

SANATANA RESOURCES INC.

Condensed Interim Consolidated Financial Statements

Third Quarter Ended December 31, 2019

Expressed in Canadian Dollars

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

The accompanying unaudited condensed interim consolidated financial statements of Sanatana Resources Inc. for the nine months ended December 31, 2019 have been prepared by the management of the Company and approved by the Company's audit committee.

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

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Financial Position

	Notes	December 31, 2019	March 31, 2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	49,038	1,100,867
Receivables	4	1,938	4,097
Prepaid expenses		10,002	12,454
Total current assets		60,978	1,117,418
Non-current assets			
Prepaid exploration and evaluation advance		-	2,033
Exploration and evaluation assets	5	507,132	13,404
Equipment	6	16,197	17,742
Total non-current assets		523,329	33,179
Total assets		584,307	1,150,597
LIABILITIES			
Current liabilities			
Payables and accruals	7	342,906	455,493
Liability to renounce exploration expenditures		8,053	39,781
Total liabilities		350,959	495,274
EQUITY			
Share capital	8	46,183,631	45,646,051
Reserves	8	5,257,808	5,232,808
Deficit		(51,208,091)	(50,223,536)
Total equity		233,348	655,323
Total equity and liabilities		584,307	1,150,597

Going concern (Note 1)
Commitments (Note 13)

Signed on the Company's behalf by:

"Peter Miles", Director
Peter Miles

"Ian Smith", Director
Ian Smith

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	Notes	Three months ended December 31,		Nine months ended December 31,	
		2019	2018	2019	2018
		\$	\$	\$	\$
Expenses					
Abandoned claim expenses	5	37,990	-	10,990	-
Depreciation	6	1,076	2,625	6,750	7,875
Exploration and property investigation	5	59,888	339,727	460,514	518,572
Filing fees		600	100	15,929	11,704
Foreign exchange		112	-	(2,326)	-
Investor relations		1,661	1,410	5,254	5,214
Management fees and salaries	10	48,732	50,818	160,053	149,278
Office and administration		10,570	11,424	26,453	31,143
Professional fees		13,509	245	30,411	21,623
Rent		5,212	15,712	14,084	47,110
Share-based compensation	9	-	10,800	-	61,500
Transfer agent fees		1,284	937	4,209	4,453
Travel and accomodation		2,344	2,020	5,770	8,200
Loss before other income/expenses		(182,978)	(435,818)	(738,091)	(866,672)
Exploration and evaluation assets impairment	5	-	-	(289,626)	(552,392)
Gain on sale of equipment	6	10,856	-	10,856	-
Interest and other income		5,744	5,209	32,306	24,136
Loss and total comprehensive loss for the period		(166,378)	(430,609)	(984,555)	(1,394,928)
Loss per share - basic and diluted	11	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average common shares outstanding - basic and diluted	11	194,499,421	152,229,834	189,748,061	148,810,743

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity

	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Equity (Deficiency) \$
Balance - March 31, 2018	138,479,834	43,548,571	5,109,099	(48,445,129)	212,541
Shares issued for Jackfish and Santoy Properties	3,750,000	137,500	-	-	137,500
Private placements	10,000,000	500,000	-	-	500,000
Share issue costs	-	(96,196)	-	-	(96,196)
Share-based compensation	-	-	61,500	-	61,500
Loss for the period	-	-	-	(1,394,928)	(1,394,928)
Balance - December 31, 2018	152,229,834	44,089,875	5,170,599	(49,840,057)	(579,583)
	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Equity \$
Balance - March 31, 2019	186,723,334	45,646,051	5,232,808	(50,223,536)	655,323
Shares issued for Empress Property	1,200,000	54,000	-	-	54,000
Shares issued for Tirua Property	24,200,000	484,000	-	-	484,000
Share issue costs	-	(420)	-	-	(420)
Warrants issued for Empress Property	-	-	25,000	-	25,000
Loss for the period	-	-	-	(984,555)	(984,555)
Balance - December 31, 2019	212,123,334	46,183,631	5,257,808	(51,208,091)	233,348

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended December 31,	Notes	2019	2018
		\$	\$
Cash provided by (used in):			
Operating activities:			
Loss for the period		(984,555)	(1,394,928)
Adjustments for:			
Depreciation of property and equipment	6	6,750	7,875
Change in liability to renounce exploration expenditures		(31,728)	(24,136)
Gain on sale of equipment		(10,856)	-
Share-based compensation	9	-	61,500
Exploration and evaluation expenditures		761,130	-
Impairment		-	552,392
Changes in non-cash working capital items:			
Receivables		2,159	(2,462)
Prepaid expenses		2,452	4,784
Payables and accruals		(75,530)	173,203
		(330,178)	(621,772)
Investing activities:			
Prepaid exploration and evaluation advance		2,033	(1,780)
Exploration and evaluation	5	(716,915)	(114,358)
Equipment purchases	6	(6,349)	-
		(721,231)	(116,138)
Financing activities			
Issuance of common shares, net of costs	8	(420)	478,803
Advance from related party		-	210,000
		(420)	688,803
Change in cash and cash equivalents		(1,051,829)	(49,107)
Cash and cash equivalents, beginning of period		1,100,867	65,533
Cash, end of period		49,038	16,426

Supplementary cash flow information (note 12)

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

1. Nature of Operations and Continuance of Operations

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

The Company has not generated revenue from operations and has no immediate plans that could generate cash from operations. The Company incurred a loss of \$984,555 during the nine months ended December 31, 2019 and, as of that date the Company’s deficit was \$51,208,091. 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 and cash equivalents of \$49,038 at December 31, 2019 (March 31, 2019 - \$1,100,867).

The head office and principal address of the Company are located at Suite 1910 - 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. These condensed interim consolidated financial statements were authorized for issue by the audit committee on February 24, 2020.

2. Basis of Presentation

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

Statement of Compliance

These condensed interim consolidated financial statements of the Company for the nine months ended December 31, 2019 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual financial statements as at and for the year ended March 31, 2019 as filed on SEDAR at www.sedar.com. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

Basis of Measurement

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

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

Basis of Consolidation

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

2. Basis of Presentation (continued)

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:

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.

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

2. Basis of Presentation (continued)

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 9.

Adoption of new accounting policy – leases

Effective April 1, 2019, the Company adopted IFRS 16 - Leases specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring that lessees recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has an insignificant value. Adoption of IFRS 16 has not had a material effect on the financial statements because the Company does not have any leases with a term of 12 months or more.

There are no other pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's financial statements.

3. 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.

4. Receivables

	December 31, 2019	March 31, 2019
	\$	\$
GST - value added tax	1,938	4,097
	1,938	4,097

5. Exploration and Evaluation Assets

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

	March 31, 2018	Additions	Impairment	March 31, 2019	Additions	Impairment	December 31, 2019
	\$	\$	\$	\$	\$	\$	\$
Tirua Property	-	-	-	-	507,132	-	507,132
Santoy Property	-	13,404	-	13,404	81,653	(95,057)	-
Empress/Jackfish Property	315,034	249,858	(564,892)	-	194,569	(194,569)	-
	315,034	263,262	(564,892)	13,404	783,354	(289,626)	507,132

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

5. Exploration and Evaluation Assets (continued)

Tirua Property

The Company entered into the prospecting agreement effective March 12, 2018. In October 2019 the parties to the agreement amended its terms to reflect the passage of time and to conform to regulatory requirements. As amended, the prospecting agreement calls for cash payments of up to \$360,000, of which \$329,362 was spent, to compensate the vendors for their work in assessing the areas of interest, obtaining a letter of intent from the Solomon Islands government and negotiating land assess rights with indigenous landowners. In addition, the prospecting agreement provides for the issuance of shares of the Company to the vendors as follows:

Within 10 business days of TSX-V approval of the prospecting agreement (issued)	24,200,000
Within 10 business days of the receipt by the Company of a resource report prepared in accordance with National Instrument 43-101 indicating a minimum resource of gold or gold equivalent if other metals are considered to be economic:	
if at least 1,000,000 ounces	3,700,000
if at least 2,000,000 ounces	3,700,000
if at least 3,000,000 ounces	3,700,000
if at least 4,000,000 ounces	3,700,000
Maximum number of shares that may be issued	<u>39,000,000</u>

* TSX-V approval was granted on November 26, 2019

In the nine months ended December 31, 2019, the Company charged \$453,582 (2018 - \$1,500) to exploration and property investigation expense regarding exploration and travel to the Tirua property. The Company did not capitalize any expenses associated with Tirua through to November 26, 2019 when it received TSXV approval.

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

	March 31, 2019	Change	December 31, 2019
	\$	\$	\$
Acquisition - shares issued		484,000	484,000
Contractor and consultant	-	1,836	1,836
Project management fees	-	10,000	10,000
Field and camp	-	642	642
Transport and accomodation	-	8,868	8,868
Permitting and other	-	1,786	1,786
Tirua Property	-	507,132	507,132

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

5. Exploration and Evaluation Assets (continued)

Empress/Jackfish Property

	March 31, 2018	Change	Impairment	March 31, 2019	Change	Impairment	December 31, 2019
	\$	\$	\$	\$	\$	\$	\$
Acquisition costs	265,000	135,500	(205,250)	195,250	104,000	-	299,250
Sampling and assays	13,223	13,048	(26,271)	-	8,482	-	8,482
Contractor and consultant	161,404	46,360	(163,301)	44,463	49,073	-	93,536
Project management fees	94,000	30,000	(124,000)	-	20,000	-	20,000
Field and camp	16,572	5,131	(21,703)	-	2,957	-	2,957
Transport and accommodation	86,638	19,138	(105,776)	-	10,057	-	10,057
Permitting and other	14,197	681	(14,853)	25	-	-	25
Impairment	(336,000)	(564,892)	661,154	(239,738)	-	(194,569)	(434,307)
Empress/Jackfish Property	315,034	(315,034)	-	-	194,569	(194,569)	-

In June 2017, the TSX-V approved the Company's option to acquire a 100% interest in the Jackfish gold property in Ontario from three parties, Alto Ventures Ltd. ("Alto"), Rudy Wahl ("Wahl") and a group of prospectors referred to for convenience as "Richards et al". The Company did not make all payments required under the options for the Wahl and Richards et al properties and lost its rights to those properties in the fiscal year ended March 2019.

The Company was also in default under its option with Alto but, in June 2019, reached an agreement that reinstated the Company's exploration rights for the Alto property (also known as the "Empress Property"). In consideration for Alto returning the Company's option agreement to good standing and deferring an obligation to incur exploration costs, the Company agreed to pay \$25,000 in cash, issue 1,000,000 common shares and issue warrants to purchase up to 1,000,000 common shares at \$0.10 per share for three years. In addition, the Company confirmed its obligation to issue 200,000 common shares as part of an earlier amending agreement. The TSX-V approved the amending agreement in June 2019 and the Company paid the cash and issued shares and warrants under the terms of the agreement in June 2019.

In order to acquire a 100% in the Empress property from Alto under the amended option agreement, the Company must:

- Pay \$75,000 in cash (paid)
- Issue 4,200,000 common shares (issued),
- Issue warrants to purchase up to 1,000,000 common shares (issued),
- Reimburse expenditures of \$20,000 (paid),
- Incur exploration expenditures of \$150,000 by December 31, 2019 (condition met)
- Pay a net smelter return ("NSR") royalty on metals of 1% to Alto, for which a 2% NSR royalty already exists in a previous assignment agreement and which royalty has an option to be reduced to 1% for cash payment of \$1,000,000.
- Pay an additional NSR royalty to Alto of 0.33% on any new property acquired within the area of interest contemplated in the option agreement.

In the period ended December 31, 2019, the Company charged \$33,617 (2018 - \$nil) directly to operations regarding exploration on the Empress property at that date.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

5. Exploration and Evaluation Assets (continued)

In February 2020, the owner of the Empress Property issued a notice of default. Sanatana has until March 8, 2020 to cure the matters raised.

Impairment

At December 31, 2018, the Company completed a review of the Jackfish property and had not decided whether to make the required option payments in December 2018. Given this uncertainty, the Company fully impaired the carrying value of the Jackfish property at that date.

At September 30, 2019, the Company completed a review of the Empress property and, based on exploration results to date and the climate for financing exploration work, concluded that it was unlikely that it would be feasible to progress the Empress property. Accordingly, the Company fully impaired the carrying value as of September 30, 2019.

Santoy Property

In December 2017, Sanatana entered into an asset purchase agreement with Brian Fowler and Christian Carl ("Fowler and Carl") to acquire the Santoy Property adjacent to the Company's Jackfish Property. In April 2018, the Company paid Fowler and Carl \$12,500 cash and issued 250,000 common shares to Fowler and Carl. The Company must pay a net smelter return royalty on metals of 2% upon the commencement of commercial production to Fowler and Carl, with an option to reduce the royalty to 1% for cash payments of \$1,000,000.

Capitalized expenditures during the period ended December 31, 2019 were:

	March 31, 2018	Change	March 31, 2019	Change	Impairment	December 31, 2019
	\$	\$	\$	\$		\$
Acquisition costs	-	12,500	12,500	-	-	12,500
Sampling and assays	-	-	-	1,777	-	1,777
Contractor and consultant	-	-	-	1,602	-	1,602
Project management fees	-	-	-	68,000	-	68,000
Field and camp	-	479	479	2,486	-	2,965
Transport and accommodation	-	225	225	6,148	-	6,373
Permitting and other	-	200	200	1,640	-	1,840
Impairment	-	-	-	-	(95,057)	(95,057)
Santoy Property	-	13,404	13,404	81,653	(95,057)	-

Impairment

At September 30, 2019, the Company completed a review of the Santoy property and, based on exploration results to date and the climate for financing exploration work, concluded that it was unlikely that it would be feasible to progress the Santoy property. Accordingly, the Company fully impaired the carrying value as of September 30, 2019.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

6. Equipment

	Computer Equipment	Vehicles	Equipment	Total
	\$	\$		\$
Cost				
At March 31, 2018 and 2019	10,271	50,506	-	60,777
Additions	-	-	6,349	6,349
Disposal	-	(34,204)	-	(34,204)
At December 31, 2019	10,271	16,302	6,349	32,922
Accumulated Depreciation				
At March 31, 2018	9,735	22,800	-	32,535
Charge for the period	396	10,104	-	10,500
At March 31, 2019	10,131	32,904	-	43,035
Charge for the period	140	5,868	742	6,750
Disposal	-	(33,060)	-	(33,060)
At December 31, 2019	10,271	5,712	742	16,725
Net book value				
At March 31, 2019	140	17,602	-	17,742
At December 31, 2019	-	10,590	5,607	16,197

In November 2019, the Company settled a liability of \$12,000 by transferring a pickup truck with a market value of \$12,000 and a net book value of \$1,144 resulting in a gain on disposition of \$10,856.

7. Payables and Accruals

	December 31, 2019	March 31, 2019
	\$	\$
Trade payables	208,538	236,623
Accrued liabilities	32,565	78,977
Exploration expenditures	18,758	40,509
Due to related parties	83,045	99,384
	342,906	455,493

8. Share Capital and Reserves

Authorized share capital

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

8. Share Capital and Reserves (continued)

Common Shares

Fiscal 2020

In June 2019, as part of the Empress/Jackfish property option agreement, the Company issued 1,200,000 common shares at \$0.045 per share for an aggregate value of \$54,000 (see note 5).

In December 2019, as part of the Tirua property option agreement, the Company issued 24,200,000 common shares at \$0.02 per share for an aggregate value of \$484,000 (see note 5).

Fiscal 2019

In April 2018 the Company received TSX-V approval for the Santoy transaction (see note 5) and issued 250,000 common shares at \$0.05 per share for an aggregate value of \$12,500.

In May 2018, the Company completed the first tranche of a non-brokered private placement issuing 6,000,000 flow-through shares at \$0.05 per share for gross proceeds of \$300,000. The shares were subject to a hold period that expired in September 2018. In June 2018, the Company completed the second and final tranche of the non-brokered private placement, issuing 4,000,000 flow-through shares at \$0.05 per share for gross proceeds of \$200,000. The shares issued in the second tranche were subject to a hold period that expired in October 2018. Proceeds from the private placement were used to explore the Jackfish Property and for general corporate purposes.

In August 2018, as part of the Jackfish property option agreement, the Company issued 2,000,000 common shares at \$0.04 per share and a further 1,500,000 common shares at \$0.03 per share for an aggregate value of \$125,000. The Company committed to issue up to a further 350,000 shares as a bonus. It issued 200,000 of those shares in June 2019 but abandoned one of the subject mineral properties and no longer has to issue the other 150,000 common shares.

In March 2019, the Company completed a non-brokered private placement consisting of 34,493,500 units at \$0.05 per unit for gross proceeds of \$1,724,675. Each unit consisted of one common share and one whole warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 per common share on or before March 20, 2022.

In connection with the offering, the Company paid finders' fees to certain arm's length parties of \$103,577. The Company also issued 2,029,545 finders' warrants with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.10 per common share for a period expiring March 20, 2022. The finders' warrants were valued at \$51,509 using the Black-Scholes method of valuation and the following criteria:

Dividend yield	0%
Risk-free interest rate	1.55%
Estimated volatility	104%
Expected life in years	3

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

8. Share Capital and Reserves (continued)

Reserves

Reserves comprise the fair value of stock option grants, agent warrants prior to exercise and settlement of amounts with existing shareholders. The following is a summary of changes in reserves from March 31, 2018 to December 31, 2019:

	\$
Balance March 31, 2018	5,109,099
Fair value of finders' warrants	51,509
Share-based compensation	72,200
Balance March 31, 2019	5,232,808
Fair value of warrants issued re Empress (note 5)	25,000
Balance December 31, 2019	5,257,808

Warrants

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

	December 31, 2019		March 31, 2019	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of period	36,523,045	\$0.10	14,590,000	\$0.10
Granted	1,000,000	0.10	36,523,045	0.10
Expired	-	-	(14,590,000)	0.10
Balance, end of period	37,523,045	0.10	36,523,045	0.10

Summary of outstanding warrants is as follows:

Expiry Date	Exercise Price	Financing Warrants	Compensatory Warrants
March 20, 2022	\$ 0.10	34,493,500	-
June 25, 2022	\$ 0.10	-	1,000,000
March 20, 2022	\$ 0.10	-	2,029,545
		34,493,500	3,029,545

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

9. Share-Based Payments

The Company has a rolling stock option plan that allows the Company's board of directors to issue options to purchase up to 10% of the common shares outstanding at the grant date. Directors, officers, consultants and employees of the Company are eligible to receive stock options, subject to the policies of the TSX-V. The directors may set option terms, but options granted under the plan typically have a life of five years and vest over an 18-month period. Share-based payments expense is amortized over the vesting period. The Company's shareholders reconfirmed the option plan in January 2019.

	December 31, 2019		March 31, 2019	
	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Balance, beginning of period	6,700,000	\$0.06	8,700,000	\$0.07
Forfeited or expired	-	-	(2,000,000)	0.10
Balance, end of period	6,700,000	\$0.06	6,700,000	\$0.06

Summary of outstanding options at December 31, 2019:

Exercise Price Range	Outstanding Options			Exercisable Options	
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
\$0.06	6,700,000	\$0.06	2.35 years	6,700,000	\$0.06

The Company incurred an expense of \$nil for share-based payments for the nine months ended December 31, 2019 (2018 - \$61,500).

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

10. Related Party Transactions and Balances

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

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Key management personnel compensation				
Salary	60,000	30,000	180,000	90,000
Short-term benefits	995	995	2,984	2,984
Management fees - expensed	2,900	15,150	15,070	23,750
Technical fees - capitalized	30,000	-	90,000	4,500
Share-based payments	-	7,800	-	46,300
Total	93,895	53,945	288,054	167,534

Included in the above is compensation paid through companies:

Lithosphere Services Inc.	-	12,000	-	18,000
S2 Management Inc.	2,900	3,150	15,070	10,250

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.

In November 2019, the Company settled \$12,000 of a liability due to its VP Exploration by transferring a pickup truck with a market value of \$12,000 (note 6).

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

	December 31, 2019	March 31, 2019
	\$	\$
Directors and officers	80,000	95,069
S2 Management Inc.	3,045	4,315
	83,045	99,384

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

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

11. Loss per Share

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

	Three months ended December 31		Nine months ended December 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Loss for the period	(166,378)	(430,609)	(984,555)	(1,394,928)
Weighted average number of common shares outstanding	194,499,421	152,229,834	189,748,061	148,810,743
	(0.00)	(0.00)	(0.01)	(0.01)

Diluted loss per share for the nine months ended December 31, 2019 and 2018 is the same as basic loss per share as the exercise of the 6,700,000 options (2018 – 8,700,000) and 37,523,045 warrants (2018 – 14,590,000) would be anti-dilutive.

12. Supplemental Cash Flow Information

Non-cash investing activities included the following:

For the nine months ended December 31,	2019	2018
	\$	\$
Non-cash investing activities:		
Shares issued for exploration and evaluation assets	538,000	137,500
Fair value of warrants granted re option agreement	25,000	-
Payables recorded for exploration and evaluation assets	(25,057)	28,210
Settlement of liability through transfer of asset	12,000	-

13. Commitments

In May and June 2018, the Company undertook a new flow-through financing (note 8) and at December 31, 2019 was obliged, under the terms of the financing and related tax law, to expend \$53,688 on mineral exploration before December 31, 2019. The Company expects to fulfill its expenditure obligation by June 30, 2020.

14. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At September 30, 2019, all exploration and evaluation assets and equipment were located in Canada and Mexico

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2019

14. Segmented Information (continued)

	December 31, 2019	March 31, 2019
	\$	\$
Canada	10,590	31,146
Solomon Islands	512,739	-
	523,329	31,146