

SANATANA RESOURCES INC.

Management's Discussion and Analysis

September 30, 2018



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SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended September 30, 2018

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 November 28, 2018 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended September 30, 2018 and the Company's audited financial statements and related notes for the year ended March 31, 2018. This MD&A is intended to provide the reader with a review of the Company's performance for the period ended September 30, 2018 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 consolidated financial statements for the period ended September 30, 2018 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

All financial 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 Québec. The Company's common shares trade on the TSX-V as a mining exploration and development company under the symbol STA.

Operating Report

The Company is an exploration stage company and is engaged in the acquisition, exploration and development of exploration and evaluation assets. The Company is focused on the Tirua Property in the Solomon Islands and the Santoy property in Ontario. The Company has not yet decided whether to make required option payment on the Jackfish Property in December 2018 and has fully impaired the project's carrying value.

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

The Company's flow-through exploration commitments and accounts payable (\$373,817 and \$255,536 respectively at September 30, 2018) exceed its cash on hand (\$74,032). As a result, the Company's liquidity is currently compromised.

Corporate Developments

- In November 2018, the Company received a letter of intent to acquire the Tirua porphyry copper-gold project, located in the Solomon Islands. See *Tirua Property* below.
- In July 2018, the Company entered into agreements with two of the three vendors of the Jackfish Property to defer option payments of \$100,000 from June 2018 to December 2018. In September 2018, the Company and the vendor terminated the third option agreement. See *Jackfish Property* below.

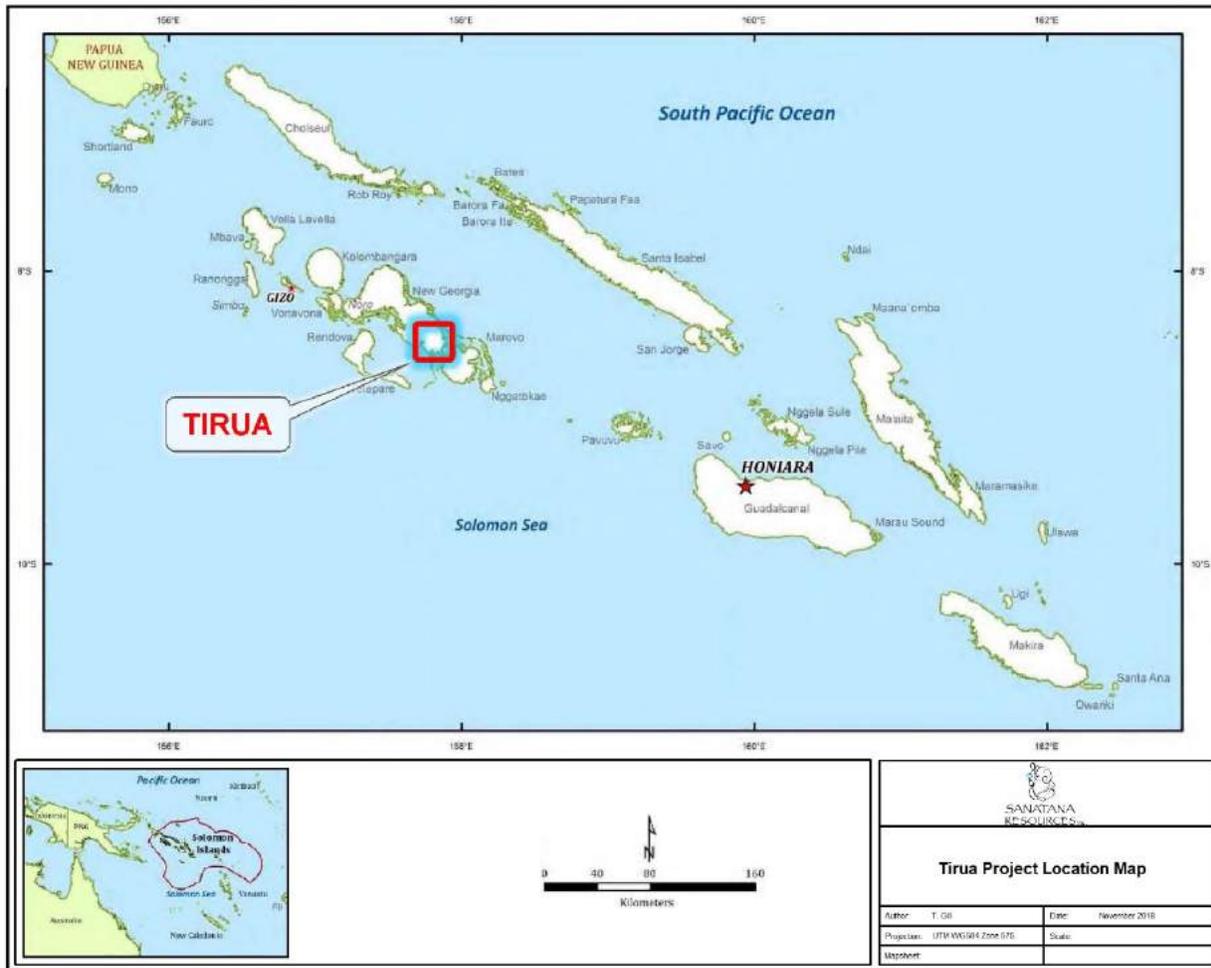
Mineral Properties

Tirua Property

Overview

On November 2, 2018, pursuant to a prospecting agreement signed with Trevor Wright, Sol Mar Por Pty Ltd, Brian D Edgar and Stadnyk and Partners (collectively, the "Vendors"), the Company, through its Solomon Islands wholly owned subsidiary ExSol SI Ltd, received a letter of intent ("LOI"), from the Ministry of Mines, Energy and Rural Electrification to issue a prospecting license ("PL") subject to the completion of surface access agreements ("SAAs"), which will allow for exploration of the Tirua project. The prospecting agreement and LOI are subject to TSX-V approval.

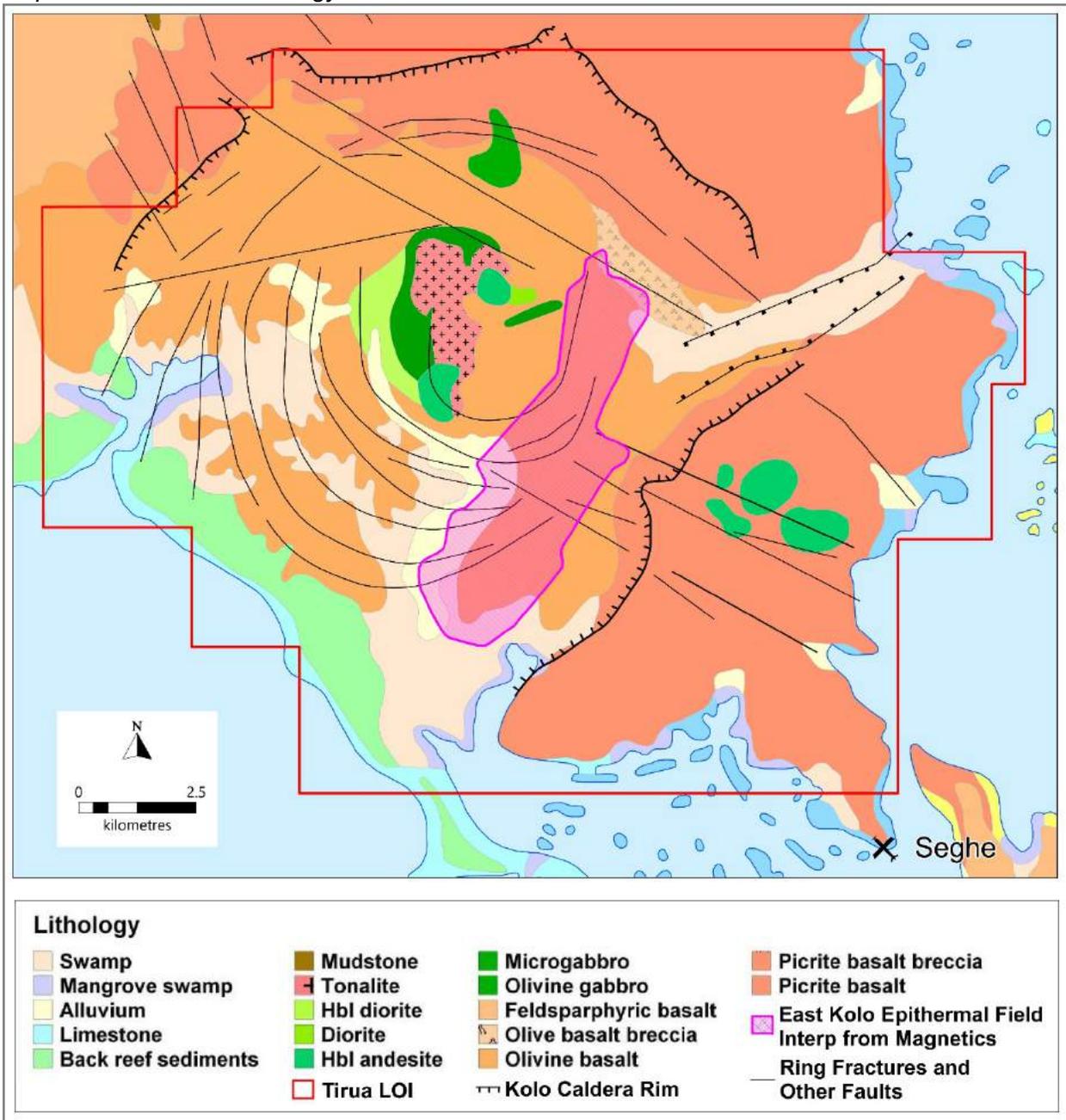
Map of the Tirua Project Location:



Tirua Property Description

The Tirua project, hosted in the 15km wide (68 square kilometres area) Kolo volcanic caldera, is located on New Georgia Island, in the Western Province of the Solomon Islands, part of the South Pacific archipelago of volcanic islands around the Ring of Fire. This chain of islands is renowned for hosting large copper and gold deposits, extending from Papua New Guinea in the northwest to Fiji to the southeast, most notably the giant epithermal Ladolam Gold Deposit on Lihir Island and the copper-gold porphyry Panguna deposit on Bougainville, immediately west of New Georgia Island.

Map of Tirua LOI and Geology:



Previous Exploration

Previous surface and geophysical studies at Tirua led to the drilling of 18 diamond drill holes into a porphyry copper target. This and other limited work has demonstrated that the Tirua caldera has gold and copper mineralization, much of which, including significant targets developed by Mr. Wright, remains untested and underexplored.

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Highlights of past exploration:

- Drilling: The best intervals ran 62m @ 0.45% Cu from surface and 3m @ 2.52 g/t Au from 98m.
- Trenching: 15m @ 1.16 g/t Au (open).
- Maximum rock chip float samples of 37.7 g/t Au, 201 g/t Ag, and 0.25% Cu.
- Maximum soil samples of 158 g/t Au, 322 g/t Ag and 0.29% Cu.
- Completion of airborne magnetic and radiometric survey over the entire caldera highlighting a distinct ring structure.
- Wide spread alteration and porphyry Cu-Au and epithermal Au mineralization associated with geophysical / structural interpretations.

Note that previous exploration was conducted between 1983 and 2013 and the data has been verified by Mr. Trevor Wright from open file reports obtained from the Ministry of Mines, Energy and Rural Electrification. These samples may not be indicative of future results.

Planned Exploration

Sanatana's exploration and management team visited the Tirua project in early November 2018 to begin the process to acquire the necessary SAAs and to consider plans for an initial exploration program when the PL is issued.

Principal Agreement Terms

The prospecting agreement calls for cash payments of up to \$360,000 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 land owners. In addition, the prospecting agreement provides for the issuance of shares of the Company to the Vendors as follows:

Within 10 business days of the issuance of the PL	25,000,000
Within 10 business days of the receipt by the Company of a resource report prepared in accordance with <i>National Instrument 43-101 – Standards of Disclosure for Mineral Projects</i> ("NI 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	3,750,000
• if at least 2,000,000 ounces	3,750,000
• if at least 3,000,000 ounces	3,750,000
• if at least 4,000,000 ounces	3,750,000
Maximum number of shares that may be issued	40,000,000

Jackfish Property

Overview

In February 2017, the Company entered into three option agreements that allowed Sanatana to acquire a 100% contiguous interest in the Jackfish property, located in Ontario (the "Jackfish Property"). The transaction was approved by the TSX-V in June 2017.

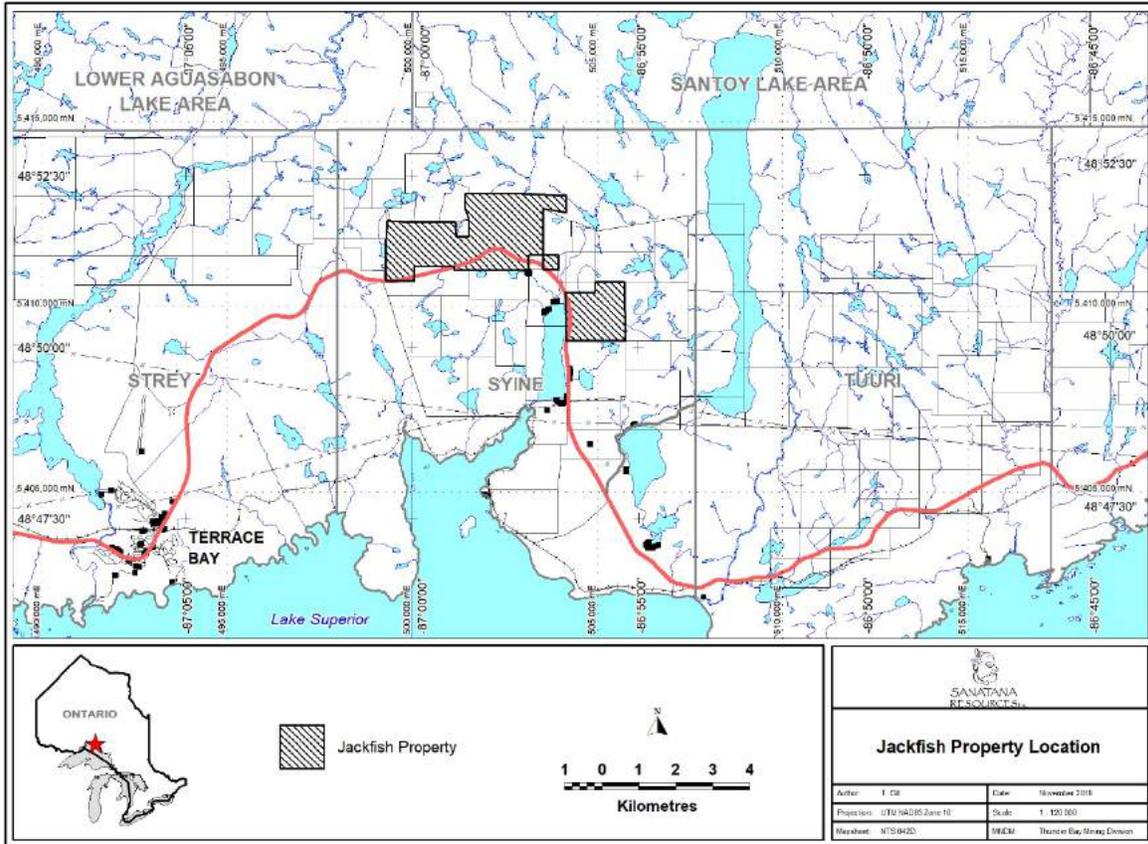
The Company did not make scheduled cash payments in June 2018 and, as a result, forfeited its rights to one of the three properties in September 2018. The Company was able to negotiate a six-month extension to December 2018 for the cash payments relating to the other two properties. The Company has not decided whether to make the required cash payments in December 2018 and consequently expects that it will forfeit these properties as well. Accordingly, the Company fully impaired the carrying value of the Jackfish Property at September 30, 2018.

Jackfish Property Description

The Jackfish Property is located on the northern shores of Lake Superior, 20 km east of Terrace Bay via Highway 17, Ontario. The option agreement property originally comprised 34 mining claims covering 3,664 hectares (9,054 acres). Now, taking into account relinquishment of one of the properties and the revised administration of Ontario mineral properties under the Mining Lands Administration System (MLAS) introduced April 9, 2018, the property comprises an area of 964.3 hectares (2,383 acres), and is described in terms of 74 cell mining claims, including 48 boundary cell mining claims, some of which are shared internally by claim holders within the property area.

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Map of the Jackfish Property Location:

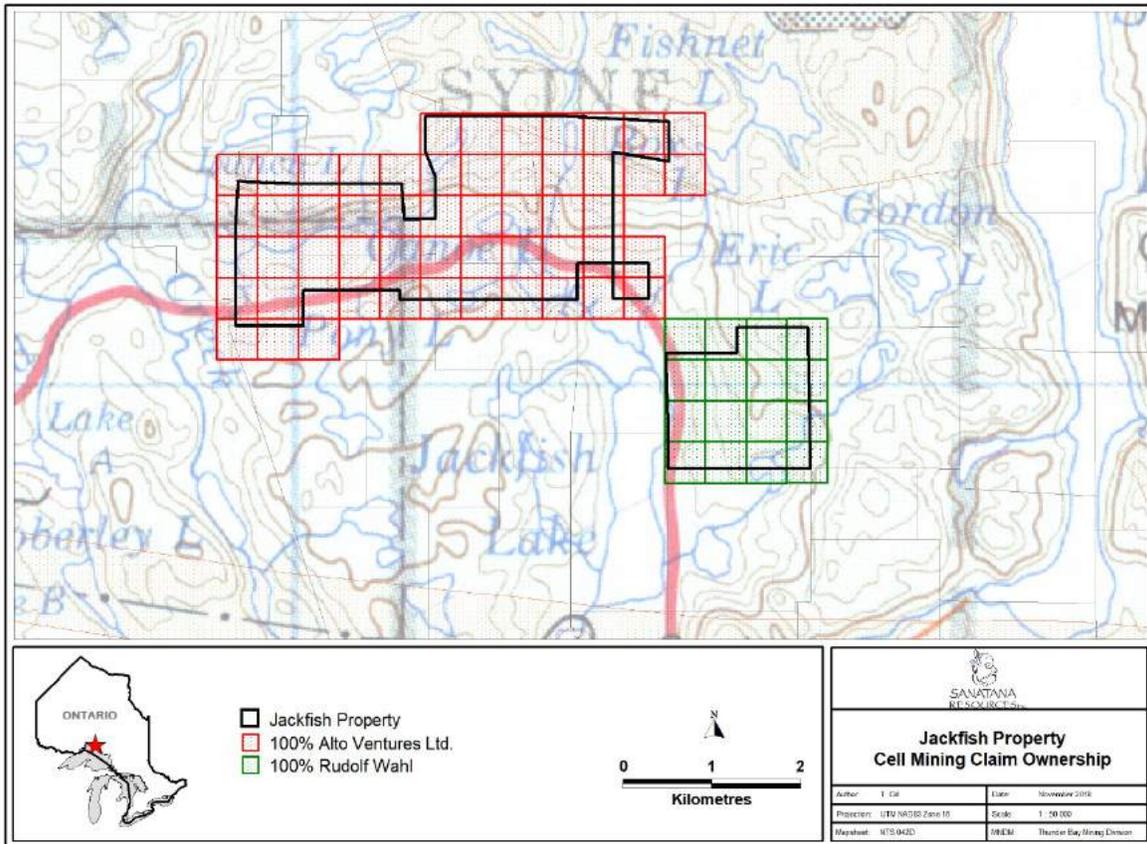


The remaining Jackfish Property is a consolidation of two separately owned groups of mining claims through option agreements with another junior exploration company Alto Ventures Ltd. (“Alto”) and an individual prospector Rudy Wahl (“Wahl”).

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Map of the Jackfish Property Mining Claims by Ownership:

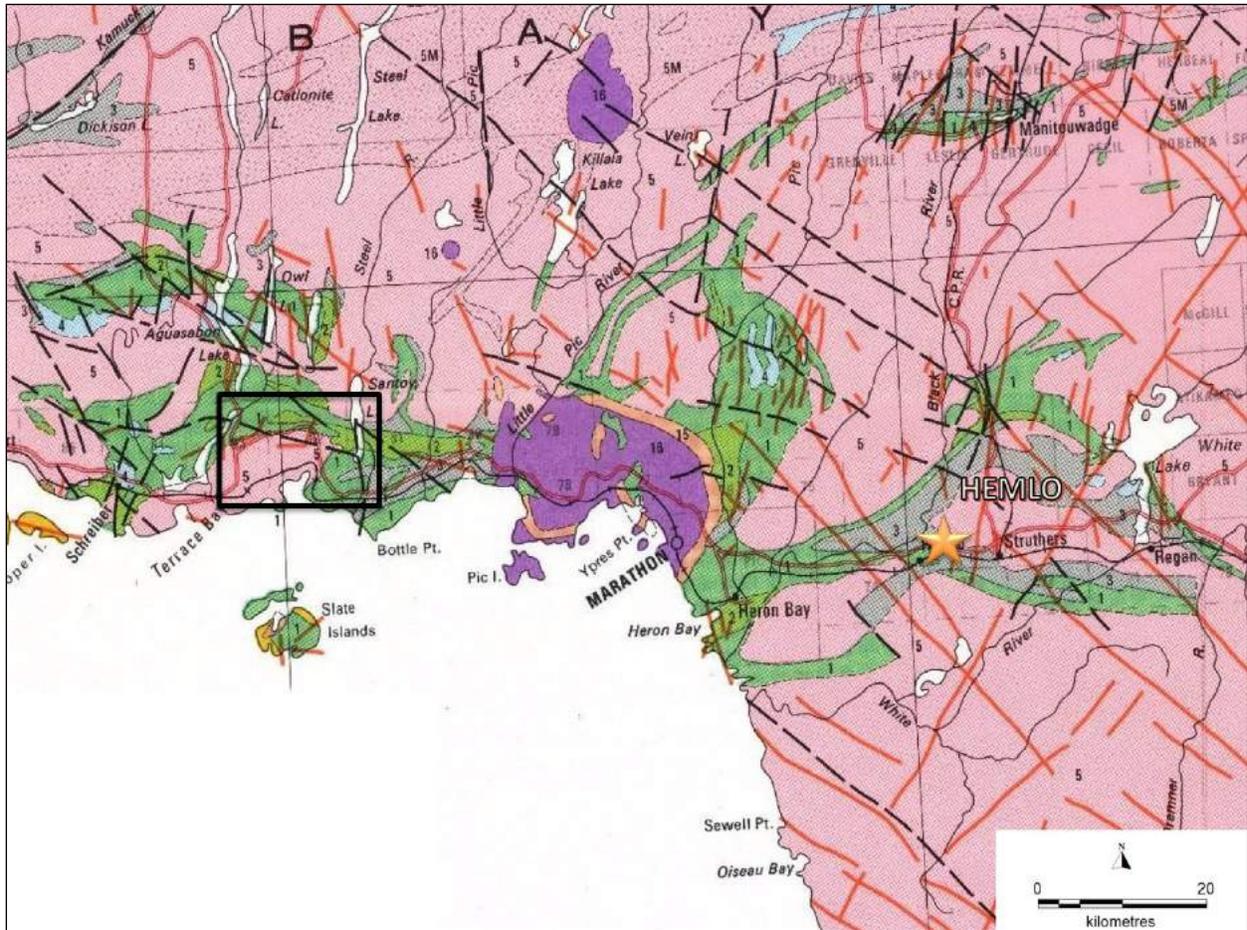


Geologically, the Jackfish Property lies within the Wawa subprovince of the Superior province of the Canadian Shield, specifically the metavolcano-sedimentary Schreiber-Hemlo greenstone belt. The belt is known for its namesake Hemlo gold operations (Barrick Gold Corporation) and, although similar geological and structural targets analogous to Hemlo exist in the greenstone rocks of the northern parts of the Jackfish Property, the focus is an area containing high-grade gold bearing veins within the granitic rocks on the eastern margin of the Terrace Bay Batholith, that underlie the Jackfish Property. There is also an interesting copper-in-soil anomaly located on the north-eastern part of the Jackfish Property.

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Map of the Jackfish Property area within the Schreiber-Hemlo greenstone belt:



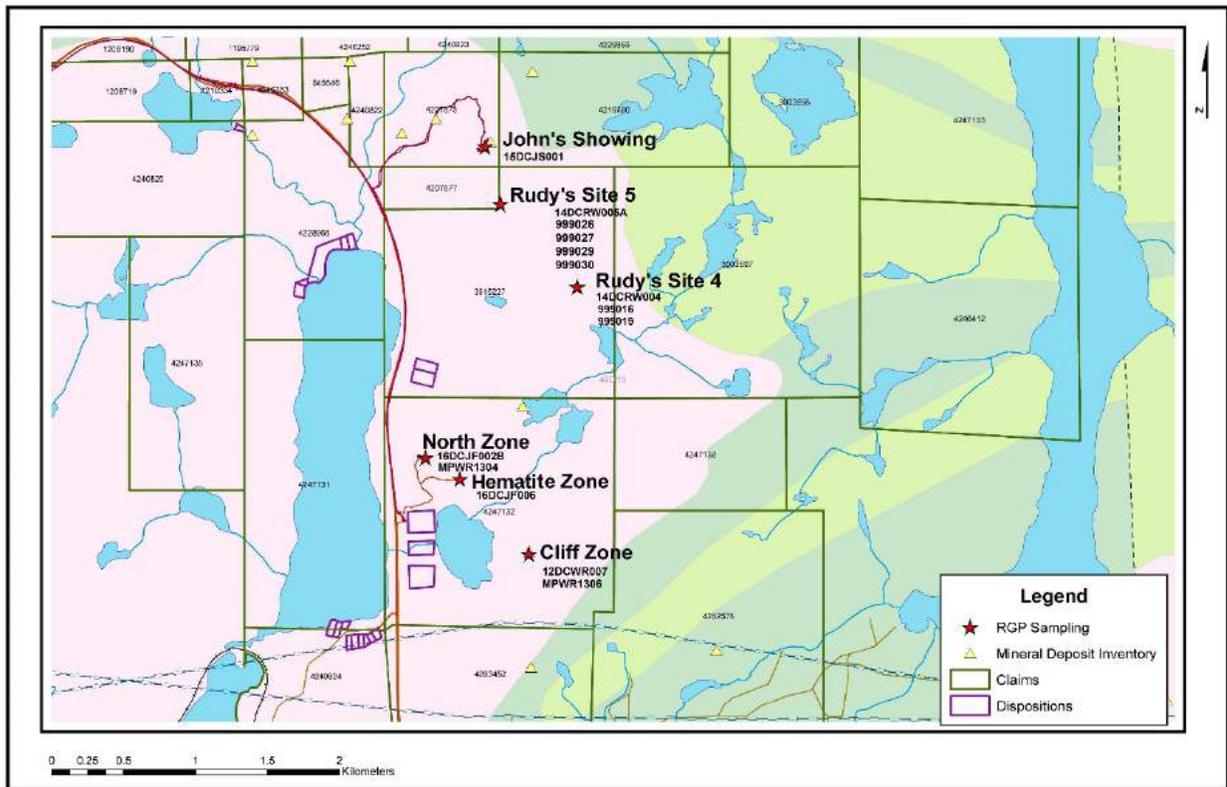
The following table shows the best gold assay results achieved by the Ontario Geological Survey (“OGS”) in its grab sampling program over a four-year period and the below map shows the location of the grab samples. Note that grab samples are selective by nature and do not represent intervals of mineralization hosted on the Jackfish Property.

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Table of Best Gold Assay Results from OGS Grab Samples:

Sample ID	Au (g/t)	Location
16DCJF002B	34.71	North Zone
MPWR1304	2.38	North Zone
12DCWR007	43.89	Cliff Zone
MPWR1306	27.77	Cliff Zone
16DCJF006	4.73	Hematite Zone
15DCJS001	0.98	John's Showing
999016	6.05	Rudy's Site 4
999019	12.32	Rudy's Site 4
14DCRW004	1.71	Rudy's Site 4
999026	12.63	Rudy's Site 5
999027	16.56	Rudy's Site 5
999029	38.96	Rudy's Site 5
999030	9.37	Rudy's Site 5
14DCRW005A	9.02	Rudy's Site 5

Map of Location of the Grab Samples:



Exploration Target Rationale

The exploration potential of the Jackfish Property derives from the number of isolated gold occurrences that have been identified to date simply by prospecting the outcrops and the high-grade gold values that have been returned from sampling these showings, as confirmed by the OGS grab sample results.

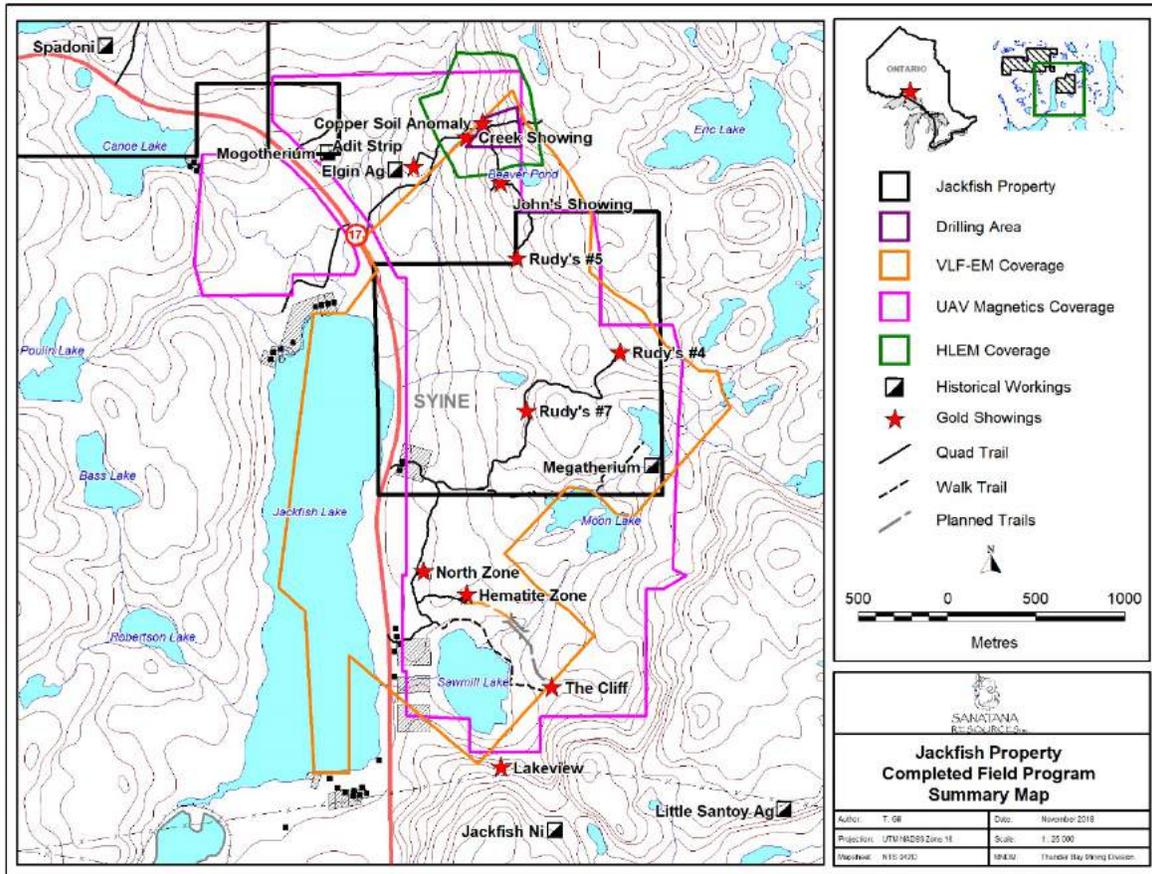
The Jackfish Property setting was thought to be analogous with a similar style of quartz veining within the Bourlamaque Batholith, Val d'Or, Quebec, where gold mineralization occurs in en-echelon (stacked) quartz veins associated with shear zones cutting through the granitic intrusive. This style of mineralization poses targets of moderate to high grade gold in the range of 5 to 9 g/t Au with modest contained ounces in the hundreds of thousands of ounces to one or two-million-ounce range. Knowledge about breccia hosted and fracture controlled gold mineralization within granitic intrusive bodies, acquired from the Company's work at its previously held Watershed project, offers potential for larger tonnage and contained gold ounces targets within the Terrace Bay Batholith.

Current Activities

The Company engaged Ronacher Mackenzie Geoscience to compile an NI 43-101 Technical Report on the Jackfish Property which it filed in June 2017. This report is available on SEDAR.

Having made the first option payments, Sanatana initiated an exploration program on the Wahl ground for which the Company has an exploration permit. The program's objective is to thoroughly test the gold tenor of the known occurrences and delineate links between the isolated occurrences. Work completed so far includes outcrop stripping, rock channel cutting and sampling of previously discovered high-grade gold showings, ground very low frequency electromagnetic ("VLF-EM") surveys, an airborne unmanned aerial vehicle ("UAV") based magnetic survey over the same area of interest as the VLF-EM and a small scale horizontal loop electromagnetic ("HLEM") survey over a previously identified copper soil sample anomaly. Key locations of the exploration activities are shown on the exploration summary map.

Exploration Summary Map:



Outcrop stripping and washing was completed at Rudy #4, #5 and #7 as well as some incidental locations along the access trail on the Wahl property and the Hematite Zone was washed down. Channel sampling was undertaken at the previously stripped North Zone on the Richards property, as well as Rudy #4 and #7, as well as some of the interesting veining on some of the minor outcrops. The channel samples were cut directly from the exposed bedrock surface at intervals of 1 m in a continuous pattern traversing the trends of quartz veining present within the outcrop. All the samples were submitted to Actlabs in Thunder Bay, Ontario for fire assay analysis for gold. Significant gold intervals at the North Zone and Rudy #7 are listed in the table below.

Table of Best Gold Assay Results from Outcrop Stripping and Channel Sampling:

Location	Channel Sample Gold Interval
North Zone	2m @ 8.82 g/t Au
	1m @ 0.51 g/t Au
	3m @ 0.55g/t Au
	3m @ 0.55g/t Au
	2m @ 1.12g/t Au
Rudy #7	1m @ 3.38 g/t Au
	1m @ 12.2g/t Au
	3m @ 5.95 g/t Au

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VLF-EM ground survey coverage from the area of the Cliff and North Zone northwards to cover much of the Wahl property and the copper-in-soil anomaly has been completed for a total of 29 line kilometres at 200-metre line spacing. Infill and extension lines for a further 8.6 km have now been completed over the Wahl property providing 100-metre line spacing and expanding the overall coverage to approximately 5.2 square kilometres. Superior Exploration, Ontario completed this survey using a handheld Geonics EM-16 VLF receiver producing images of modelled apparent resistivity generated by inversion processing. In addition, Company field personnel collected a further 1.9 line-kilometres of infill VLF readings along 20-metre lines over the Rudy #7 target and 100 metre lines between the North and Hematite Zones.

Conductivity anomalies arising out of the VLF survey have been prospected in the field, although no outcrop was observed at the locations to help explain the anomalies. The additional lines of data have improved the resolution of anomalous subsurface conductors interpreted to be associated with the outcropping high-grade gold vein mineralization at Rudy #7 and from Hematite to North Zone.

A UAV-platform-based airborne magnetic survey has now been completed covering the same high priority gold target area of 5.6 square kilometres for a total of approximately 125 line-kilometres at a line spacing of 50 metres. Stratus Aeronautics, British Columbia carried out this survey using an in-house designed third generation prototype multi-rotor UAV platform with a cesium magnetometer that records readings every 1.1 metres along lines. The survey covered an area of 5.6 square kilometres over the core of the high priority high-grade gold showings from the Cliff in the south to the Creek showing and the copper in soil anomaly to the north.

The enhanced understanding of the overall geological and structural setting underlying part of the property, based on the new geophysical data, coupled with a significant copper soil anomaly previously identified on the property, with copper values up to 769 ppm, and a grab sample of mineralized float from the area that returned assay values of 14.9 g/t Au, 6.5% Cu, 7.5% Pb and 1.0% Zn lead to the Company undertaking a ground HLEM survey to test for subsurface conductivity perhaps due to the presence of massive sulphide. Abitibi Geophysics, Quebec carried out the survey using an Apex Parametrics MaxMin I reading frequencies of 110, 440, 1760 and 7040 Hz. Six lines of about 500 to 700 m length and at 100 m spacing were surveyed at 12.5 m stations and a 50 m coil separation for a total of 3.45 line km. Three bedrock EM anomalies were delineated that perhaps reflect the variation in lithology and structural breaks related to the gold and other base metal mineralization, although no distinct and isolated conductor was defined by the survey.

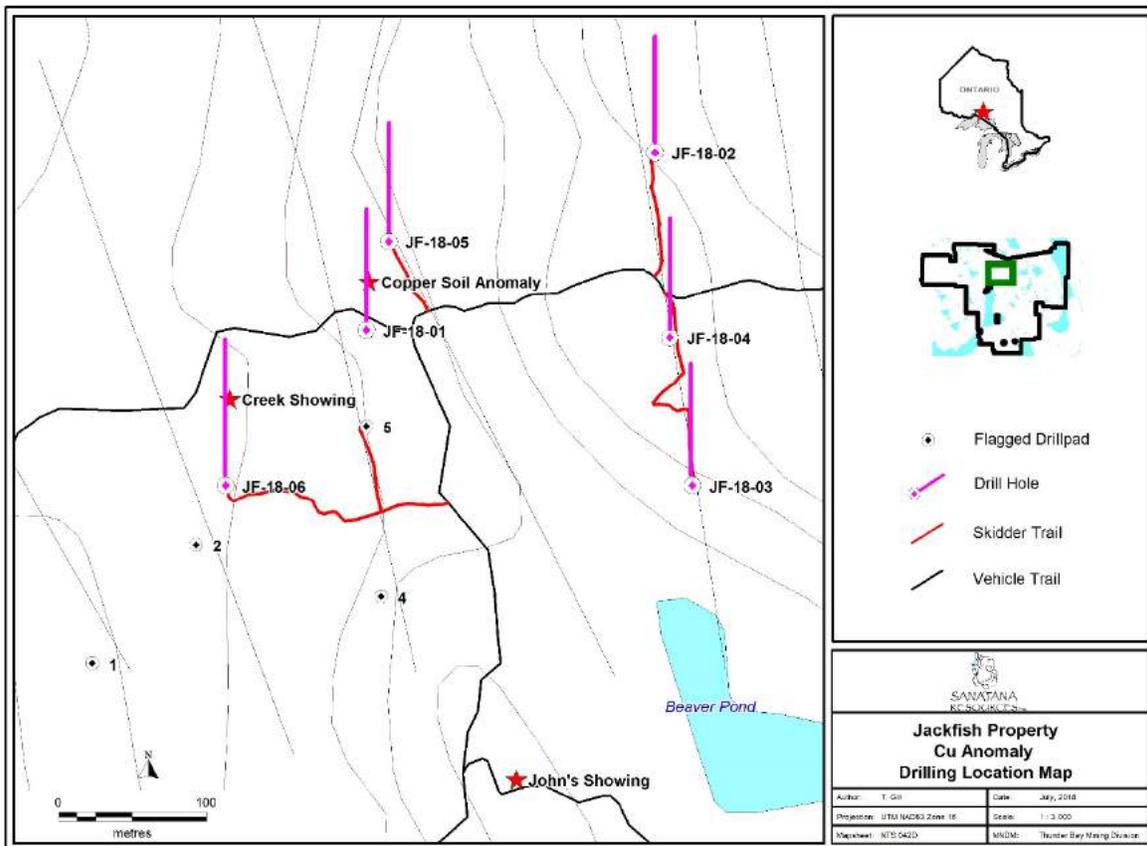
These three coincident soil geochemical, magnetic and EM bedrock anomalies were considered a high priority and warranted drill testing as part of the proposed initial drill program. The Company has completed a six-BTW diamond drill hole drilling program at the copper soil anomaly target area, for a total of 930.4 metres drilled. A total of 263 half-core samples from all the drilling were dispatched to Activation Laboratories Ltd. in Thunder Bay primarily for fire assay analysis for gold as well as analyses for other metals and to help with geological interpretation of the drill-hole logging. Elevated levels of copper (up to 3,140 ppm) were intercepted that appear to explain the copper soil anomaly that was being tested and these assay results, along with the nature of the mineralization observed in the core, are thought to be indicative of volcanogenic massive sulphide (VMS) mineralization potential within the broader geological sequence in the area.. No follow up drilling is planned for the copper soil anomaly target area.

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Table of Drill Hole Information:

Hole #	Easting	Northing	Dip	Direction	Depth
JF-18-01	504,750	5,411,160	-60°	000°	153.1 m
JF-18-02	504,945	5,411,280	-60°	000°	144.0 m
JF-18-03	504,970	5,411,055	-60°	000°	150.0 m
JF-18-04	504,955	5,411,155	-60°	000°	150.0 m
JF-18-05	504,765	5,411,220	-60°	000°	148.8 m
JF-18-06	504,655	5,411,055	-60°	000°	184.5 m
					930.4 m

Drill Hole Location Map:



The current geological framework as interpreted by the Company and its consultants, and reinforced by the geophysics notes that the majority of the mineral showings and historical mining in the district coincide with structures that extend through and displace the granite/greenstone boundary. These observations are further reinforced at the OGS where recent mapping has also

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independently identified the importance of these structures. Future work plans may include continued drilling of priority geochemical and geophysical targets identified on other parts of the Jackfish Property, in particular; the Section 6E gold showing along the Empress Mine shear zone on the Empress property (held under option from Alto) and the gold bearing quartz vein uncovered by stripping at the Rudy #7 shear zone (held under option from Wahl).

The information above was prepared under the supervision of Troy Gill, BSc, MAIG, Exploration Manager for Sanatana. Mr. Gill is a Qualified Person for the purposes of *NI 43-101 – Standards of Disclosure for Technical Projects* and has reviewed and approved the technical information disclosed in this MD&A.

Principal Agreement Terms

As originally contemplated, the option agreements allowed Sanatana to acquire a 100% interest in the Jackfish Property from three vendor groups: (1) Alto; (2) Wahl; and (3) Richards et al.

In June 2018, the Company and two of the vendor groups, Alto and Wahl, agreed to defer payment of the second cash installment by six months until December 2018 and as consideration the Company agreed to issue additional shares. The Company was not able to come to terms with Richards et al and the Company has now lost its exploration rights to the Richards et al property.

Under the revised plan, the necessary cash payments and shares issues regarding the Jackfish property are, in aggregate:

(a) Pay cash:

	Alto	Wahl	Richards et al	Total
June 2017 (paid)	\$ 50,000	\$ 25,000	\$ 50,000	\$ 125,000
No later than December 2018	75,000	25,000	-	100,000
Total	<u>\$ 125,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 255,000</u>

(b) Issue common shares:

	Alto	Wahl	Richards et al	Total
June 2017 (issued)	1,000,000	1,000,000	1,000,000	3,000,000
No later than August 2018 (issued)	2,200,000	1,650,000	-	3,850,000
Total	<u>3,200,000</u>	<u>2,650,000</u>	<u>1,000,000</u>	<u>6,850,000</u>

(c) Reimburse exploration expenditures of \$20,000 on closing (paid).

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(d) Incur exploration expenditures:	Alto	Wahl	Richards et al	Total
No later than June 2018	\$ 50,000	\$ 25,000	\$ 150,000	\$ 225,000
No later than June 2019	100,000	25,000	-	125,000
Total	<u>\$ 150,000</u>	<u>\$ 50,000</u>	<u>\$ 150,000</u>	<u>\$ 350,000</u>

The Company met the June 2018 exploration expenditure thresholds for Wahl but had been limited from accessing the Alto property due to delays in receiving an exploration permit for drilling, but believes that its interests, at least with respect to exploration expenditures, are protected by a force majeure clause in the option agreement.

- (e) Pay net smelter return ("NSR") royalties on metals of 2% to Wahl and a gross overriding royalty on diamonds of 2% to Wahl, all of which have an option to reduce these royalties to 1% for cash payments of \$1,000,000.
- (f) Pay an 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.
- (g) Pay an additional NSR royalty to Alto and Wahl of 0.33% on any new property acquired within the area of interest contemplated in the option agreements.

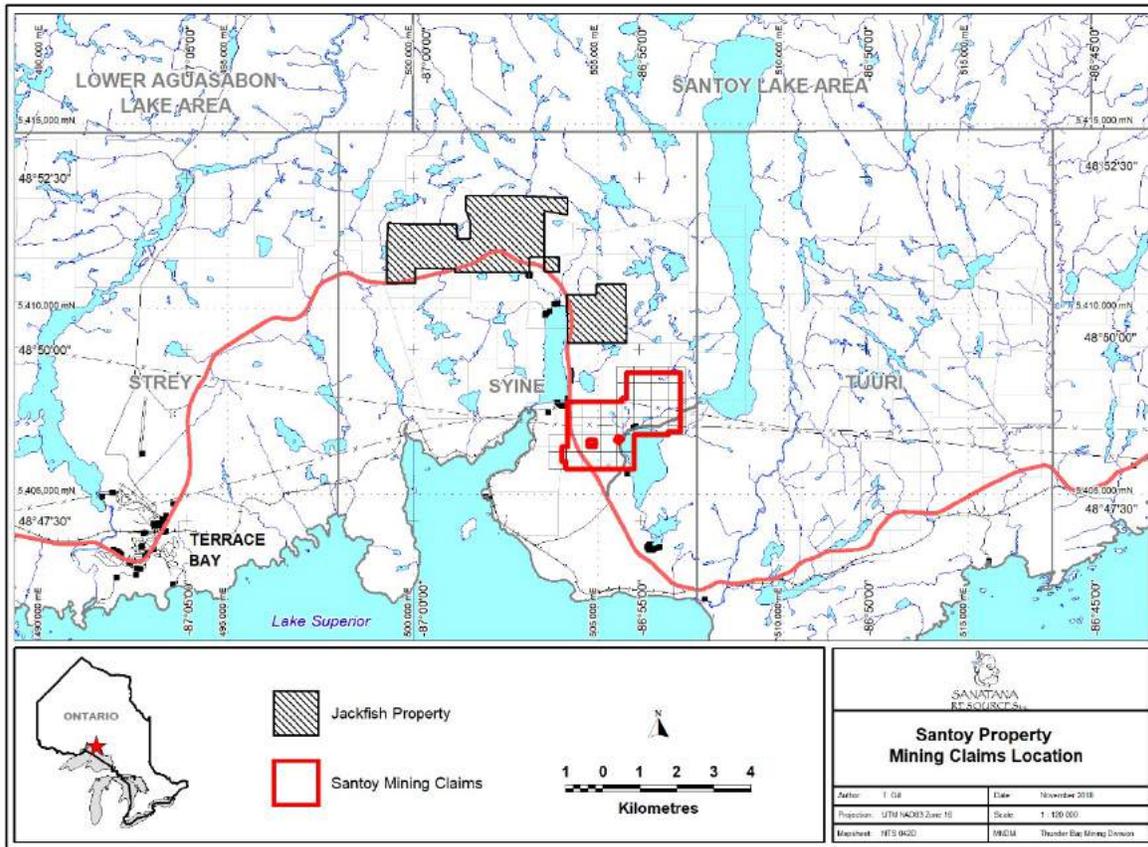
As noted above, the Company has not decided whether to make the cash payments scheduled for December 2018 and consequently may lose its exploration rights to the Alto and Wahl properties as well.

Santoy Property

In January 2018, Sanatana signed an asset purchase agreement, which was approved by the TSX-V in April 2018, with Brian Fowler and Christian Carl ("Fowler and Carl") to acquire the Santoy Property which is adjacent to the Company's Jackfish Property.

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The three newly acquired claims originally comprised 31 units making up three mining claims covering 479 hectares (1,184 acres). Now under the new MLAS introduced April 9, 2018, the property has increased to an area of 551 hectares (1,362 acres) made up of 32 cell mining claims, half of which are boundary cells.

The Santoy Property ties onto the Jackfish Property covering the southeast extension of the North-Hematite-Cliff gold mineralized trend, including part of the Terrace Bay Batholith granodiorite as well as the contact zone and part of the southern arm of the Schreiber-Hemlo greenstone belt from where the main fault that defines the trend originates. There is also a strongly conductive unit in the greenstone belt sequence delineated in the publicly available Ontario Geological Survey airborne geophysical survey data and relates directly to a historic nickel-copper showing. Elevated cobalt, copper, lead and silver values in soil sample data reviewed from previous assessment reports may also be related to this conductive unit. There is no recorded drilling within the property.

The Company has not undertaken any new fieldwork on the Santoy Property. The Company has submitted an application for an exploration permit to conduct ground geophysical surveys and outcrop stripping and geochemical sampling focused on delineating the bedrock conductor in detail, with a view to identifying mineralization potential. Positive results from this work could lead to a drill program on the Santoy Property.

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Principal Agreement Terms

To acquire a 100% interest in the property, Sanatana:

- paid Fowler and Carl \$12,500 cash;
- issued 250,000 of the Company's common shares to Fowler and Carl; and
- agreed to pay a NSR 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 payment of \$1,000,000.

Financial

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

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	Loss for the Quarter	Loss per Share ¹ (Basic and Diluted)
	\$	\$	\$	\$
December 31, 2016	716,866	-	(113,471)	(0.00)
March 31, 2017	1,169,614	-	(175,563)	(0.00)
June 30, 2017	785,655	275,346	(117,527)	(0.00)
September 30, 2017	536,274	441,915	(151,166)	(0.00)
December 31, 2017	260,957	595,686	(176,486)	(0.00)
March 31, 2018	65,533	315,034	(540,669)	(0.00)
June 30, 2018	251,713	327,609	(272,169)	(0.00)
September 30, 2018	74,032	25,000	(692,150)	(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:

- March 31, 2017 – The Company incurred exploration expenses largely offset by a gain on the settlement of liabilities at less than their face value.
- September 2017 – The Company issued share purchase options that increased the quarterly loss by approximately \$60,000.
- March 31, 2018 – The Company recorded a \$336,000 impairment provision regarding the Jackfish Property.

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Management's Discussion and Analysis Period Ended September 30, 2018

- June 30, 2018 – The Company expensed \$151,000 of exploration expenditures relating to the Richards et al property as the conditions necessary to capitalize this amount were not met.
- September 30, 2018 – The Company recorded a \$552,000 impairment of the Jackfish property.

Jackfish Impairment

At September 30, 2018, the Company undertook a review of the Jackfish Property and concluded that it was unlikely to have sufficient cash to make the option payments on time and accordingly fully impaired the carrying value of the remaining two properties at that date.

Results of Operations for the Period

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

- Exploration and property investigation expenses primarily represent \$151,000 spent on the Richards et al component of the Jackfish Property. The Company concluded that the conditions necessary to capitalize these expenditures were not met. The remaining expenses were made to advance the Tirua project.
- 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 exploration or property investigation costs.
- Professional fees are amounts due to lawyers and auditors.
- Rent relates to the Company's office premises and a storage locker. The Company has leased office space and this expense is expected to remain at current levels for the foreseeable future.
- Share-based compensation represents the fair value of options granted to directors, officers, employees and contractors calculated using the Black-Scholes option pricing model. The Company awarded options in September 2017 and will be recognizing the fair value of the options as the options vest until March 2019.
- 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.

Changes in Financial Position

Changes in the Company's financial position since its March 31, 2018 year end primarily relate to the completion of a \$500,000 (see *Private Placement* below) flow-through financing, impairment of the Jackfish properties and expenditures of cash on administration and on exploration of the Jackfish Property.

Liquidity

At September 30, 2018, the Company had cash and cash equivalents of \$74,000 (March 31, 2018 - \$66,000) and a working capital deficiency of \$215,000 (March 31, 2018 – \$133,000). Cash on

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hand is committed to funding flow-through exploration and is not available to fund operations. The Company's liquidity is severely comprised as a result. Specific factors affecting the Company's liquidity are:

- To fulfill its commitment under flow-through financings, the Company must expend \$374,000 before December 31, 2019. As of the date of this MD&A, the Company does not have enough cash to discharge its current liabilities or fulfill its flow-through expenditure obligations and will have to raise money to satisfy this obligation.
- The Company has entered into an option agreement to acquire the Tirua project (see *Tirua Project* above) and the Company will require initial cash expenditures needs to raise \$330,000 within two months of the date of this MD&A.
- A certain vendor has agreed to forebear on payment of a trade account until the Company completes an equity raise greater than \$2,000,000.
- The Company has option payment and exploration obligations relating to the Jackfish Property, as detailed above.
- The Company has a premises lease obligation until December 2018.

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 September 30, 2018, 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 had entered into change-of-control agreements with its directors, officers and employees. These agreements provided that in the event of a change of control, as defined, the Company could be obliged to make termination payments within 12 months of the change of control. In August 2018, the Company and the parties involved agreed to terminate the change of control agreements.

Critical Accounting Estimates

The Company's policy is to capitalize exploration and evaluation costs in certain circumstances. There can be uncertainty as to the value of those carrying costs and in title in the underlying assets.

The Company has losses carried forward which should be available to offset any likely taxable income, but flow-through accounting requires estimates of tax effects that could be material.

Share-based payment transactions such as options are subject to assumptions which can have a material bearing on the recorded expense.

Financial Instruments

Sanatana does not have any financial instruments that are likely to be settled for other than face value, so the risk to the business from financial instruments is low.

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Share Capital

The Company had 152,229,834 and 138,479,834 common shares issued and outstanding at September 30, 2018 and at March 31, 2018 respectively.

Share Issuance

In August 2018, the Company issued 3,500,000 common shares to Alto and Wahl, pursuant to the Jackfish Property option agreements, see *Jackfish Property* above. The Company has also committed to a further 350,000 common shares to Alto and Wahl in connection with the deferral of option obligations as described above.

Private Placement

In May 2018, the Company announced a non-brokered private placement to issue up to 12,000,000 flow-through shares at \$0.05 per flow-through shares for gross proceeds of up to \$600,000. The flow-through shares were common shares of the Company that are "flow-through shares" within the meaning of the *Income Tax Act* (Canada).

In May 2018, the Company closed the first tranche of the private placement issuing 6,000,000 flow-through shares at \$0.05 per unit for gross proceeds of \$300,000. All securities issued in connection with the first tranche closing are subject to a statutory hold period expiring on September 4, 2018 in accordance with applicable securities legislation. In June 2018, the Company closed the second and final tranche of the private placement issuing 4,000,000 flow-through shares at \$0.05 per unit for gross proceeds of \$200,000. All securities issued in connection with the second tranche closing were subject to a statutory hold period that expired on October 6, 2018 in accordance with applicable securities legislation. The proceeds from the flow-through financing were to be used for exploration on the Company's Jackfish Property, but some funds were expended on general operations.

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 2017.

Dividends

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

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Outstanding Share Information

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

- 152,229,834 common shares;
- 14,590,000 warrants to purchase common shares; and
- 8,700,000 stock options.

Fully diluted share capital is therefore 175,519,834 common shares. In addition, the Company has entered into agreements that could result in a further 350,000 common shares being issued regarding the Jackfish Property and up to a further 40,000,000 common shares being issued as consideration for the Tirua project (see *Mineral Properties above*).

Risks and Uncertainties

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

Capital Markets and Economic Uncertainty

Sanatana will have to raise additional funds to fulfill its Tirua project obligations and develop the property, 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.

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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.

Impact of Jackfish Forfeiture on Development of the Santoy Property

At present, and based on the Company's current understanding of the area's mineralization, the loss of the Jackfish Property would not have a material impact on the Company's ability to develop the adjoining Santoy lands. As the Company gains a better understanding of the area's geology, it is possible that it will discover that development of the properties is more closely linked than currently understood. Accordingly, if the Company moves to develop the Santoy Property, it is possible that the Company may find that the lack of a complete land package adversely affects its ability to fully benefit from its holdings on the Santoy Property.

Conflicts of Interest

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

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

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

Additional information is available at 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.