

Sanatana Enters Into Option Agreement to Acquire 2,200 Hectare Gold Rush Project in Ontario and Announces Private Placement for Up to \$1.5 Million in Gross Proceeds

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VANCOUVER, July 07, 2020 - [Sanatana Resources Inc.](#) (Sanatana; or the Company) is pleased to announce that it has entered into an option agreement (the Option Agreement) with South Shore Partnership Inc. (South Shore), an arm's length party to Sanatana. Pursuant to the Option Agreement, Sanatana can acquire: (i) a 100% interest in the Gold Rush North Project; and (ii) a 100% interest in the Gold Rush South Project (formerly the Turnbull-Carscallen Project) in the Timmins, Ontario region, which hosts five large gold systems and numerous base metal and nickel deposits, including the prolific Kidd Creek mine. Together, the Gold Rush North Project and the Gold Rush South Project are referred to as the Gold Rush Project.

Gold Rush Project Description

The Gold Rush North Project and the adjoining Gold Rush South Project (2,200 ha in total) comprise a significant area approximately 7 km by 4 km are located 25 km west of the city of Timmins, Ontario, in the Turnbull and Carscallen townships. The Gold Rush Project is 7 km North of Melkior Resources Inc.'s recent gold and base metal discovery and is approximately 11 km northwest of [Pan American Silver Corp.](#)'s West Timmins mine.

The Gold Rush Project is considered prospective for fault-controlled orogenic gold and gold-rich VMS style mineralization and has year-round road access and excellent infrastructure, making it one of the most cost-effective exploration areas in the world.

Mr. Buddy Doyle, Sanatana's President, commented, "Numerous gold-bearing float and outcrop samples have been taken and assayed by prospectors and previous workers, from different zones across the property, and yet there has not been systematic exploration following these up. From 168 samples compiled into a database from assessment reports, over half were anomalous in gold (0.3 g/t Au and 38% had assays over 1g/t Au). Fifteen samples report over 10 g/t Au with the best result reporting 214 g/t Au. These anomalous gold samples are hosted in quartz veins often associated with chalcopyrite and are located in numerous zones across the property. There appear to be at least two sets of veins controlled by either E-W and N-S structures. The Company plans to aggressively pursue an exploration program consisting of prospecting, geophysics and trenching followed by an initial drill program."

Mr. Peter Miles, Sanatana's CEO, commented, "With higher gold prices, the mining exploration business is rapidly improving, and the Gold Rush Project will give Sanatana a strategic land position in an underexplored and developing region of the gold-prolific Timmins area. We look forward to beginning exploration."

Option Agreement Terms

Pursuant to the Option Agreement, Sanatana holds separate options on the Gold Rush North and Gold Rush South Projects. Sanatana may acquire a 100% interest in each project by issuing common shares and cash to South Shore as follows:

TIMING

GOLD RUSH NORTH GOLD RUSH SOUTH

| | Share Issuances Cash Payments | Share Payments |
|------------------------------------|----------------------------------|-------------------------------|
| On or before August 4, 2020 | 15,000 \$15,000 | 15,000 \$15,000 |
| Upon TSX Venture Exchange approval | 150,000 shares | 150,000 shares |

And paying cash and issuing common shares to the holders of the underlying property interests as follows:

TIMING GOLD RUSH NORTH

| | Share Payments ¹ |
|---------------|-----------------------------|
| End of Year 1 | \$30,000 |
| End of Year 2 | \$40,000 |
| End of Year 3 | \$50,000 |

1. All share issuances are made on the basis of Sanatana's 30-day VWAP on the TSX Venture Exchange prior to the issue date.

In addition, Sanatana has agreed to spend a minimum of \$250,000 in the aggregate on the Gold Rush Project prior to the one year anniversary of the effective date of the Option Agreement. 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 and the Gold Rush South Project are each 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 will pay a finder's fee of 200,000 common shares and 200,000 warrants (the "Finder's Warrants"); and individually, a "Finder's Warrant". Each Finder's Warrant is exercisable to acquire one common shares at a price of \$0.20 per common share for a period of 24 months.

The Option Agreement and the Finder's Warrants are subject to TSX Venture Exchange ("TSX-V") approval.

Historic Exploration

The Gold Rush Property is known to have gold mineralization from historic exploration work recorded in assessment reports. In the claim block for the Gold Rush South Project, historic work reported in assessment reports shows that between 1927 and 1939, a shaft was sunk on the main vein (DeSantis Shaft) to 38 m below surface and from there a 263 m of horizontal development was completed.

In 1972, the workings were dewatered, and an underground sampling/mapping project completed. The DeSantis vein strikes N13°W and dips vertically. It is 52 m long and has a maximum width of 1.2 m at surface, widening to 1.52 m at depth. Sampling from the south drift returned assays ranging from 4.35 g/t Au to 18 g/t Au within the quartz vein. Assays from pulps of grab samples from the trenches taken in 1983 returned up to 7.58% Cu.

Grab samples collected in 1998 from trenches to the south of the shaft returned assays up to 77.35 g/t Au gold (Wilson, MNDM, 2008). Numerous pits and trenches (e.g. Big Vein Pits) on the property have identified additional quartz veins (parallel veins, off-sets) with assay values ranging from trace to >1.0 opt Au.

Fifteen shallow, small diameter, drill holes averaging 15 m in length were drilled around the DeSantis shaft, mainly to the south, four of these recorded 1 m assays above 1 g/t Au.

In the Gold Rush North Project, historic prospecting discovered a 1.2 km E-W trending zone where 15 grab samples spaced semi-evenly apart, and all had anomalous gold with 10 of which assayed over 4 g/t Au.

Sample results stated in the historic reports have not been verified by the Company, and readers are cautioned not to place undue weight on such results. The historical grades are considered relevant; however, the reliability, assumptions, parameters and methods used in preparing the reports are unknown. Grab samples are selected samples and are not indicative of the average grade of mineralization hosted on the Gold Rush Property.

The technical information in this news release was prepared under the supervision of Kevin Kivi P. Geo.. Mr. Kivi is a Qualified Person for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects and has reviewed and approved the technical information disclosed in this news release.

Private Placement

Sanatana also announces a non-brokered private placement of up to: (i) 10,000,000 units of the Company (the “Units”); and 4,166,667 flow-through units of the Company (the “FT Units”); for aggregate gross process of up to \$1,500,000 and priced at \$0.10 per Unit and \$0.12 per FT Unit (the “Private Placement”);.

Each Unit will consist of one common share in the capital of Sanatana (a “Share”); and one half of a share purchase warrant (each whole warrant, a “Unit Warrant”). Each FT Unit will consist of one Share which will be designated as a flow-through share (a “FT Share”); pursuant to the *Income Tax Act* (Canada) and one half of a share purchase warrant (each whole warrant, a “FT Unit Warrant”). Each Unit Warrant will entitle the holder to purchase one non-flow-through Share at a price of \$0.18 per Share for a period of 18 months from the date of closing of the Private Placement. Each FT Unit Warrant will entitle the holder to purchase one non-flow-through Share at a price of \$0.20 per Share for a period of 18 months from the date of closing of the Private Placement.

Sanatana will be entitled to accelerate the expiry date of the Unit Warrants to the date that is 30 days following the date a news release is issued by the Company announcing that the weighted average daily trading price of the Shares on the TSX-V is or exceeds \$0.30 for 20 consecutive trading days.

Sanatana will be entitled to accelerate the expiry date of the FT Unit Warrants to the date that is 30 days following the date a news release is issued by the Company announcing that the weighted average daily trading price of the Shares on the TSX-V is or exceeds \$0.35 for 20 consecutive trading days.

In connection with the Private Placement, 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 a number of prescribed conditions, including, without limitations, approval of the TSX-V. The securities to be issued under the Private Placement 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 Private Placement will be subject to a four-month hold period which will expire four months and one day from the date of closing of the Private Placement.

The proceeds from the Private Placement are expected to be used by the Company for its existing portfolio of exploration projects along with initial funding for the Option Agreement and for general and corporate purposes.

About the Company

[Sanatana Resources Inc.](#) is a mineral exploration and development company with an experienced

management team and board of directors. Sanatana is based in Vancouver and is listed on the TSX Venture Exchange (TSX-V: STA).

[Sanatana Resources Inc.](#)

(signed) Peter Miles;

Peter Miles

Chief Executive Officer

Cautionary Statement Regarding Forward-Looking Information

Some of the statements contained in this news release are forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements and information can be identified by the use of words such as plans, expects, intends, is expected, potential, suggests, or variations of such words or phrases, or statements that certain actions, events or results may, could, should, would, might, or will be taken, occur or be achieved.

Forward-looking statements and information are not historical facts and are subject to a number of risks and uncertainties beyond Sanatana's control and may include, without limitation, statements related to the exploration potential of the Gold Rush Project, the timeline to commence exploration on the Gold Rush Project and the use of proceeds for the Private Placement.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except as may be required by law.

Neither TSX Venture Exchange nor its Regulations Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For additional information on the Company, please contact Mr. Peter Miles, Chief Executive Officer at 604-408-6680 or email investor@sanatanaresources.com.

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