



Condensed Interim Consolidated Financial Statements

Period Ended December 31, 2022

Expressed in Canadian Dollars

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

The accompanying unaudited condensed interim consolidated financial statements of Sanatana Resources Inc. for the nine months ended December 31, 2022 have been prepared by the management of the Company and approved by the Company's board of directors.

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 Chartered Professional Accountants of Canada 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

Expressed in Canadian Dollars

	Notes	December 31 2022	March 31 2022
		\$	\$
ASSETS			
Current assets			
Cash	3	576,906	1,207,908
Receivables	4	29,274	10,807
Prepaid expenses		10,332	24,371
Short-term investments	5	334,258	1,404,582
Total current assets		950,770	2,647,668
Non-current assets			
Prepaid exploration and evaluation advance		2,578	101,090
Exploration and evaluation assets	6	5,295,984	2,223,007
Equipment	7	112,593	53,845
Total non-current assets		5,411,155	2,377,942
Total assets		6,361,925	5,025,610
LIABILITIES			
Current liabilities			
Payables and accruals	8	334,788	159,576
Liability to renounce exploration expenditures	9	148,500	-
Total liabilities		483,288	159,576
EQUITY			
Share capital	9	53,151,431	49,807,374
Obligation to issue shares		-	600,000
Reserves	9	6,879,978	6,594,928
Deficit		(54,152,772)	(52,136,268)
Total equity		5,878,637	4,866,034
Total equity and liabilities		6,361,925	5,025,610

Nature of operations and going concern (Note 1)

Signed on the Company's behalf by:

"Peter Miles"

Peter Miles, Director

"Ian Smith"

Ian Smith, Director

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

Expressed in Canadian Dollars

	Notes	Three Month Ended December 31		Nine Months Ended December 31	
		2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Consulting and advisory fees		14,613	1,750	18,113	5,250
Depreciation	7	7,437	3,471	19,208	14,432
Director fees		13,500	14,000	91,000	36,950
Exploration		-	97,126	64,894	675,084
Foreign exchange		(208)	(71)	288	1,442
Investor relations		10,876	4,845	32,845	75,195
Management fees and salaries	11	64,172	64,941	206,282	203,548
Office and administration		14,432	10,376	34,281	34,097
Professional fees		6,873	8,767	42,426	84,056
Rent		1,896	5,208	5,688	15,618
Share-based compensation	10	64,200	70,200	260,600	318,100
Transfer agent fees and filing fees		1,100	1,166	14,628	8,928
Travel and accommodation		-	-	10,148	-
Loss before other items		(198,891)	(281,779)	(800,401)	(1,472,700)
Impairment of exploration and evaluation assets		-	-	(954,274)	(556,546)
Unrealized loss on short-term investments	5	(37,000)	(80,000)	(272,000)	241,000
Gain on settlement of debt	8	-	-	-	39,250
Other income		3,722	16,850	10,171	207,554
Loss and total comprehensive loss for the period		(232,169)	(344,929)	(2,016,504)	(1,541,442)
Loss per share - basic and diluted	12	(0.00)	(0.01)	(0.03)	(0.03)
Weighted average common shares outstanding - basic and diluted		69,945,387	49,017,742	66,929,537	48,960,155

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Changes in Equity

Expressed in Canadian Dollars

	Number of Shares	Common Shares \$	Obligation to Issue Shares	Reserves \$	Deficit \$	Equity \$
March 31, 2022	49,204,155	49,807,374	600,000	6,594,928	(52,136,268)	4,866,034
Private placements	25,336,667	3,525,500	(600,000)	-	-	2,925,500
Share issue costs	-	(157,942)	-	24,450	-	(133,492)
Shares issued for mineral properties	860,000	87,500	-	-	-	87,500
Shares issued for finder's fee on mineral property	250,000	37,500	-	-	-	37,500
Share-based compensation	-	-	-	260,600	-	260,600
Loss for the period	-	-	-	-	(2,016,504)	(2,016,504)
December 31, 2022	75,650,822	53,299,932	-	6,879,978	(54,152,772)	6,027,138

	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Equity \$
March 31, 2021	48,604,155	49,716,124	6,213,728	(48,960,806)	5,969,046
Shares issued for debt settlement	350,000	61,250	-	-	61,250
Shares issued for mineral properties	250,000	30,000	-	-	30,000
Share-based compensation	-	-	318,100	-	318,100
Loss for the period	-	-	-	(1,541,442)	(1,541,442)
December 31, 2021	49,204,155	49,807,374	6,531,828	(51,502,248)	4,836,954

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

Sanatana Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the Nine Months Ended December 31	Notes	2022	2021
		\$	\$
Cash provided by (used in):			
Operating activities:			
Loss for the period		(2,016,504)	(1,541,442)
Adjustments for:		-	
Depreciation of equipment	7	19,208	14,432
Investment income included in other income		(10,171)	(193,425)
Unrealized loss on short-term investments	4	272,000	(241,000)
Share-based compensation	10	260,600	318,100
Impairment of exploration and evaluation assets		-	(39,250)
Gain on settlement of debt		954,274	556,546
Exploration and evaluation expenditures	6	64,894	675,084
Changes in non-cash working capital items:			
Receivables		(18,467)	9,636
Prepaid expenses		14,039	39,574
Payables and accruals		89,385	15,995
		(370,742)	(385,750)
Investing activities:			
Short-term investments		798,324	1,008,918
Interest received		10,171	-
Prepaid exploration and evaluation advance		98,512	(82,820)
Exploration and evaluation	6	(3,881,318)	(1,599,179)
Equipment purchase	7	(77,956)	-
		(3,052,267)	(673,081)
Financing activities			
Private placements	9	2,925,500	-
Share issue costs	9	(133,493)	-
		2,792,007	-
Change in cash		(631,002)	(1,058,831)
Cash and cash equivalents, beginning of period		1,207,908	3,038,829
Cash and cash equivalents, end of period		576,906	1,979,998
Cash and cash equivalents comprise:			
Cash		576,906	973,080
Cash equivalents		-	1,006,918
Cash and cash equivalents		576,906	1,979,998

Supplementary cash flow information (note 13)

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

1. Nature of Operations and Going Concern

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 \$2,016,504 during the nine months ended December 31, 2022 and, as of that date, the Company’s deficit was \$54,152,772. Although covid-19 has not affected current period operations, a resurgence of the disease could adversely affect the ability of the Company to undertake exploration. 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 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 Company’s board of directors on February 16, 2022.

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements of the Company for the nine months ended December 31, 2022 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, 2022 as filed on SEDAR at www.sedar.com. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

Basis of Measurement

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

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

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

2. Basis of Presentation (continued)

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.

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 have not changed from those presented in note 4 of the Company's financial statements for the year ended March 31, 2022.

3. Cash and cash equivalents

Cash on hand in banks earns interest at floating rates in effect from time to time. At December 31, 2022, the weighted average floating rate for cash and cash equivalents was 0%.

4. Receivables

	December 31 2022	March 31 2022
	\$	\$
Goods and services tax	29,274	10,807
	29,274	10,807

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

5. Short-term Investments

	Number	Cost	Carrying Value	
			December 31 2022	March 31 2022
		\$	\$	\$
Gold Royalty Corp. warrants	245,000	670,000	132,000	408,000
Guaranteed investment certificates			202,258	1,000,582
			334,258	1,404,582

The Company holds warrants to purchase up to 245,000 common shares of Gold Royalty Corp. at \$5.35 per share. Gold Royalty Corp. has the right to accelerate expiry of the warrants if the 10-day volume-weighted average price of Gold Royalty Corp. common shares exceeds \$8.02 per share. Shares received on the exercise of warrants will be subject to trading restrictions for up to one year.

The shares of Gold Royalty Corp. are traded on the NYSE American exchange but the warrants held by the Company are not publicly traded. The Company employed the Black-Scholes option-pricing model using the following assumptions to determine their fair value:

	December 31 2022	March 31 2022
Share price	\$3.16	\$5.15
Risk-free interest rate	4.22%	2.42%
Estimated volatility	48%	44%
Dividend yield	1.72%	0.97%
Expected life	2.92 years	3.68 years

Changes in the current period valuation assumptions resulted in a decrease of the carrying value of the warrants of \$272,000 (2021- \$241,000 increase in carrying value). This amount was charged to profit / loss.

At December 31, 2022, the Company held a guaranteed investment certificate with a yield of 2.05%.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

6. Exploration and Evaluation Assets

The exploration and evaluation assets of the Company comprise:

Property	March 31	Additions	Impairment	December 31
	2022			2022
	\$	\$	\$	\$
Gold Rush Project	2,223,007	84,332	(954,274)	1,353,065
Oweegee Dome	-	3,848,017	-	3,848,017
Enid	-	15,400	-	15,400
Fortune	-	79,502	-	79,502
	2,223,007	4,027,251	(954,274)	5,295,984

Gold Rush Project

In July 2020, the Company entered into an option agreement with South Shore Partnership Inc. (“South Shore”) to acquire: (1) a 100% interest in the Gold Rush North Project; and (2) a 100% interest in the Gold Rush South Project (formerly the Turnbull-Carscallen Project) in the Timmins, Ontario region. Sanatana issued 2,100,000 common shares and paid \$60,000 in cash to South Shore. Together, the Gold Rush North property and the Gold Rush South property are referred to as the “Gold Rush Project”. Sanatana holds separate options on the Gold Rush North and Gold Rush South properties which the Company can exercise independently. The option agreement and finder’s warrants received TSX-V approval in July 2020.

In addition to the consideration paid to South Shore, the Company must pay cash and issue shares over a three-year period to the underlying holders of the property interests. The option terms have been amended and, in September 2022, the Company relinquished its interest in the Gold Rush South property. As amended, Sanatana must pay cash and issue shares as follows:

Timing	Gold Rush North	
	Cash Payments	Share Issuances ¹
	\$	
August 2020	-	-
July 2021 ²	17,000	100,000 shares
July 2022 ³	22,500	130,000 shares
July 2023	50,000	\$50,000

1. Share issuances are made at the higher of (a) Sanatana's 30-day VWAP on the TSX-V prior to the issue date and (b) \$0.09 per share.
2. 2021 option terms were amended: originally \$30,000 in cash and shares with a value of \$30,000.
3. 2022 option terms were amended: originally \$40,000 in cash and shares with a value of \$40,000.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

6. Exploration and Evaluation Assets (continued)

In addition, Sanatana agreed to spend a minimum of \$250,000 on the Gold Rush Project prior to July 2021 and satisfied this requirement. Upon the commencement of commercial production (as that term is defined in the option agreement) from the Gold Rush Project, South Shore will also be granted a 0.5% net smelter return royalty on the Gold Rush Project. In addition, the Gold Rush North Project is subject to a 2% net smelter return royalty upon the commencement of commercial production, which may be reduced by 1% by paying the respective royalty holder \$1,000,000.

Sanatana paid a finder's fee of 200,000 common shares and warrants, which have now expired, to purchase up to 200,000 common shares .

Expenditures incurred and capitalized were as follows:

	March 31 2022	Additions	Impairment	December 31, 2022
	\$	\$	\$	\$
Acquisition costs	672,800	31,600	(351,000)	353,400
Contractor and consultant	1,070,469	26,049	(411,757)	684,761
Project management fees	137,500	8,000	(52,200)	93,300
Field and camp	119,092	15,072	(43,654)	90,510
Sampling and assays	122,609	2,344	(52,456)	72,497
Transport and accommodation	98,830	(1,438)	(40,359)	57,033
Permitting and other	1,707	2,705	(2,848)	1,564
	2,223,007	84,332	(954,274)	1,353,065

Oweegeee Dome

In July 2021, the Company entered into an agreement with ArcWest Exploration Ltd. ("ArcWest") to option up to 80% of ArcWest's Oweegeee Dome porphyry copper-gold project in British Columbia's Golden Triangle.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

6. Exploration and Evaluation Assets (continued)

The Company can earn an initial 60% interest in the Oweegee Dome project by funding, over a four-year period, cumulative exploration expenditures of \$6,600,000 and by making staged cash and share payments totalling \$500,000 and 2,000,000 shares respectively:

Event or Date	Cash	Shares	Cumulative Exploration Expenditures
	\$		\$
Signing letter of intent ²	12,500	-	-
On TSX-V approval ²	12,500	-	-
December 31, 2021 ^{1,2}	25,000	300,000	600,000
December 31, 2022 ^{1,2}	50,000	400,000	1,600,000
December 31, 2023 ¹	100,000	600,000	3,600,000
December 31, 2024	300,000	700,000	6,600,000
	500,000	2,000,000	

¹ - Expenditure requirement satisfied

² - Paid / issued

Upon earning a 60% interest, Sanatana will have a 60-day period to elect to earn an additional 20% interest, for an aggregate 80% interest, or form a joint venture ("JV"). The Company may earn the additional 20% interest, the second option, by completing a feasibility study on or before December 31, 2027. In order to keep the second option in good standing, the Company must pay ArcWest \$150,000 on each anniversary of the delivery of the initial interest notice until the feasibility study has been completed and delivered to ArcWest.

Following the exercise or lapse of the option to earn an additional 20% interest, the parties will form a JV to hold and operate the properties, and each party will proportionately fund or dilute. In the event a production decision is made by the JV to place the property into production, Sanatana shall arrange project financing for the JV, the repayment of which shall be made out of cash flows from the property. Should Sanatana or ArcWest's interest be diluted to less than 10%, then that interest will convert to a 2% net smelter return royalty, 1% of which may be purchased by the other party for \$5,000,000 at any time.

Costs incurred prior to April 26, 2022, the date that the Company received TSX-V approval for the option agreement, were charged to operations as follows:

	Year Ended March 31 2022	April 1-26 2022
	\$	\$
Acquisition costs	12,500	-
Contractor and consultant	521,644	5,250
Project management fee	88,350	45,000
Field and camp	55,408	-
Transport and accommodation	104,822	-
Permitting and other	2,500	-
	785,224	50,250

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

6. Exploration and Evaluation Assets (continued)

Costs incurred after April 26, 2022 were capitalized as follows:

	March 31 2022	Additions	December 31 2022
	\$	\$	\$
Acquisition costs	-	223,000	223,000
Contractor and consultant	-	1,742,907	1,742,907
Project management fees	-	115,400	115,400
Field and camp	-	98,225	98,225
Sampling and assays	-	145,928	145,928
Transport and accommodation	-	1,517,928	1,517,928
Permitting and other	-	4,629	4,629
	-	3,848,017	3,848,017

Fortune Project

The Fortune Project comprises two adjacent properties, the Enid property and the Fortune property.

Enid Property

In June 2022, the Company acquired a 100% interest in the Enid property, which comprises 41 mineral claims, in the Timmins, Ontario region. The Company paid cash of \$10,000; issued 30,000 common shares with an issue-date value of \$5,400; and provided a 2% net smelter royalty ("NSR"). The Company may purchase 1% of the NSR for \$350,000 and a further 0.5% of the NSR for \$500,000 at any time.

Fortune Property

The Company staked the Fortune property in the Timmins, Ontario region and a preliminary sampling program.

	March 31 2022	Additions	December 31 2022
	\$	\$	\$
Contractor and consultant	-	56,902	56,902
Field and camp	-	9,494	9,494
Transport and accommodation	-	12,606	12,606
Permitting and other	-	500	500
	-	79,502	79,502

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

7. Equipment

	Computer Equipment	Vehicles	Equipment	Total
	\$	\$	\$	\$
Cost				
March 31, 2021	10,271	75,518	80,797	166,586
Disposal	(10,271)	-	(63,497)	(73,768)
March 31, 2022	-	75,518	17,300	92,818
Purchases	2,983	60,615	14,358	77,956
December 31, 2022	2,983	136,133	31,658	170,774
Accumulated Depreciation				
March 31, 2021	10,271	18,740	65,827	94,838
Depreciation expense	-	11,688	6,215	17,903
Disposal	(10,271)	-	(63,497)	(73,768)
March 31, 2022	-	30,428	8,545	38,973
Depreciation expense	166	15,592	3,450	19,208
December 31, 2022	166	46,020	11,995	58,181
Net book value				
March 31, 2022	-	45,090	8,755	53,845
December 31, 2022	2,817	90,113	19,663	112,593

In the period ended December 31, 2021, the Company concluded that it was unlikely to continue work on its Solomon Islands properties. Accordingly, the Company fully depreciated its equipment located in the Solomon Islands.

8. Payables and Accruals

	December 31 2022	March 31 2022
	\$	\$
Trade payables	284,231	95,579
Accrued liabilities	47,165	52,980
Due to related parties	3,392	11,017
	334,788	159,576

In April 2021, the Company issued 350,000 common shares with a deemed value of \$61,250 to settle a \$100,500 liability due to a supplier. The Company recorded a gain on settlement of \$39,250.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

9. Share Capital and Reserves

Authorized share capital

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

Common Shares

Fiscal 2023

Oweegee Dome Property

In April 2022, the Company issued 300,000 common shares with an issue-date fair value of \$45,000 as partial consideration for the Oweegee Dome property and issued 250,000 common shares with an issue-date fair value of \$37,500 as part of a finder's fee for the Oweegee Dome property (note 6).

In November 2022, the Company issued 400,000 common shares with an issue-date fair value of \$28,000 as partial consideration for the Oweegee Dome property (note 6).

Gold Rush North Property

In September 2022, the Company issued 130,000 common shares with an issue-date value of \$9,100 as part of an option payment for the Gold Rush North property (note 6).

Enid Property

In June 2022, the Company issued 30,000 common shares with an issue-date fair value of \$5,400 as partial consideration for the purchase of the Enid property (note 6).

April 2022 Private Placement

In April 2022, the Company completed a private placement with Teuton Resources Corp. The Company issued 4,000,000 units priced at \$0.15 per unit for gross proceeds of \$600,000. Each unit comprised one share and one-half of a share purchase exercisable to acquire a further common share at a price of \$0.20 per common share until April 26, 2024.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

9. Share Capital and Reserves (continued)

May and June 2022 Private Placement

In May and June 2022, the Company completed a private placement in two tranches consisting of, in aggregate, 15,836,667 units of the Company at a price of \$0.15 per unit for gross proceeds of \$2,375,500. Each unit issued comprised one common share of the Company and one-half of one common share purchase warrant to acquire one common share of the Company at a price of \$0.20 for a period of two years following closing. In connection with the private placement in May and June 2022, the Company paid cash finder's fees totalling \$31,410 and issued 209,400 finder's warrants valued at \$14,200. Each finder's warrant is exercisable into one common share at an exercise price of \$0.20 for a period of two years following closing, 120,000 warrants expire on May 11, 2024 and 89,400 warrants expire on June 1, 2024.

The finder's warrants were valued using the Black-Scholes option pricing model using the following assumptions:

	May 2022	June 2022
Share price	\$0.15	\$0.15
Dividend yield	0%	0%
Risk-free interest rate	2.73%	2.79%
Estimated volatility	98%	98%
Expected life in years	2	2

December 2022 Private Placement

In December 2022, the Company closed a private placement that raised \$550,000 through the sale of 5,500,000 flow-through units at \$0.10 per unit. Each unit consists of one common share of the Company, issued as a "flow-through share" within the meaning of the *Income Tax Act (Canada)* (a "FT Share"), and one common share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share of the Company at a price of \$0.15 per share until December 30, 2024. In recognition of the rights created under the flow-through shares, the Company set up a liability of \$148,500 being the estimated value of tax benefits renounced in favour of participating shareholders.

In connection with the private placement, the Company paid finders' fees of \$41,000 and issued 410,000 compensation warrants with an estimated fair value of \$10,250. Each compensation warrant entitles the holder to purchase one common share at a price of \$0.10 per share until December 30, 2024. The finder's warrants were valued using the Black-Scholes option pricing model using the following assumptions:

Share price	\$0.06
Dividend yield	0%
Risk-free interest rate	4.05%
Estimated volatility	99%
Expected life in years	2

All securities issued in the private placement are subject to a statutory hold period which expires on May 1, 2023.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

9. Share Capital and Reserves (continued)

Fiscal 2022

In April 2021, the Company issued 350,000 common shares with an issue-date value of \$61,250 to settle a \$100,500 liability due to a supplier.

In November 2021, the Company issued 100,000 common shares as part of an option payment for the Gold Rush North property (note 6).

In December 2021, the Company issued 150,000 common shares as part of an option payment for the Gold Rush South property (note 6).

Reserves

Reserves comprise the fair value of stock option grants, agent warrants prior to exercise and settlement of amounts with existing shareholders.

Warrants

The Company's movement in share purchase warrants is:

	Number Of Warrants	Weighted Average Exercise Price
March 31, 2021	16,665,186	\$0.39
Expired	(13,373,186)	0.41
March 31, 2022	3,292,000	0.32
Issued	16,037,733	0.18
Expired	(3,292,000)	0.32
December 31, 2022	16,037,733	0.18

At December 31, 2022, the following warrants were outstanding:

Expiry Date	Exercise Price	Financing Warrants	Compensatory Warrants
April 26, 2024	\$0.20	2,000,000	-
May 11, 2024	\$0.20	6,883,333	120,000
June 1, 2024	\$0.20	1,035,000	89,400
December 30, 2024	\$0.10	5,500,000	410,000
		15,418,333	619,400

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

10. 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 April 2022.

In June 2022, the Company granted incentive stock options to directors, officers, employees and contractors of the Company to purchase up to 2,550,000 common shares of the Company at a price of \$0.20 per share. The stock options are exercisable on or before June 6, 2027 and vest in stages with 25% vesting on the grant date and the remainder to vest 25% every nine months from the date of the grant.

	Number Of Options	Weighted Average Exercise Price
March 31, 2021	3,870,000	\$0.38
Granted	1,000,000	\$0.16
Forfeited or expired	(500,000)	\$0.40
March 31, 2022	4,370,000	\$0.33
Granted	2,550,000	\$0.20
Forfeited or expired	(520,000)	\$0.53
December 31, 2022	6,400,000	\$0.26

At December 31, 2022, the following options were outstanding:

Exercise Price	Outstanding Options			Exercisable Options	
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life	Number	Weighted Average Exercise Price
\$0.16	1,000,000	\$0.16	3.66 years	850,000	\$0.16
\$0.20	2,550,000	\$0.20	4.43 years	1,275,000	\$0.20
\$0.35	2,850,000	\$0.35	2.75 years	2,850,000	\$0.35
	6,400,000	\$0.26	3.56 years	4,975,000	\$0.30

The Company incurred an expense of \$260,600 (2021 - \$318,100) for share-based payments for the nine months ended December 31, 2022.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

10. Share-Based Payments (continued)

Options granted in the period were valued using the Black-Scholes option-pricing model with the following assumptions:

For the nine months ended December 31	2022	2021
Share price	\$0.175	\$0.31
Dividend yield	0%	0%
Risk-free interest rate	3.06%	0.47%
Estimated volatility	96%	179%
Expected life in years	5	5

The weighted average grant-date fair value of options issued in the nine months ended December 31, 2022 was \$0.13.

11. Related Party Transactions and Balances

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

	Three Months Ended December 31		Nine Months Ended December 31	
	2022	2021	2022	2021
	\$	\$	\$	\$
Short-term compensation	93,696	89,300	363,228	287,640
Share-based payments	42,000	53,000	169,700	244,500
Total	135,696	292,836	532,928	532,140

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

	December 31 2022	March 31 2022
	\$	\$
S2 Management Inc.	3,392	11,017
	3,392	11,017

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

12. Loss per Share

The net loss per share for the three and nine months ended December 31, 2022 excludes the exercise of share options and share purchase warrants that would be anti-dilutive. At December 31, 2022 no options (2021 – nil options) and no share purchase warrants (2021 - nil warrants) were in the money.

Sanatana Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2022

13. Supplemental Cash Flow Information

Non-cash transactions included the following:

For the Nine Months Ended December 31	2022	2021
	\$	\$
Shares issued for exploration and evaluation assets	125,000	30,000
Fair value of finders' warrants granted	24,450	-
Change in payables for exploration and evaluation assets	85,827	(51,344)
Settlement of liability through share issuance	-	61,250
Liability to renounce flow-through expenditures	148,500	185,136

14. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At December 31, 2022, all exploration and evaluation assets and equipment were located in Canada.