subject to a statutory hold period that ended on December 15, 2013. The finder's warrants have a fair value of \$6,930, which was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.22%
Estimated volatility	82%
Expected life	2 years

The Company renounced the \$275,000 to investors in February 2014, and has incurred sufficient exploration expenditures to satisfy its flow-through expenditure obligation.

The following is a summary of changes in common share capital from March 31, 2013 to March 31, 2015:

	Notes	Number of Shares	Issue Price \$	Common Shares \$
Balance - March 31, 2013		104,811,073		41,086,459
Private placements		10,662,500	0.08	853,000
Private placement of flow-through shares		5,500,000	0.05	275,000
Fair value of broker warrants		-	-	(6,930)
Liability to renounce exploration expenditures		-	-	(68,800)
Less share issue costs		-	-	(62,625)
Balance - March 31, 2014		120,973,573		42,076,104
Private placement		2,750,000	0.10	275,000
Private placement of flow-through shares		2,500,000	0.12	300,000
Exercise of warrants		1,537,500	0.12	184,500
Liability to renounce exploration expenditures		-	-	(50,000)
Less share issue costs		-	-	(8,712)
Balance - March 31, 2015		127,761,073		42,776,892

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

13. Share Capital and Reserves (continued)

Reserves

Reserves comprise the fair value of stock option grants and agent warrants prior to exercise. The following is a summary of changes in reserves from March 31, 2013 to March 31, 2015:

	\$
Balance, March 31, 2013	4,441,641
Fair value of broker warrants	6,930
Share-based compensation	225,000
Balance March 31, 2014	4,673,571
Share-based compensation	60,000
Balance March 31, 2015	4,733,571

Warrants

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

	March 31, 2015		March 31, 2014	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of year	16,749,250	\$0.17	7,520,716	\$0.38
Granted	4,000,000	0.13	13,742,500	0.12
Exercised	(1,537,500)	0.12	-	-
Cancelled	(5,756,750)	0.26	-	-
Forfeited	-	-	(4,513,966)	0.37
Balance, end of year	13,455,000	0.12	16,749,250	\$0.17

Summary of outstanding warrants is as follows:

Expiry Date	Exercise Price	Financing Warrants	Broker Warrants
August 14, 2015	\$ 0.12	8,500,000	330,000
October 16, 2015	\$ 0.12	625,000	-
September 17, 2015	\$ 0.12	2,750,000	
October 1, 2016	\$ 0.15	1,250,000	
		13,125,000	330,000

Nature and Purpose of Reserves and Deficit

The reserves recorded in equity on the Company's statement of financial position comprise contributed surplus and deficit. Reserves are used to recognize the fair value of share option grants and agent warrants prior to exercise. Deficit records the Company's cumulative earnings or loss.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

14. Share-Based Payments

The Company has a rolling stock option plan that allows the Company's board of directors to issue options to purchase up to 10% of the common shares outstanding at the grant date. Directors, officers, consultants and employees of the Company are eligible to receive stock options, subject to the policies of the Exchange. 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 December 2013.

In February 2014, the Company awarded options to purchase up to 3,000,000 common shares at a price of \$0.10 per share to directors, officers, employees and contractors of the Company.

In March 2014, the Company awarded options to purchase up to 1,500,000 common shares of the Company at a price of \$0.10 per share to the Company's board chairman. The Company committed to grant options to purchase a further 500,000 common shares and has accrued the value of those options at March 31, 2015, being \$13,000.

	March 31, 2015		March 31, 2014	
	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Balance, beginning of year	12,050,000	\$0.25	8,175,000	\$0.34
Granted	-	-	4,500,000	0.10
Expired	-	-	(625,000)	0.47
Forfeited	(225,000)	0.10	-	-
Balance, end of year	11,825,000	\$0.25	12,050,000	\$0.25

Summary of outstanding options at March 31, 2015:

Exercise Price Range	Outstanding Options			Exercisable Options	
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
\$0.10	4,275,000	\$0.10	3.50 years	3,725,000	\$0.10
\$0.30-\$0.35	7,050,000	0.32	1.37 years	7,050,000	0.32
\$0.40-\$0.50	500,000	0.48	1.74 years	500,000	0.48
	11,825,000	\$0.25	2.16 years	11,275,000	\$0.26

The Company incurred a charge of \$73,000 (2014 - \$225,000) for share-based payments for the year ended March 31, 2015, including a charge of \$13,000 for the options the Company has committed to issue to the Chairman of the Board.

Subsequent to year end, options to purchase up to 875,000 common shares at prices between \$0.10 and \$0.35 per share expired unexercised.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

14. Share-Based Payments (continued)

The fair value of the share-based payments was estimated using the Black-Scholes option pricing model with the following assumptions:

For the year ended March 31,	2015	2014
Dividend yield	0%	0%
Risk-free interest rate	1.2%	1.4%
Estimated volatility	111%	111%
Expected life in years	4.3	5

15. Related Party Transactions and Balances

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

For the year ended March 31,	2015	2014
	\$	\$
Salary	180,000	180,000
Director fees	133,500	50,000
Short-term benefits	4,365	4,326
Management fees - expensed	19,500	35,140
Technical fees - capitalized	18,000	8,000
Share-based payments	41,000	187,000
Total	396,365	464,466

Included in the above is compensation paid through companies:

Lithosphere Services Inc.	18,000	16,000
S2 Management Inc.	19,500	27,140

Lithosphere Services Inc. is controlled by Mr. Doyle the Company's VP Exploration and a director.
S2 Management Inc. is controlled by the Company's CFO.

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

	March 31, 2015	March 31, 2014
	\$	\$
Directors and officers	221,899	106,000
Lithosphere Services Inc.	7,350	-
S2 Management Inc.	2,005	1,123
	231,254	107,123

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

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

16. Loss per Share

The calculation of the basic and diluted loss per share for the periods presented is based on the following data:

For the year ending March 31,	2015	2014
Loss for the year	(\$1,062,805)	(\$7,520,917)
Weighted average number of common shares outstanding	124,735,148	112,914,738
Loss per share	(\$0.01)	(\$0.07)

Diluted loss per share for year ended March 31, 2015 and 2014 is the same as basic loss per share as the impact of the exercise of the share options and warrants is anti-dilutive.

17. Supplemental Cash Flow Information

Non-cash financing and investing activities included the following:

For the year ended March 31,	2015	2014
	\$	\$
Non-cash investing activities:		
Accounts payable included in exploration and evaluation assets	(52,807)	(155,904)
Non-cash financing activities:		
Tax value of assets forfeited to flow-through share investors	-	61,646
Fair value of broker warrants granted	-	6,930
Liability to renounce exploration expenditures	35,525	50,708

18. Commitments and Contingent Liabilities

- a) The Company is contractually committed to make payments regarding premises lease, truck and employment as follows:

Year ending March 31, 2016	\$ 201,453
	<u>\$ 201,453</u>

- b) In the event of a change of control of the Company, the Company may be required to pay up to \$1,456,000 to directors, officers, employees and a contractor.
- c) The Company's Watershed Property is subject to a dispute with Trelawney. In the event that the Company reaches a settlement with Trelawney, IAMGOLD Corporation, 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, its board chairman. The bonus amount shall be determined as (a) 5% of the amount of any settlement or transaction up to \$10,000,000; and (b) 2.5% of the balance of such amount.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

18. Commitments and Contingent Liabilities

- d) The Company has agreed to pay certain professional fees on a success basis that could result in a payment of 1% of the value of a sale transaction involving the Company if certain conditions are met. This commitment ceased subsequent to year end.
- e) During the quarter ended December 31, 2014, the Company satisfied its exploration expenditure obligation under the conditions of its December 2013 flow-through financing. During the period, the Company undertook a new flow-through financing (note 11) and at March 31, 2015 was obliged, under the terms of the financing and related tax law, to expend \$91,000 on mineral exploration before December 31, 2015.

19. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties.

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 has an obligation to spend the proceeds of flow-through share offerings on mineral exploration in Ontario within a limited time. At March 31, 2015 substantially all of the Company's cash on hand was committed to flow-through obligations.

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.

There were no changes to the Company's approach to capital management during the year ended March 31, 2015.

Sanatana Resources Inc.

Notes to the Financial Statements

For the year ended March 31, 2015

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, 2015, the Company was not subject to significant interest rate risk.

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 at the reporting date is the carrying value of cash and equivalents and amounts receivable.

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.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets:				
Cash and cash equivalents	94,403	-	-	94,403
	94,403	-	-	94,403
Liabilities:				
Payables and accruals	1,087,088	-	-	1,087,088
	1,087,088	-	-	1,087,088

22. Events after the Reporting Period

In April 2015, the Ontario Mining and Lands Commissioner ordered Trelawney to pay Sanatana \$402,000 for the Company's costs of defending Trelawney's failed easement application. Sanatana received these monies in May 2015.