SANATANA RESOURCES INC.

Management's Discussion and Analysis

June 30, 2016

SANATANA RESOURCES Inc.

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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.

Introduction

This MD&A was prepared as of August 25, 2016 and should be read in conjunction with the Company's audited financial statements and related notes for the year ended March 31, 2016. This MD&A is intended to provide the reader with a review of the Company's performance for the year ended March 31, 2016 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 June 30, 2016 have been prepared in accordance *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 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 March 2016, the Company completed the divesture of its Watershed Property; as a result, the Company no longer meets the listing requirements of the TSX-V and the Company's listing may be transferred to the NEX board.

Operating Report

The Company is an exploration stage company and is engaged in the acquisition, exploration and development of exploration and evaluation assets. Since disposing of its interest in the Watershed Property, which was the Company's principal business activity, in March 2016, the Company has been evaluating other mineral exploration opportunities.

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 - Standards of Disclosure for Mineral Projects* ("NI 43-101") and is responsible for the geoscientific and technical disclosure contained in this document.

Green Lake Property

The Company acquired its rights to the Green Lake Diamond Exploration Property in two stages. The Company has identified kimberlite indicator minerals in the area and there have been local reports of kimberlite float. Some of the area of interest lies in the Municipality of Green Lake, a Meti community. Sanatana has engaged in access negotiations with the local community but has not yet reached an agreement.

At March 31, 2016, the Company completed a review of the Green Lake property. Due to uncertainty regarding the outcome of land access negotiations, the Company fully impaired the project's carrying value. With a favourable outcome in land access negotiations and market support, the Company may recommence exploration on this property.

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:

	Year Ended March 31 2016 $	Year Ended March 31 2015 $
Watershed Property		
Acquisition costs	-	-
Contractor and consultant	-	53,454
Field and camp	-	13,178
Permitting and other	-	2,373
Project management fees	-	72,000
Sampling and assays	-	266
Transport and accommodation	-	11,407
	-	152,678
Green Lake Property		
Acquisition costs	-	-
Contractor and consultant	-	790
Field and camp	-	297
Permitting and other	-	2,136
Project management fees	-	34,500
Transport and accommodation	-	1,480
	-	39,203
All exploration and evaluation expenditures	-	191,881

Selected Quarterly Financial Data

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

Quarter Ended	Cash and Equivalents	Exploration and Evaluation Assets	Income (loss) for the Quarter	Income (loss) per Share [1] (Basic and Diluted)
	$	$	$	$
September 2014	635,384	4,295,474	(253,937)	(0.00)
December 31, 2014	253,551	4,454,504	(319,471)	(0.00)
March 31, 2015	94,403	4,562,595	(238,796)	(0.00)
June 30, 2015	23,407	4,627,814	205,265	0.00
September 30, 2015	8,391	4,686,683	(289,626)	(0.00)
December 31, 2015	2,484	2,190,954	(2,754,527)	(0.02)
March 31, 2016	1,160,283	-	(260,186)	(0.00)
June 30, 2016	950,545	-	(113,816)	(0.00)

[1] 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, 2014 – The Company incurred abnormally high legal costs regarding the Watershed Property.
- June 30, 2015 – The Company recovered costs of $356,000 plus HST (total $402,000) that were incurred to defend an easement application claim regarding the Watershed Property.
- September 30, 2015 – The Company incurred $138,000 in reclamation costs on a former exploration property in excess of the reclamation provision previously recorded.
- December 31, 2015 – The Company recorded a $2,542,000 impairment provision against the Watershed Property.
- March 31, 2016 – The Company completed the sale of the Watershed Property and fully impaired the carrying value of the Green Lake property.

Results of Operations for the Period

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

- In the comparative period, the Company's directors were paid $10,000 annually, although Barry Fraser, who served as chairman until December 2015 was compensated with an annual base fee of $96,000 (see *Related Party Transactions* below). The board of directors agreed to defer payment of director fees until the Company's financial position improves and, effective, April 1, 2016 stopped accruing director fees.

- Investor relations expenses relate to investor communications, including maintaining and updating the website and disseminating news releases.
- 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 are amounts due to lawyers and auditors. The 2015 expense primarily relates to legal fees incurred regarding the Watershed Property, which was sold in fiscal 2016.
- Rent relates to the Company's office premises and a storage locker. The Company has reduced its office space in stages through fiscal 2016 and the year to date, with the result that rent expense has declined over time.
- Share-based payments represent the fair value of stock options recognized over their vesting term, calculated using the Black-Scholes option-pricing model. There were no option awards vesting in or after the current period, and so no share-based compensation.
- Travel and accommodation represents the cost for management travel to Sanatana's exploration and evaluation assets and for corporate development activities. Travel and accommodation expense fluctuates significantly from period to period depending on the initiatives under way.
- Capital asset impairment and loss on sale of equipment together reflect the difference between the carrying value of a drill and the expected value of the debt to be settled by transferring the drill to the creditor.
- Litigation costs recovery in the comparative period represented an award of costs in favour of Sanatana regarding the Watershed Property following a hearing fiscal 2015. The benefit was recognized when the funds were received in May 2015.
- Other expense represents the increase in an obligation to issue shares to a former director as part of a settlement. Specifically, the expense represents the increase, during the current period, of the value of shares to be issued.
- Deferred income tax recovery in the comparative period represented 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, 2016 year end primarily relate to expenditures of cash on administration.

Liquidity

At June 30, 2016, the Company had cash and cash equivalents of $951,000 and working capital of $349,000. Cash on hand sufficient to fund, at most, nine months' activities; specific factors affecting the Company's liquidity are:

- The board of directors and Company employees have agreed to defer all or a portion of their compensation. At June 30, 2016, deferred compensation owed to Sanatana's employees and board members was $363,000.
- The Company may be able to sell assets from its Mackenzie diamond property camp which proceeds would be used to defray the clean-up costs incurred in fiscal 2016.

In the longer term, Sanatana expects to address its funding needs through private placements but may not be able to do so on acceptable terms or at all. If the Company's share price improves, warrant holders may exercise their share purchase warrants, but there can be no assurance that they will do so.

Related Party Transactions

At March 31, 2016, 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.

The Company has 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: Buddy Doyle $144,000; and Simon Anderson $135,000. In addition, other employees would be eligible to receive up to an aggregate of $234,000. The change of control agreements confirm that unvested stock options vest immediately on a change of control.

Share Capital

The Company had 120,773,834 common shares issued and outstanding at June 30, 2016 and 120,773,834 common shares outstanding at March 31, 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 2015.

Option Grants, Forfeitures and Expiry

There was no share purchase option activity in the current period.

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:

- 120,773,834 common shares;
- 1,250,000 share purchase warrants; and
- 4,950,000 stock options.

Fully diluted share capital is therefore 126,973,834 common shares. In addition, the Company has committed to issue 1,000,000 common shares to settle an obligation to a former director.

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 immediate access to capital to complete development of any exploration and evaluation assets it may acquire, 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. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

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

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

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

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

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.