

SANATANA RESOURCES INC.

Management's Discussion and Analysis

December 31, 2018



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SANATANA RESOURCES INC.

Management's Discussion and Analysis Period Ended December 31, 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. and its subsidiary (collectively "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 February 28, 2019 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended December 31, 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 December 31, 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 unaudited condensed interim consolidated financial statements for the period ended December 31, 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.

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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 has one wholly owned subsidiary, ExSol (SI) Limited ("ExSol"), incorporated under the laws of the Solomon Islands. 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 primarily focused on the Tirua property in the Solomon Islands. The Company did not make required option payments on the Jackfish property in December 2018 and has fully impaired the project's carrying value (see *Jackfish Property* below).

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

The Company's flow-through exploration commitments and accounts payable (\$349,000 and \$397,000 respectively at December 31, 2018) exceed its cash on hand (\$16,000). As a result, the Company's liquidity is currently compromised.

Corporate Developments

- In February 2019, the Company announced a private placement to raise gross proceeds of up to \$1,500,000, see *Private Placement* below.
- In January 2019, the Company was awarded a prospecting licence ("PL") for the Tirua porphyry copper-gold project, located in the Solomon Islands. See *Tirua Property* below.
- In January 2019, Ian Smith was appointed as a director of the Company, see *Board of Directors* below.
- In November 2018, the Company received a letter of intent to acquire the Tirua Property.

Board of Directors

In January 2019, Sanatana appointed Ian Smith to the board of directors. Mr. Smith, FAusIMM, MCIM, is a mining engineering graduate of the University of Queensland, Australia, with 50 years' experience in corporate, operations and project management and consulting within the international base and precious metals industries. He has a broad range of underground and open pit operating experience. Most importantly for Sanatana, Mr. Smith was Mine Superintendent and Chief Mining Engineer at the 90,000 tpd Bougainville Copper mine in Papua New Guinea, located to the northwest of Sanatana's recently acquired Tirua project.

Mr. Smith managed the startup of the 72,000tpd La Caridad open pit copper mine in Sonora, Mexico and as president and CEO, engineered and constructed a 2,500 tpd (70,000 opy) CIL gold project in Uruguay. As president and CEO of bcMetals Corp., he engineered the 30,000tpd Red Chris copper/gold porphyry project for development in northwest BC prior to it being acquired by Imperial Metals Corp. As president and CEO of Yellowhead Mining Inc., Mr. Smith took the Harper Creek Project from exploration to development stage with the completion of pre-feasibility and feasibility studies for a 70,000 tpd open pit mine in a period of 18 months. Mr. Smith was

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president and founding partner of Mineral Resources Development Inc., one of North America's most successful mining industry consulting companies until it was purchased by Canadian interests in 1995. He has managed engineering and strategic studies on large scale open pit projects in Zambia, PRC, Chile, Argentina, Siberia and the Philippines.

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 received a letter of intent, from the Ministry of Mines, Energy and Rural Electrification to issue a PL subject to the completion of surface access agreements ("SAA"), which will allow for exploration of the Tirua project. The prospecting agreement is subject to TSX-V approval.

Sanatana's exploration and management team visited the Tirua project in November 2018 to acquire the necessary SAAs and to consider plans for an initial exploration program. The Company has engaged an independent QP to prepare a technical report in accordance with NI 43-101. In January 2019, the Company entered into a SAA with local landowners.

Prospecting Licence

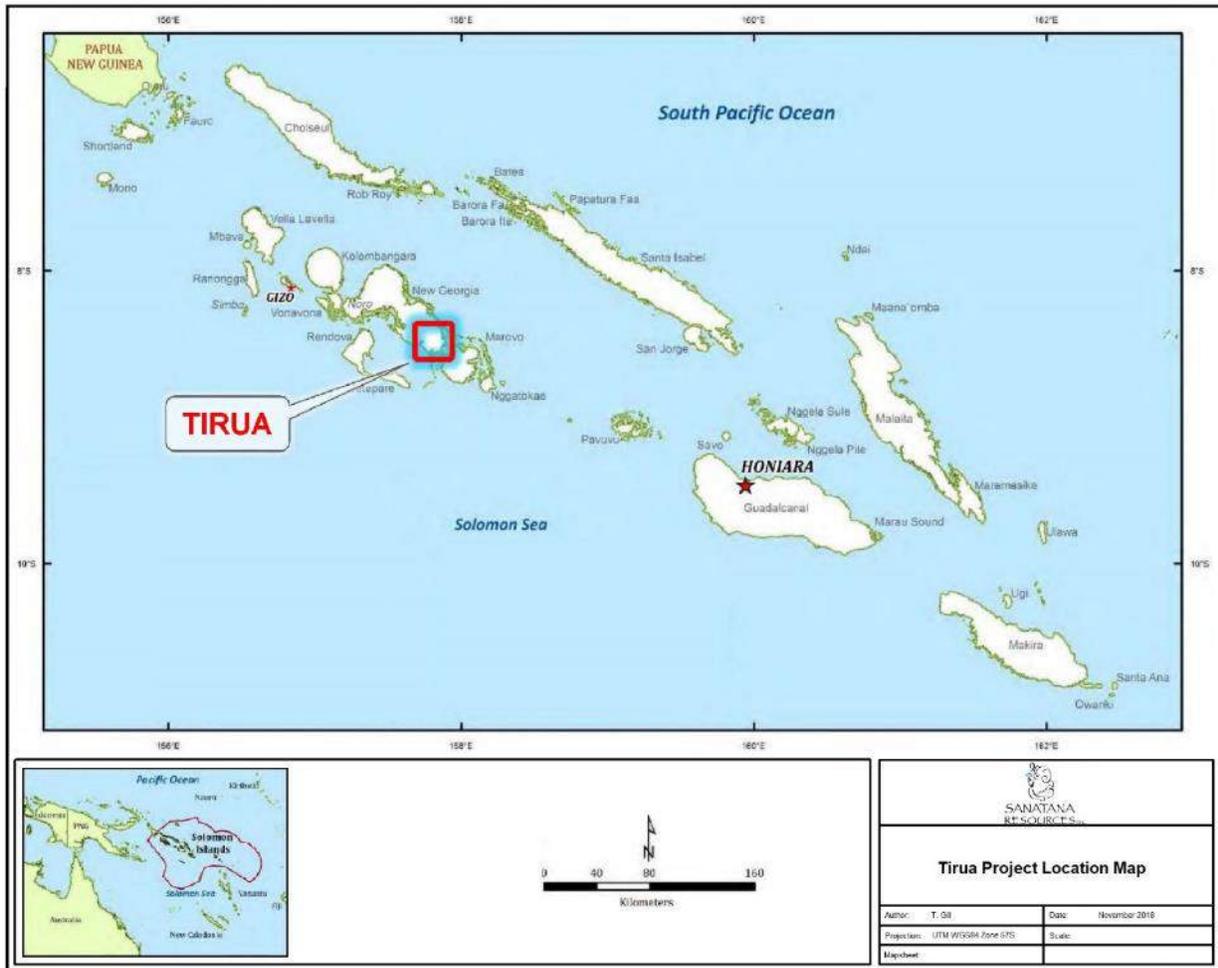
On January 31, 2019, the Minister of Mines, Energy and Rural Electrification granted the Company a PL for the Company's 282 square kilometre Tirua project in the Solomon Islands.

The PL grants Sanatana the right to prospect for minerals until January 30, 2022 at which time it may be renewed for two more two-year periods, for a total seven-year term. Each two-year extension after the first three years requires the total PL area to be reduced by 50%. The 50% reductions can be waived by applying to the Minister with a reasonable case. After making a commercial discovery, the Company may apply to convert any portion of the PL to a mining lease. Mining leases are granted for 21-year periods.

The PL is subject to certain minimum exploration requirements and other customary conditions governing the Company's rights and obligations under the PL. The transaction is subject to TSX-V review and approval.

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Map of the Tirua Property Location:



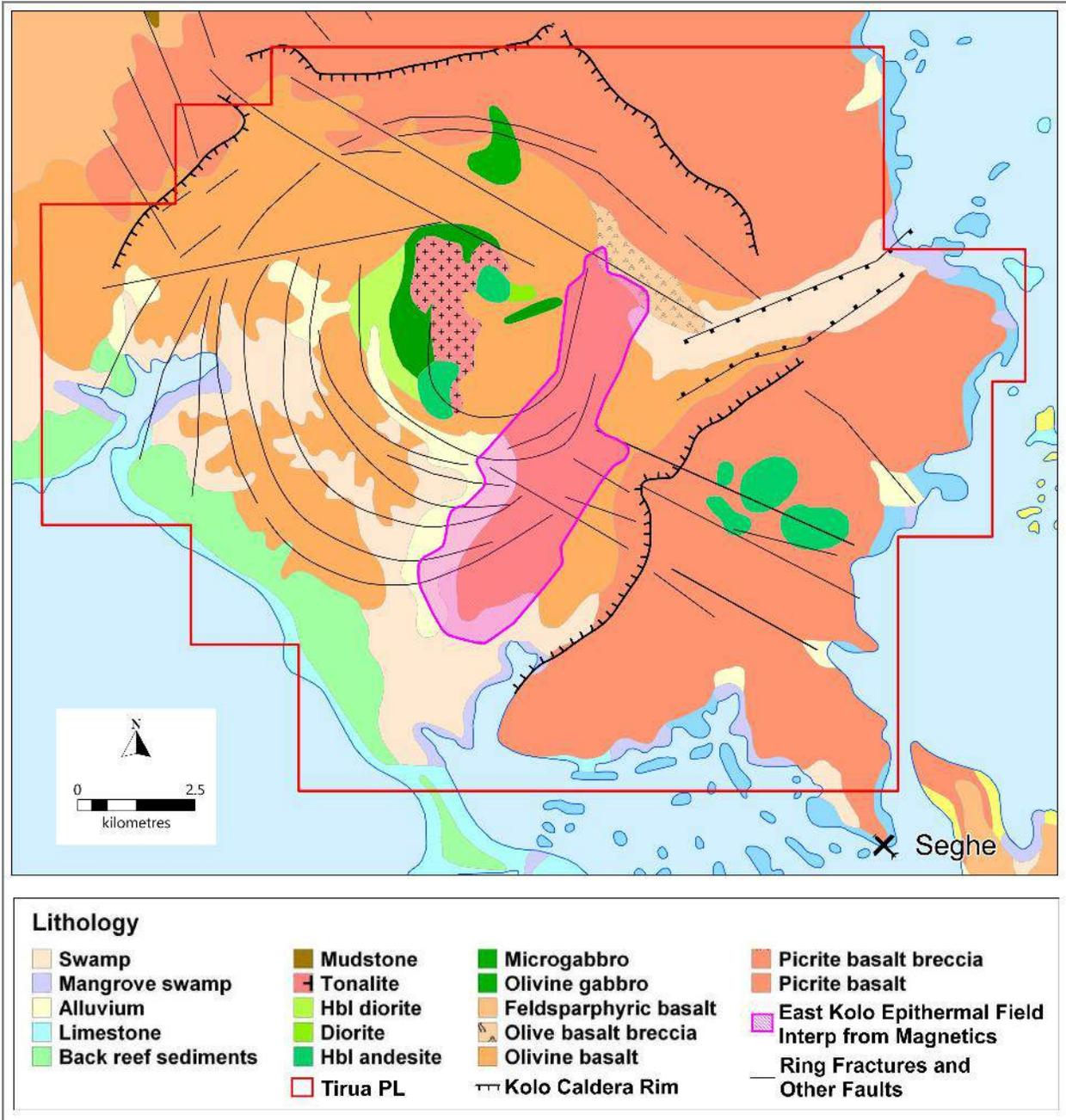
Tirua Property Description

The Tirua property, 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.

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Map of Tirua PL 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. 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

Initially the Company has to complete an environmental baseline study prior to beginning exploration fieldwork. The first phase of exploration will be flying a drone-based airborne magnetic survey over the East Kolo Epithermal Field to attempt to map the extent of the alteration in greater detail. Trench sampling and mapping on the ground along the pre-existing forestry road network using an excavator will be undertaken to confirm the style of clay alteration and tenor of gold mineralization. A drill program will be designed to test the highest potential targets for significant epithermal gold mineralization at depth dependent upon the outcomes of the initial fieldwork.

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 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

* This issuance is subject to TSX-V approval which has not been granted as of the date of this MD&A.

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Jackfish Property

In February 2017, the Company entered into three separate option agreements with another junior exploration company Alto Ventures Ltd. ("Alto"), an individual prospector Rudy Wahl ("Wahl") and a group of prospectors (referred to as "Richards et al" for convenience) 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 the Richards *et al* properties in September 2018. The Company was able to negotiate a six-month extension to December 2018 for the cash payments relating to the Alto and Wahl properties. The Company did not make the required cash payments in December 2018 and consequently forfeited the Wahl property as well. The Company continues discussions with Alto to continue the extension period for the cash payment until snow cover clears and the property can be accessed to undertake a drill program. There can no assurance that the Company will be able to secure exploration rights on this property.

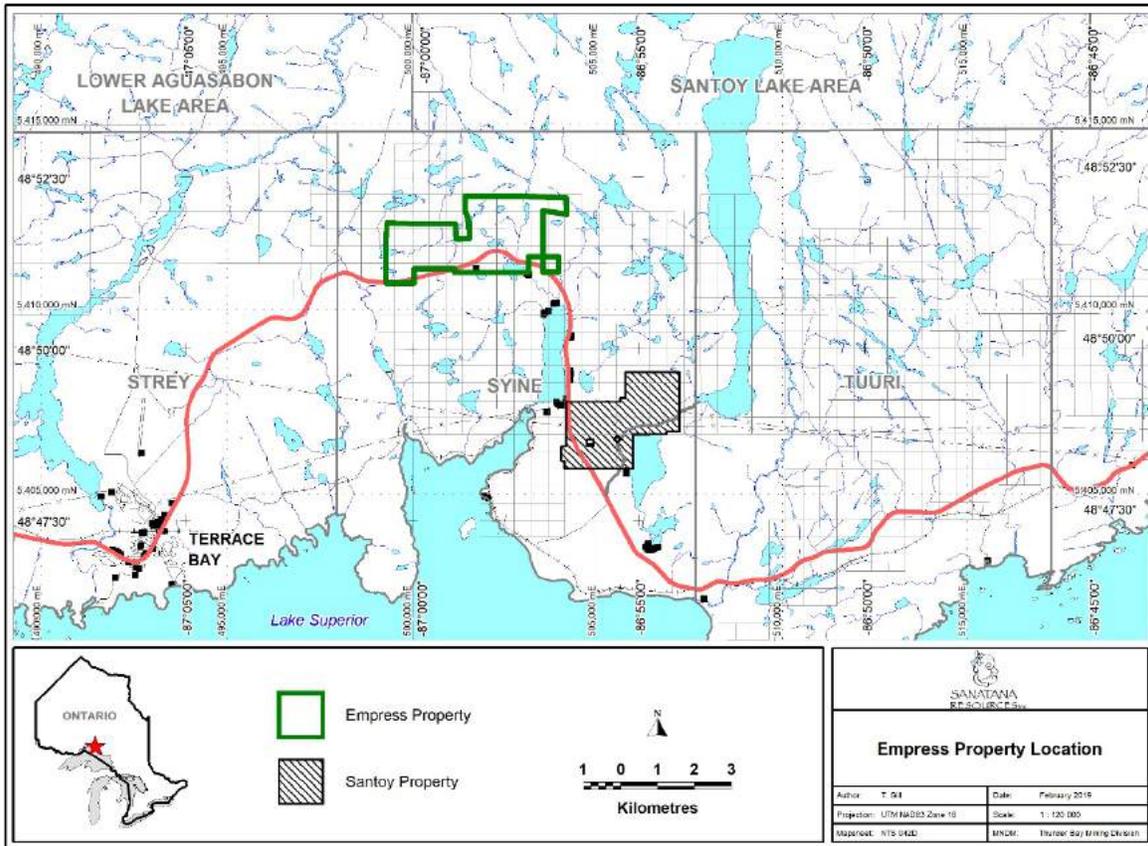
In future, the project will be referred to as the Empress property.

Empress Property

Empress Property Description

The Empress property is located on the northern shores of Lake Superior, 18 km east of Terrace Bay via Highway 17, Ontario. The property comprises 58 cell mining claims, including 36 boundary cell mining claims, covering 733 hectares (1,812 acres).

Map of the Empress Property Location:

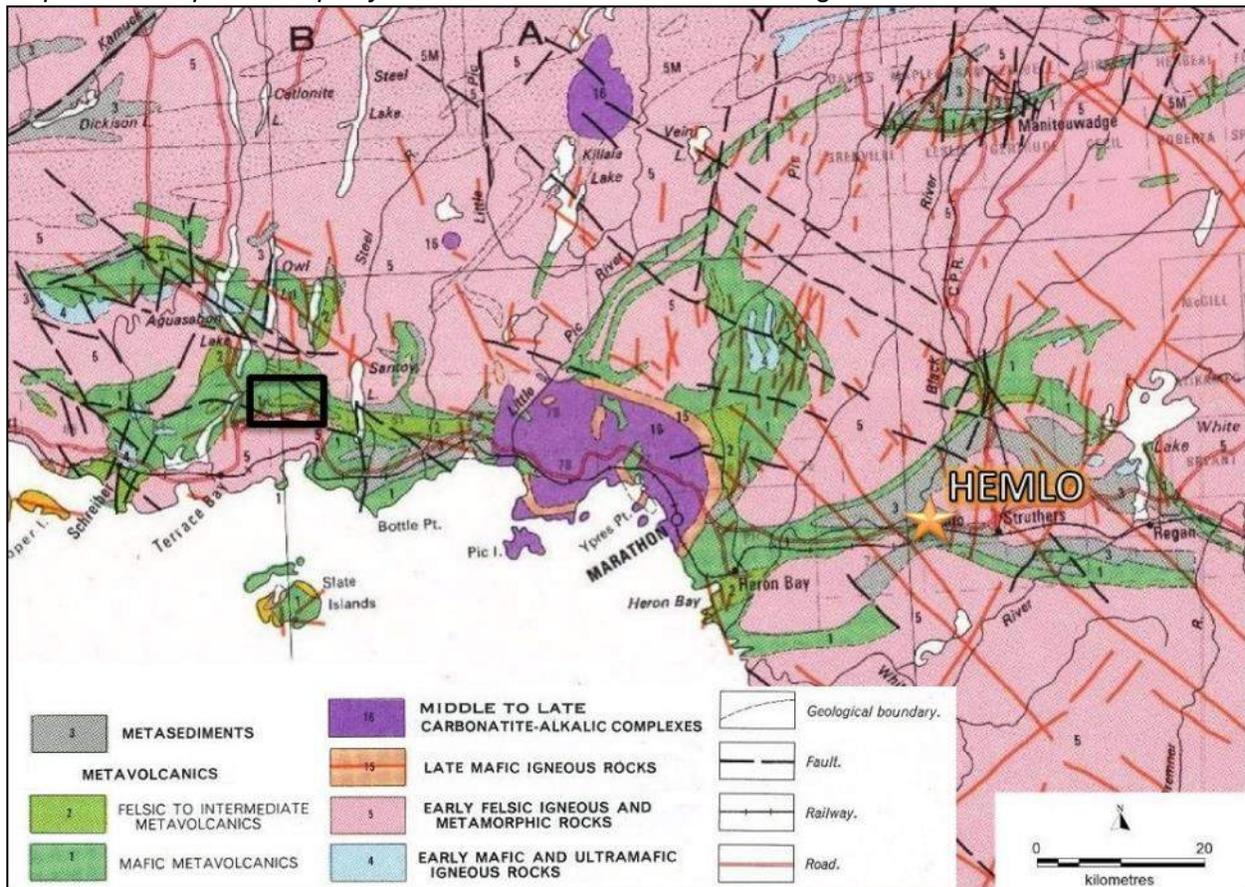


Geologically, the Empress property lies within the Wawa subprovince of the Superior province of the Canadian Shield, specifically the metavolcano-sedimentary Schreiber-Hemlo greenstone belt. The belt is known for its namesake Hemlo gold operations (Barrick Gold Corporation) and, although similar geological and structural targets analogous to Hemlo exist in the greenstone rocks of the northern parts of the Empress 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 Empress property. There is also an interesting copper-in-soil anomaly located on the north-eastern part of the Empress property.

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



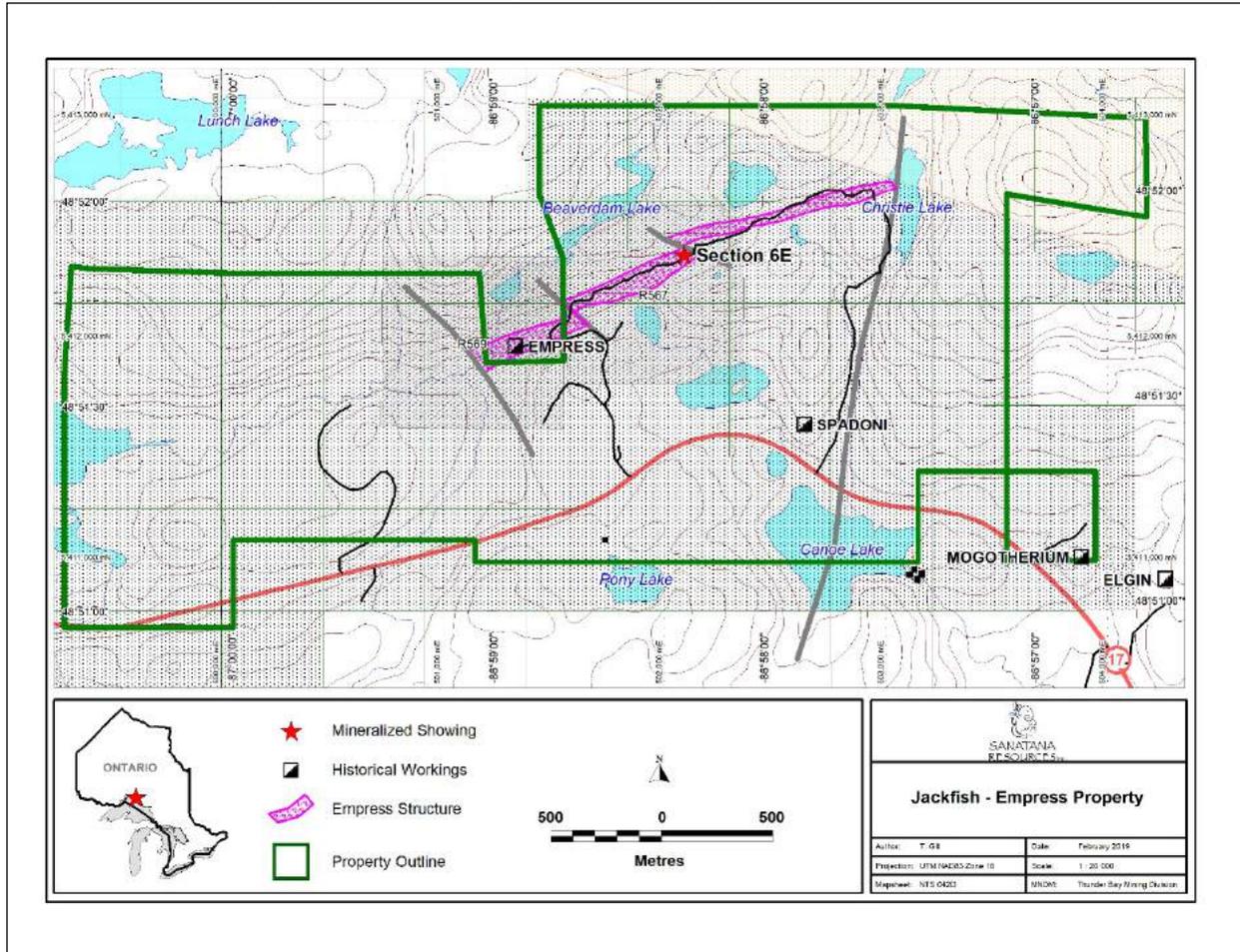
Exploration Target Rationale

The exploration target on the Empress property is the classic greenstone orogenic gold model (sometimes referred to as lode gold or shear zone hosted gold). The exploration program will focus on the Empress Structure, so named after the main trend of historical gold mineralization mined in the late 1800s at the Empress Mine. The Empress Structure is mapped as a deformation corridor up to 50 metres wide dipping steeply to the south for over 1.4 kilometres east-northeast of the old mine. In particular the Section 6 East showing provides the best opportunity for success at intersecting gold mineralization at depth based on previous surface channel sampling results and induced polarization ("IP") geophysical data. Cameco Gold Inc. completed channel sampling at Section 6 East in 1999 that returned an interval of 16.2 m @ 1.3 g/t Au hosted by quartz-sericite schist with quartz veining and disseminated pyrite. The gold mineralized interval was co-incident with a very high chargeability and conductive IP anomaly to a depth of 150 metres.

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Map of the Empress property cell mining claims and exploration targets:



Exploration Plan

When the Company received the exploration permit to drill on the Empress property, an attempt was made to re-open the access trail to Section 6 East, however the onset of winter weather and ground conditions caused the work to be abandoned for the season. The Company intends to recommence the work once the snow cover is gone and the ground has thawed. The exploration program will include drilling a fence of at least four diamond drill holes to depths of 200 metres beneath the Section 6 East target, stepping away at intervals of 25 metres to ensure the target depth is passed down hole. Further drilling along strike across other sections will be dependent upon positive gold intersections from the drilling on Section 6 East.

Principal Agreement Terms

As originally contemplated, the Empress option agreement allowed Sanatana to acquire a 100% interest in the Empress property from Alto by meeting certain cash payment, share issuance and exploration expenditure commitments.

In June 2018, the Company and Alto agreed to defer payment of the second cash installment by six months until December 2018 and as consideration agreed to issue additional shares.

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Sanatana did not however make the required cash payment in December 2018 and is attempting to negotiate a further extension.

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

(a) Pay cash:

June 2017 (paid)	\$ 50,000
No later than December 2018 (not paid)	<u>75,000</u>
Total	<u>\$ 125,000</u>

(b) Issue common shares:

June 2017 (issued)	1,000,000
No later than August 2018 (issued)	<u>2,200,000</u>
Total	<u>3,200,000</u>

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

(d) Incur exploration expenditures:

No later than June 2018 (incurred)	\$ 50,000
No later than June 2019	<u>100,000</u>
Total	<u>\$ 150,000</u>

The Company was limited from accessing the Alto property due to delays in receiving an exploration permit for drilling and did not meet the June 2018 exploration expenditure threshold, but believes that its interests are protected by a force majeure clause in the option agreement.

(e) 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.

(f) 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.

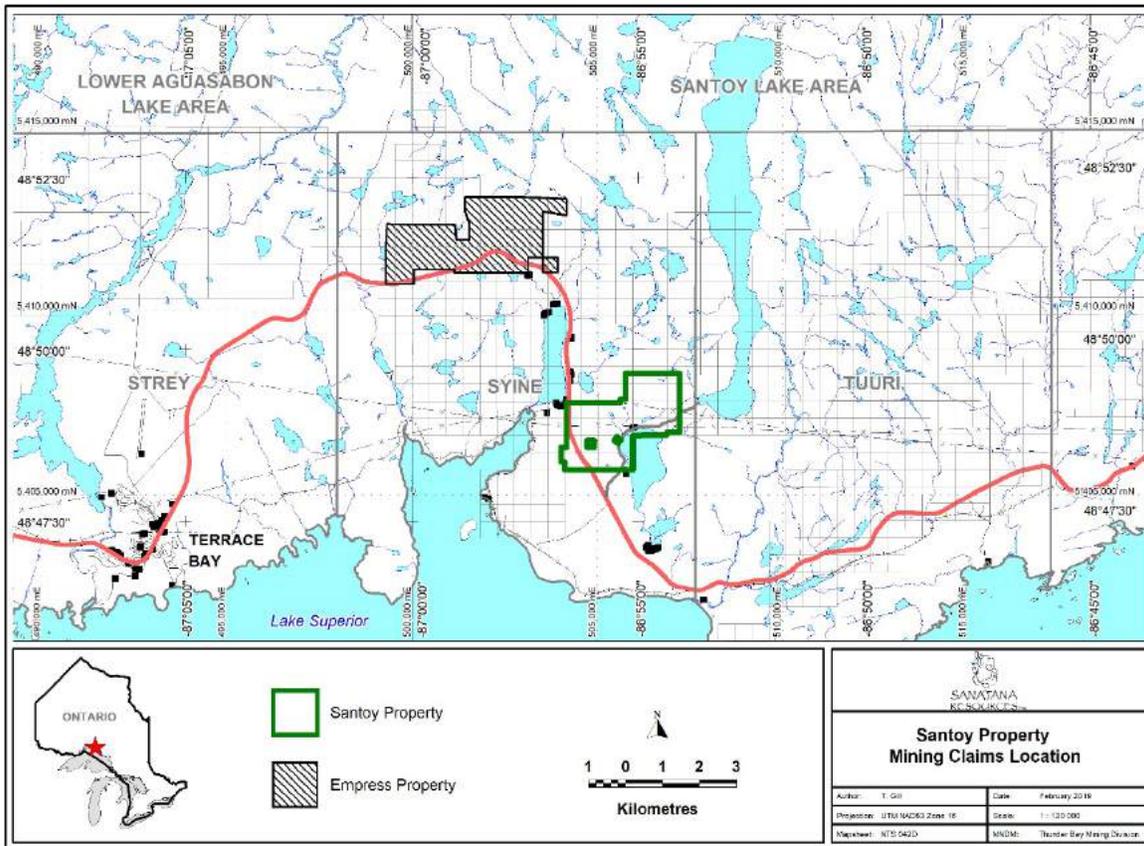
Santoy Property

Overview

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 in Ontario. The Santoy property is located on the northern shores of Lake Superior, 20 km east of Terrace Bay via Highway 17, Ontario.

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Map of the Santoy Property Location:

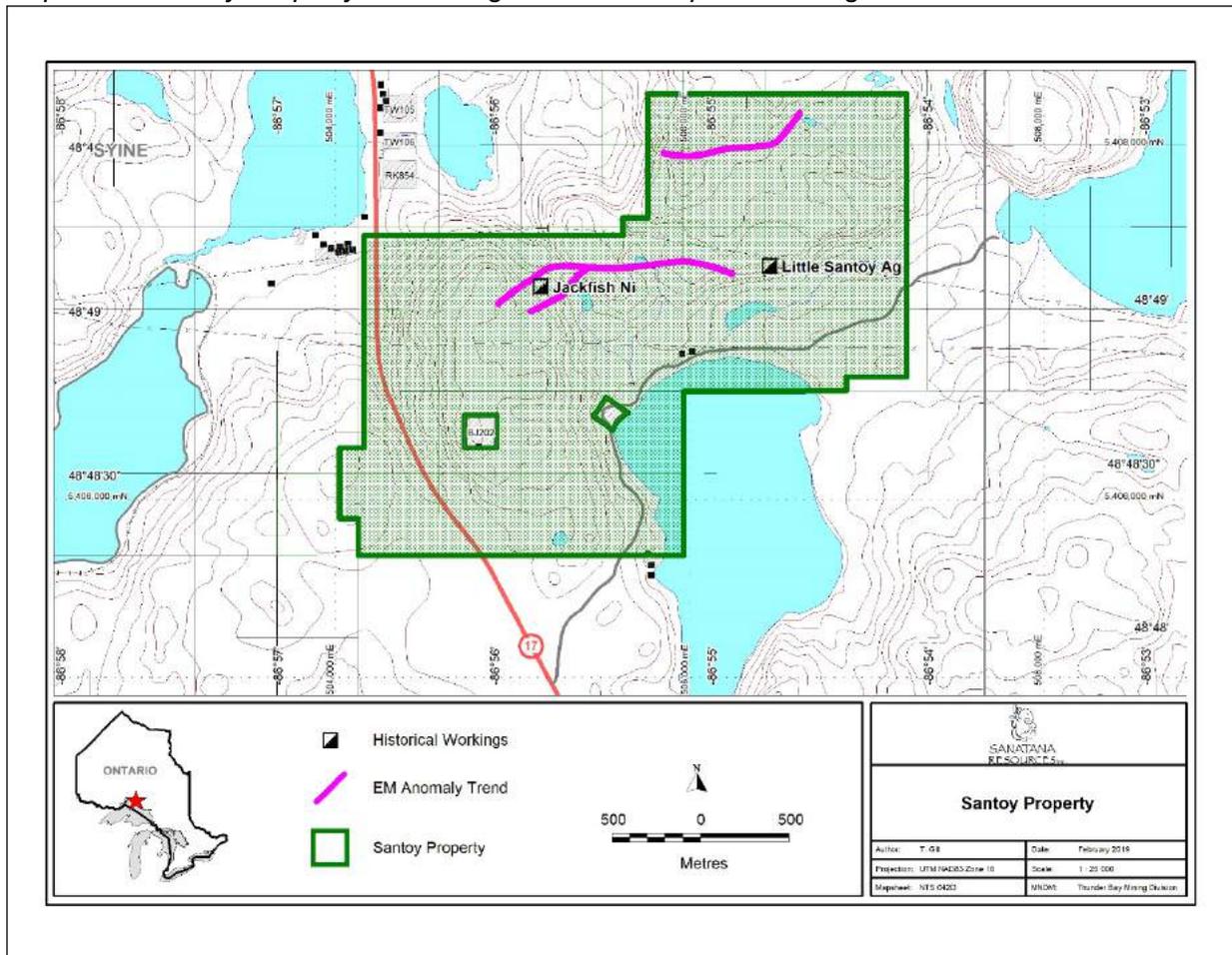


The claims originally comprised 31 units making up three mining claims covering 479 hectares (1,184 acres). Now under the new MLAS introduced April 9, 2018, the property has increased to an area of 551 hectares (1,362 acres) made up of 32 cell mining claims, half of which are boundary cells.

The Santoy property covers the southeast extension of the North-Hematite-Cliff gold mineralized trend of the nearby Empress property, 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 electromagnetic (“EM”) 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.

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Map of the Santoy Property cell mining claims and exploration targets:



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.

Exploration Plan

The Company has not undertaken any new fieldwork on the Santoy property. The first task will be to establish access trails into the areas of the EM trends to facilitate the fieldwork programs. 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 EM conductors 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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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)
	\$	\$	\$	\$
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)
December 31, 2018	16,426	25,000	(430,609)	(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.
- 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.

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- December 31, 2018 – The Company incurred \$305,000 in expenditures relating to the Tirua property and \$35,000 in Jackfish-related expenditures that would have been capitalized in prior periods.

Jackfish Impairment

At September 30, 2018, the Company fully impaired the carrying value of the remaining two properties since it was unlikely that the required option payments would be made. Expenditures associated with the properties incurred after September 30, 2018 were charged to operations as incurred.

Results of Operations for the Period

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

- Exploration and property investigation expenses for the nine months ended December 31, 2018 represents \$186,000 spent on the Jackfish property as the Company concluded that the conditions necessary to capitalize these expenditures were not met. The remaining \$333,000 was incurred 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:

- completion of a \$500,000 (see *Private Placement* below) flow-through financing;
- advances of \$210,000 from the Company's president and CEO to fund operations;
- impairment of the Jackfish property;
- expenditures of cash on administration; and
- exploration of the Jackfish property and advancing the Tirua property.

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Liquidity

At December 31, 2018, the Company had cash and cash equivalents of \$16,000 (March 31, 2018 - \$66,000) and a working capital deficiency of \$629,000 (March 31, 2018 - \$133,000). The Company has been supported by advances from its president and CEO totalling \$210,000 to December 31, 2018. The Company's liquidity is severely comprised as a result. Specific factors affecting the Company's liquidity are:

- The Company plans to raise gross proceeds of up to \$1,500,000 through a private placement, see *Private Placement* below.
- To fulfill its commitment under flow-through financings, the Company must expend \$349,000 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 funds to undertake an exploration program.
- A certain vendor has agreed to forebear on payment of a \$175,000 trade account until the Company completes an equity raise greater than \$2,000,000.

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 December 31, 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's president and CEO has advanced \$210,000 to the Company to support operations. The advance does not bear interest and has no fixed terms of repayment.

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.

Share Capital

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

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Share Issuances

In April 2018, the Company issued 250,000 common shares to Fowler and Carl pursuant to the Santoy property option agreement.

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 Placements

May 2018

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 that expired 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.

February 2019

In February 2019, the Company announced a non-brokered private placement of up to 30,000,000 units at \$0.05 per unit for gross proceeds of up to \$1,500,000. Each unit is to comprise one common share of the Company and one whole warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.10 per share for a period of 36 months from the closing of the offering.

In connection with the offering, the Company may pay finder's fees to certain arm's length parties in accordance with the rules of the TSX-V in consideration for their efforts in introducing subscribers to the Company.

Closing is subject to prescribed conditions, including, without limitations, approval of the TSX-V. The securities to be issued under the offering will be offered by way of private placement in the provinces of British Columbia, Alberta and Ontario and such other provinces or territories of Canada as may be determined by the Company, in each case, pursuant to applicable exemptions from the prospectus requirements under applicable securities laws. Securities issued under the offering will be subject to a four-month hold period which will expire four months and one day from the date of closing of the offering.

The Company expects to use net proceeds from the offering for exploration and development activities on the Company's exploration projects and for working capital purposes.

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 January 2019.

Option Expiry

In February 2019, options to acquire up to 1,900,000 common shares expired unexercised.

Dividends

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

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
- 6,800,000 stock options.

In addition, subject to TSX-V approval, the Company has committed to issue 25,000,000 common shares under the terms of its prospecting agreement, see Tirua Property above.

Fully diluted share capital is therefore 173,619,834 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.

SANATANA RESOURCES INC.

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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.

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.

Risk of Exploration in the Solomon Islands

Since its formation, Sanatana has undertaken exploration in Canada. Now that Sanatana is securing an option on the Tirua property, the Company will be subject to operational and political risks that are higher than it has experienced in the past. Distance from Canada and the difficulty in directly supervising operations will increase operational risk. Furthermore, the Solomon Islands are subject to political risk arising from ethnic tensions and the results of climate change that could affect the short- or long-term prospects for the Tirua property.

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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.