

# **SANATANA RESOURCES INC.**

## **Condensed Interim Consolidated Financial Statements**

### **Second Quarter Ended September 30, 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 six months ended September 30, 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	September 30, 2019	March 31, 2019
		\$	\$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	3	169,243	1,100,867
Receivables	4	10,828	4,097
Prepaid expenses		17,690	12,454
<b>Total current assets</b>		<b>197,761</b>	<b>1,117,418</b>
Non-current assets			
Prepaid exploration and evaluation advance		678	2,033
Exploration and evaluation assets	5	-	13,404
Equipment	6	18,417	17,742
<b>Total non-current assets</b>		<b>19,095</b>	<b>33,179</b>
<b>Total assets</b>		<b>216,856</b>	<b>1,150,597</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables and accruals	7	287,334	455,493
Liability to renounce exploration expenditures		13,797	39,781
<b>Total liabilities</b>		<b>301,131</b>	<b>495,274</b>
<b>EQUITY (DEFICIENCY)</b>			
Share capital	8	45,699,630	45,646,051
Reserves	8	5,257,808	5,232,808
Deficit		(51,041,713)	(50,223,536)
<b>Total equity (deficiency)</b>		<b>(84,275)</b>	<b>655,323</b>
<b>Total equity (deficiency) and liabilities</b>		<b>216,856</b>	<b>1,150,597</b>

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 September 30,		Six months ended September 30,	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Expenses</b>					
Depreciation	6	2,943	2,625	5,674	5,250
Exploration and property investigation	5	250,819	26,528	400,626	178,845
Filing fees		9,050	6,920	15,329	11,604
Foreign exchange		(4,106)	-	(2,438)	-
Investor relations		3,372	890	3,593	3,804
Management fees and salaries	10	38,141	46,830	111,321	98,460
Office and administration		7,143	10,420	15,883	19,719
Professional fees		11,867	19,395	16,902	21,378
Rent		4,832	15,710	8,872	31,398
Share-based compensation	9	-	24,400	-	50,700
Transfer agent fees		1,441	1,481	2,925	3,516
Travel and accomodation		(201)	1,702	3,426	6,180
<b>Loss before other income/expenses</b>		(325,301)	(156,901)	(582,113)	(430,854)
Exploration and evaluation assets impairment	5	(262,626)	(552,392)	(262,626)	(552,392)
Interest and other income		16,122	17,143	26,562	18,927
<b>Loss and total comprehensive loss for the period</b>		(571,805)	(692,150)	(818,177)	(964,319)
<b>Loss per share - basic and diluted</b>	11	(0.00)	(0.00)	(0.00)	(0.01)
<b>Weighted average common shares outstanding - basic and diluted</b>	11	187,923,334	140,649,943	187,359,400	147,091,856

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) \$
<b>Balance - March 31, 2018</b>	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	-	-	50,700	-	50,700
Loss for the period	-	-	-	(964,319)	(964,319)
<b>Balance - September 30, 2018</b>	152,229,834	44,089,875	5,159,799	(49,409,448)	(159,774)

  

	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Equity (Deficiency) \$
<b>Balance - March 31, 2019</b>	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
Share issue costs	-	(421)	-	-	(421)
Warrants issued for Empress Property	-	-	25,000	-	25,000
Loss for the period	-	-	-	(818,177)	(818,177)
<b>Balance - September 30, 2019</b>	187,923,334	45,699,630	5,257,808	(51,041,713)	(84,275)

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 six months ended September 30,	Notes	2019	2018
		\$	\$
<b>Cash provided by (used in):</b>			
<b>Operating activities:</b>			
Loss for the period		(818,177)	(964,319)
Adjustments for:			
Depreciation of property and equipment	6	5,674	5,250
Change in liability to renounce exploration expenditures		(25,984)	(18,927)
Share-based compensation	9	-	50,700
Exploration and evaluation expenditures		400,626	-
Impairment		262,626	552,392
Changes in non-cash working capital items:			
Receivables		(6,731)	(9,215)
Prepaid expenses		(5,236)	1,650
Payables and accruals		(169,207)	31,398
		(356,409)	(351,071)
<b>Investing activities:</b>			
Prepaid exploration and evaluation advance		1,355	(4,875)
Exploration and evaluation	5	(569,801)	(114,358)
Equipment purchases	6	(6,349)	-
		(574,795)	(119,233)
<b>Financing activities</b>			
Issuance of common shares, net of costs	8	(420)	478,803
		(420)	478,803
<b>Change in cash and cash equivalents</b>		(931,624)	8,499
<b>Cash and cash equivalents, beginning of period</b>		1,100,867	65,533
<b>Cash, end of period</b>		169,243	74,032

Supplementary cash flow information (note 12)

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

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# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 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 \$818,177 during the six months ended September 30, 2019 and, as of that date the Company's deficit was \$51,041,713. 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 \$169,243 at September 30, 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 consolidated financial statements were authorized for issue by the audit committee on November 28, 2019.

### 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 six months ended September 30, 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](http://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.

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# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 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 six months ended September 30, 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

	September 30, 2019	March 31, 2019
	\$	\$
GST - value added tax	10,828	4,097
	10,828	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	September 30, 2019
	\$	\$	\$	\$	\$	\$	\$
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	276,222	(289,626)	-

# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

### 5. Exploration and Evaluation Assets (continued)

#### Tirua Property

The Company has entered into a prospecting agreement regarding the Tirua property in the Solomon Islands. The prospecting agreement is subject to TSX-V approval and provides for cash payments of up to \$360,000 (actual amount incurred was \$329,362) to compensate certain arm's length parties 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 land owners. In addition, the prospecting agreement, as amended, provides for the issuance of shares of the Company as follows:

Within 10 business days of TSX-V approval of the prospecting agreement 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>

In February 2019, the Company was granted a prospecting licence and the Company has engaged an independent qualified person to prepare a technical report in accordance with NI 43-101.

Issuance of shares under the prospecting agreement was subject to TSX-V approval which was received on November 26, 2019.

In the six months ended September 30, 2019, the Company charged \$399,624 (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 September 30, 2019 as it had not yet secured exploration rights.

#### Empress/Jackfish Property

	March 31, 2018	Change	Impairment	March 31, 2019	Change	Impairment	September 30, 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 accomodation	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)	-	(434,307)	(434,307)
Empress/Jackfish Property	315,034	(315,034)	-	-	194,569	-	-

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# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 5. Exploration and Evaluation Assets (continued)

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 (\$45,491 incurred to June 30, 2019)
- 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 September 30, 2019, the Company charged \$1,003 (2018 - \$5,250) directly to operations regarding exploration on the Empress property at that date.

#### 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 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.

# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

### 5. Exploration and Evaluation Assets (continued)

#### 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 September 30, 2019 were:

	March 31,	Change	March 31,	Change	Impairment	September 30,
	2018		2019			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 accomodation	-	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 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 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 six months ended September 30, 2019

### 6. Equipment

	Computer Equipment	Vehicles	Equipment	Total
	\$	\$		\$
<b>Cost</b>				
At March 31, 2018 and 2019	10,271	50,506	-	60,777
Additions	-	-	6,349	6,349
At September 30, 2019	10,271	50,506	6,349	67,126
<b>Accumulated Depreciation</b>				
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	198	5,052	424	5,674
At September 30, 2019	10,329	37,956	424	48,709
<b>Net book value</b>				
At March 31, 2019	140	17,602	-	17,742
At September 30, 2019	(58)	12,550	5,925	18,417

### 7. Payables and Accruals

	September 30, 2019	March 31, 2019
	\$	\$
Trade payables	208,435	236,623
Accrued liabilities	16,565	78,977
Exploration expenditures	41,557	40,509
Due to related parties	20,777	99,384
	287,334	455,493

### 8. Share Capital and Reserves

#### Authorized share capital

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

#### 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 6).

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# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 8. Share Capital and Reserves (continued)

#### Fiscal 2019

In April 2018 the Company received TSX-V approval for the Santoy transaction (see note 7) 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

#### 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 September 30, 2019:

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	\$
<b>Balance March 31, 2018</b>	5,109,099
Fair value of finders' warrants	51,509
Share-based compensation	72,200
<b>Balance March 31, 2019</b>	5,232,808
Fair value of warrants issued re Empress/Jackfish Property (note 5)	25,000
<b>Balance September 30, 2019</b>	5,257,808

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# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

### 8. Share Capital and Reserves (continued)

#### Warrants

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

	September 30, 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

### 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.

	September 30, 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

# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

### 9. Share-Based Payments (continued)

Summary of outstanding options at September 30, 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	2.99 years	6,700,000	\$0.06

The Company incurred an expense of \$nil for share-based payments for the six months ended September 30, 2019 (2018 - \$50,700).

### 10. Related Party Transactions and Balances

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

	Three months ended September 30,		Six months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Key management personnel compensation				
Salary	30,000	30,000	60,000	60,000
Short-term benefits	994	995	1,989	1,989
Management fees - expensed	3,850	4,850	12,170	7,100
Technical fees - capitalized	30,000	-	60,000	-
Share-based payments	-	19,200	-	38,500
Total	64,844	55,045	134,159	107,589

Included in the above is compensation paid through companies:

S2 Management Inc.	3,150	2,140	10,250	7,810
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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:

	September 30, 2019	March 31, 2019
	\$	\$
Directors and officers	20,000	95,069
S2 Management Inc.	777	4,315
	20,777	99,384

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



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# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 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 September 30,		Six months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Loss for the period	(571,805)	(692,150)	(818,177)	(964,319)
Weighted average number of common shares outstanding	187,923,334	140,649,943	187,359,400	147,091,856
	(0.00)	(0.00)	(0.00)	(0.01)

Diluted loss per share for the six months ended September 30, 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 six months ended September 30,	2019	2018
	\$	\$
Non-cash investing activities:		
Shares issued for exploration and evaluation assets	54,000	12,500
Fair value of warrants granted re option agreement	25,000	-
Payables recorded for exploration and evaluation assets	(1,048)	2,313

### 13. Commitments

- In May and June 2018, the Company undertook a new flow-through financing (note 8) and at September 30, 2019 was obliged, under the terms of the financing and related tax law, to expend \$91,982 on mineral exploration before December 31, 2019.
- The Company has committed to issue common shares further to a prospecting agreement regarding the Tirua property (note 5).

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# Sanatana Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2019

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### 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

	September 30, 2019	March 31, 2019
	\$	\$
Canada	12,492	31,146
Solomon Islands	5,925	-
	18,417	31,146

### 15. Events After the Reporting Date

On November 26, 2019, the Company received TSX-V approval of its proposed Tirua acquisition (note 5). The Company will capitalize exploration expenses with effect from the approval date.