

**BANYAN COAST CAPITAL CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Background**

This discussion and analysis of financial position and results of operations is prepared as at January 14, 2015 and should be read in conjunction with the audited financial statements and the accompanying notes for the fiscal year ended September 30, 2014 for Banyan Gold Corp. (the "Company"). The financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in the cautionary statement below. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.banyangold.com](http://www.banyangold.com).

**Cautionary Note Regarding Forward-Looking Statements**

Certain statements contained in this MD&A, including statements or information that contain terminology such as "probable", "proposed", "anticipated", "may", and similar expressions constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, that address activities, events, or developments that we or a third party expect or anticipate will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities are forward-looking statements. These forward-looking statements reflect our current beliefs and are based on information currently available to us. These statements require us to make assumptions we believe are reasonable and are subject to inherent risks and uncertainties. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements as certain of these risks and uncertainties are beyond our control.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Banyan. These forward-looking statements are made as of the date of this MD&A. Except as required by applicable securities legislation, we assume no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

**Company Overview**

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Alberta Corporations Act ("**ABCA**") on July 26, 2010 under the name Banyan Coast Capital Corp, which was subsequently changed to Banyan Gold Corp under a certificate of amendment on February 14, 2013. On November 24, 2010, the Company became a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario.

Banyan Coast Capital Corp. successfully completed its initial public offering raising gross proceeds of \$300,000 on January 25, 2011. A total of two million common shares in the capital of the corporation were subscribed for at a price of 15 cents per share.

Banyan commenced trading on January 27, 2011 on the TSX Venture Exchange and trades under the symbol BYN.

On August 31, 2012, the Company entered into a Letter of Intent (the "LOI") with Argus Metals Corp. ("Argus") to acquire an option to acquire a 100% interest in Hyland Gold Property (the "Hyland Property") in the Watson Lake Mining District of the south eastern Yukon Territory, Canada.

On October 4, 2012, the LOI with Argus was upgraded to a Definite Assignment and Transfer Agreement ("Definitive Agreement"). Under the terms of the agreement, Banyan acquired all of the Vendor's right, title and interest in and to the Property and the Interests pursuant to the Assignment and Transfer Agreement, and in consideration for the Property and the Interests, Banyan agreed to the following payments to Argus Metals:

- (a) payment of \$15,000 in cash (paid upon execution of the Letter of Intent);
- (b) payment of \$20,000 in cash at Closing; and
- (c) delivery of 4,000,000 Banyan Shares at Closing.

Banyan also agreed to assume Argus' obligations under the Underlying Option Agreement. Specifically under such Underlying Option Agreement, the Issuer is obligated to pay \$100,000 and deliver 300,000 Argus common shares to StrataGold Corporation on or prior to the earlier of February 15, 2013 or fifteen days following Closing. In addition, the Vendor will be bound, in respect of the Option Claims and the AMI Claims, by a 2.5% capped net smelter return royalty ("NSR") in favour of Victoria Gold Corp., less existing underlying royalties, with a provisional buyback of 1.5% for \$1,000,000. These claims are also subject to a 1% and 0.25% NSR on all core claims payable to Cash Minerals Ltd. and Strategic Metals Ltd., respectively. Additionally, there is a 1% NSR on 88 of the claims payable to Adrian Resources Ltd. that is capped at \$1.5 million.

On February 15, 2013, the definitive agreement was completed with the issuance of 4,000,000 Banyan shares to Argus in conjunction with a non brokered private placement of 5,000,000 Units at \$0.10 per unit to complete the Company's qualifying Transaction under the rules of the TSX Venture Exchange. A final payment of \$100,000 was also made to Victoria Gold. On March 1<sup>st</sup>, 2013 the Company completed a non brokered private placement of 2,000,000 Units at \$0.10 per unit.

On August 23, 2013 the Company made a share-based payment to Victoria Gold Corp. to extinguish the obligation assumed from Argus Metal Corp. The consideration for this transaction comprised of 150,000 shares with a fair market value of \$7,500.

On April 22, 2014 Rob Carne was appointed to Banyan's advisory board.

Mr. Carne is a professional geologist with more than 35 years of experience in the Yukon and has been responsible for a vast number of discoveries, including Banyan's Hyland gold project, when he discovered and delineated the initial non-compliant gold resource at the main zone in the late 1980s. Mr. Carne was a principal with Archer, Cathro & Associates (1981) Ltd. from 1981 to 2002. He is currently the president and a director for ATAC Resources and co-recipient of the H.H. Spud Huestis award for excellence in prospecting and mineral exploration for the discovery of Carlin-style mineralization at ATAC's Rackla gold project. Additionally, Mr. Carne has authored or co-authored a number of technical papers on Yukon mineral deposits. He has served as a director and officer of numerous public companies on the TSX Venture Exchange since the mid-1980s.

Effective July 1, 2014, Richmond Graham tendered his resignation as President & CEO. Mark Ayranto has been appointed executive chairman until a suitable replacement is appointed.

The Corporation is engaged in the business of exploration and development of precious metals. The Corporation owns a 100% interest in the Hyland Gold Property ("Property") in the Yukon Territory. The Property contains a Main Zone NI 43-101 Compliant Resource of 361,692 oz gold (12,503,994 tonnes of 0.90 g/t Au) and 2,248,948 oz silver (12,503,994 tonnes of 5.59 g/t Ag).

### Results of the Annual General Meeting

Banyan Gold Corp held its Annual General Meeting ("AGM") on June 4, 2013. Richmond Graham, Mark Ayranto, Jay Collins, Tara Christie and Gregory Melchior were re-elected as directors. Banyan Gold also announced that all resolutions put forward in the proxy at the annual shareholder meeting of Banyan Gold were passed by shareholders.

### Selected Financial Information

The following selected financial information is derived from the audited financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS").

All in \$ Cdn	Audited Fiscal Year Ended		
	2014	2013	2012
<b>Operations:</b>			
Revenues	\$ -	\$ -	\$ -
Expenses	283,962	240,233	77,798
Comprehensive Loss	(283,962)	(240,233)	(77,798)
Loss per share – basic & fully diluted	(0.02)	(0.02)	(0.02)
<b>Balance Sheet:</b>			
Working Capital	62,630	342,663	169,742
Total Assets	812,375	1,077,227	235,972
Total Long term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS").

All in \$ Cdn	Fiscal Quarters of the Fiscal Year Ended September 30, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Operations:</b>				
Revenues	\$ -	\$ -	\$ -	\$ -
Expenses	64,649	106,908	55,020	57,385
Comprehensive Loss	(64,649)	(106,908)	(55,020)	(57,385)
Loss per share – basic & fully diluted	(0.00)	(0.01)	(0.00)	(0.01)
<b>Balance Sheet:</b>				
Working Capital	275,813	233,387	181,264	62,630
Total Assets	992,712	898,112	841,149	812,375
Total Long term liabilities	Nil	Nil	Nil	Nil

**Fiscal Quarters of the Fiscal Year Ended September 30, 2013**

All in \$ Cdn	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Operations:</b>				
Revenues	\$ -	\$ -	\$ -	\$ -
Expenses	23,074	84,527	65,934	66,698
Comprehensive Loss	(23,074)	(84,527)	(65,934)	(66,698)
Loss per share – basic & fully diluted	(0.01)	(0.01)	0.00	(0.01)
<b>Balance Sheet:</b>				
Working Capital	146,668	610,337	538,932	342,663
Total Assets	202,898	1,178,711	1,145,314	1,077,227
Total Long term liabilities	Nil	Nil	Nil	Nil

**Results of Operations**

**Hyland Property**

**2014 Work Program**

During the late summer and early fall of 2014, the Corporation completed a sampling and mapping program at the Hyland Gold Property. The program was focused on following up on the encouraging results received from the 2013 Hyland South and Regional Exploration Program, and included focused soils/rock sampling with coincident geological mapping targeted upon the highly prospective CUZ South and Montrose Ridge Zones. The Montrose Ridge Zone boasts the largest gold-in-soils anomaly ever uncovered on the South Hyland Property, and the CUZ South Zone continues to define and expand gold/arsenic-in-soils anomalies related to the 2011 Cuz Zone Gold Discovery. The 2014 Hyland exploration program has now filled in soils coverage to link the Cuz South and Montrose Ridge Zones.

In total, 496 soils and rocks were collected from over 2.2 km<sup>2</sup> of highly prospective ground between and flanking upon the Cuz South and Montrose Ridge zones. Soils were sampled at 50 metre centres on grid lines of 100m spacing over the entirety of the area of coverage.

The Montrose Ridge Zone was discovered in 2013 through a detailed soils/rock sampling program on the South Hyland Property, 6.5km south of the Hyland Main Zone (which hosts a NI 43-101 Inferred Resource of 396,000 gold equivalent ounces). Importantly, the Montrose Ridge Zone lies along the identified >12 km long Quartz Lake Lineament which is interpreted to control significant mineralization identified on the Hyland Project, and fits with the Company's regional structurally controlled mineralization model for the Hyland Project and Hyland District. During 2012, the Hyland Property was identified to contain an Inferred Mineral Resource of 396,468 gold equivalent ounces.

The Technical Report with respect to Hyland entitled "Technical Report on the Hyland Gold Property in the Yukon Territory" was written by Allan Armitage, Ph.D., P.Geol., GeoVector Management Inc., and Paul D. Gray, B.Sc., P.Geo., Paul D. Gray Geological Consultants and dated November 2, 2012. Mr. Armitage and Mr. Gray are each a "qualified person" as defined in NI 43-101. Mr. Armitage is "independent" of Banyan and was responsible for the preparation of the Technical Report.

**Summary Table of Resources (extracted from November 2, 2012 NI 43-101 Technical Report)**

AuEq Cut-off	Tonnes	Grade	Ozs	Ag g/t	Ag Ozs	AuEq g/t	AuEq Ozs
0.4 g/t	16,820,094	0.79	425,424	4.84	2,619,911	0.86	465,946
0.5 g/t	14,734,230	0.84	397,785	5.18	2,453,560	0.92	435,738
<b>0.6 g/t</b>	<b>12,503,994</b>	<b>0.90</b>	<b>361,692</b>	<b>5.59</b>	<b>2,248,948</b>	<b>0.99</b>	<b>396,468</b>
0.7 g/t	9,678,679	0.99	307,098	6.39	1,988,733	1.09	337,824
0.8 g/t	7,038,666	1.10	248,349	7.31	1,654,686	1.21	273,942

\* "Gold equivalent" or "AuEq" is based on silver metal content valued at 0.016 gold value using a \$1016 US Au price and a \$15.82US Ag price, which approximates the average prices for these metals over the last three years.

The Inferred Mineral Resource was estimated using practices consistent with CIM (2005) and applied to the generation of the resource estimate. A database of 92 diamond and Reverse circulation drill holes (13,615 meters) with 8,704 assay values collected through 2011 were used for the estimate. This included 72 historic drill holes (9,662 metres, 2,713 assays) completed from 1988 to 2005, and 20 drill holes (3,953 metres, 5,591 assays) completed in 2010 and 2011. The drill hole database included collar locations, down hole survey data, assay data, lithology data and specific gravity ("SG") data. Topographic data from government topographic maps was provided from which a 3D topography surface file was created. Inverse distance squared interpolation restricted to a single mineralized domain was used to estimate gold and silver grades into the block model.

**Analysis of Hyland Expenditures:**

Balance, September 30, 2013	\$	683,868
Government grant for work completed		(35,000)
Exploration and evaluation expenses capitalized		65,308
Balance, September 30, 2014	\$	714,176

During the fiscal year ended September 30, 2014 the Company recorded a net loss of \$(283,962), vs a loss of \$(240,233) in fiscal 2013. The current year loss is mostly the result of management fees (\$107K in 2014 vs \$73K in 2013), as well as increased G&A (\$69K in 2014 vs \$49K in 2013) and stock based compensation (\$32K in 2014 vs nil in 2013) being partially offset by decreases in Professional Fees (\$65K in 2014 vs \$97K in 2013) and listing fees (\$12K in 2014 vs \$24K in 2013)..

**Additional Disclosure for Venture Issuers without Significant Revenue**

Since the Corporation has no revenue from operations, the following is a breakdown of general and admin expenses and material costs incurred in the last two fiscal periods:

General & Admin & Material Costs	Fiscal Year End September 30, 2014	Fiscal Year End September 30, 2013
<b>General &amp; Admin:</b>		
Professional Services	41,295	22,642
Travel	23,229	22,365
Transfer Agent Fees	9,767	12,083
Shareholder Com – AGM	5,277	1,735

Office Supplies	1,492	1,219
Profession Dues	1,805	870
Telephone	2,183	813
Courier & Postage	515	452
Interest & Bank Charges	46	230
<b>Other Material Costs:</b>		
Legal	1,507	57,653
Filing Fees	11,782	23,528
Audit	22,000	17,000

### **Liquidity and Capital Resources**

The accompanying interim financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations.

The Company does not generate cash flows from operations and has therefore relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company.

If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

From inception to September 30, 2014, the Company raised gross proceeds of \$1,100,050 from the sale of its common shares..

As at September 30, 2014, the Company had working capital of \$62,630 (2013 - \$342,663) which should be sufficient to fund the company thru the second quarter. The Company has no contractual obligations and the recent Hyland work program will maintain the Company in good standing beyond the September 30, 2015 fiscal year.

### **Off-Balance Sheet Arrangements**

None

### **Proposed Transactions**

None

### **Transactions With Related Parties**

Executive compensation for the officers of the Company totaled \$147,000 during fiscal 2014 and is currently running at \$7,000 per month.

### **Critical Judgments and Accounting Estimates**

These financial statements, including comparatives have been prepared using accounting policies

consistent with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared on a historical costs basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of receivables which are included in the statements of financial position;
- the inputs used in accounting for stock-based compensation expense, which are included in the statement of operations;
- recoverability of future income tax asset;
- recoverability of exploration and evaluation expense asset;
- the valuation of the rehabilitation provision; and
- the valuation of share-based payments transactions.

## **Foreign Exchange**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expense are translated at the exchange approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statements of operations.

## **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on deposit and highly liquid short-term interest bearing variable rate investments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

## **Financial instruments**

### ***Financial assets***

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - this category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. These assets are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.
- Loans and receivables - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.
- Held-to-maturity investments - these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.
- Available-for-sale - non-derivative financial assets not included in the above categories are classified as available-for-sale. These assets are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statement of operations. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

### ***Financial liabilities***

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. These liabilities are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities include amounts due to related parties and accounts payables and accrued liabilities. This category is measured in the statement of financial position at amortized cost using the effective interest method.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company's receivables are classified as loans and receivables.



## **Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## **Interest income**

Interest income is recognized as it accrues in the statement of income, using the effective interest method.

## **Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive

## **Share-based payments**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

## **Income Taxes**

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense is recognized in the statements of comprehensive loss except to the extent it relates to an item recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred tax is recognized using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **Mineral exploration and evaluation expenditures**

Costs that are directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such cost as: materials used, surveying costs, geological costs, drilling costs, travel to and from the site, and payments made to contractors. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead, are expensed in the year in which they occur.

### **Rehabilitation provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of restoration obligation in the year in which the obligation is incurred. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. The discounted liability is increased for the changes in present value based on current market discount rates and liabilities specific risks.

### **Segment reporting**

The Company determined that it only had one operating segment.

### **New Standards and Interpretations**

The following new standards were adopted during the year by the Company:

- i) *IFRS 10 Consolidated Financial Statements*

IFRS 10 will replace portions of IAS 27 *Consolidated and Separate Financial Statements* and interpretation SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.

*ii) IFRS 11 Joint Arrangements*

IFRS 11 applies when accounting for interests in joint arrangements where there is joint control. Joint arrangements would be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. The option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation would be removed and equity accounting would be required. Ventures would transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item.

### **Future Accounting Policies**

The following new standard has been issued but is not yet applicable to the Company:

*i) IFRS 9 Financial Instruments*

As part of the project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- Deals with classification and measurement of financial assets;
- Establishes two primary measurement categories for financial assets: amortized cost and fair value;
- Prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset;
- Eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

This standard is effective for annual periods beginning on or after January 1, 2015. The Company will adopt this standard when it becomes effective. The Company has currently not assessed the impact of adopting this standard.

*ii) IFRS 15 Revenue from Contracts with Customers*

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

This standard is effective for annual periods beginning on or after January 1, 2017. The Company will adopt this standard when it becomes effective. The Company has currently not assessed the impact of adopting this standard.

## **Risks and Uncertainties**

The Company's financial performance is likely to be subject to the following risks:

The Issuer is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Issuer was incorporated on July 26, 2010 and has yet to generate a profit from its activities. The Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Issuer anticipates that it may take several years to achieve positive cash flow from operations.

### ***Exploration, Development and Operating Risks***

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Issuer's resource base.

The Issuer's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Issuer.

### ***Substantial Capital Requirements and Liquidity***

Substantial additional funds for the establishment of the Issuer's current and planned exploration program and potential mining operations will be required. No assurances can be given that the Issuer will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations, mineral prices, environmental rehabilitation or restitution. Revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

### ***Fluctuating Mineral Prices***

The economics of mineral exploration is affected by many factors beyond the Issuer's control including, commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Property.

### ***Regulatory Requirements***

The current or future operations of the issuer require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Issuer may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Resulting Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

### ***Financing Risks and Dilution to Shareholders***

The Issuer has limited financial resources. If the Issuer's exploration programs on the Property are successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Issuer will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Issuer's shareholders.

### ***Requirement for Permits and Licenses***

A substantial number of additional permits and licenses may be required should the Issuer proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Issuer will be able to obtain all such licenses and permits.

### ***Competition***

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Issuer will compete with other mining companies, many of which have greater financial, technical and other resources than the Issuer, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

### ***Reliance on Management and Dependence on Key Personnel***

The success of the Issuer is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Issuer's business and prospects. The Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

### ***No Mineral Reserves***

Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

### ***Environmental Risks***

The Issuer's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

### ***Governmental Regulations and Licenses and Permits***

The activities of the Issuer are subject to provincial and federal approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Issuer believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Issuer. Further, the licenses and permits

issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Issuer's investments in such projects may decline.

### ***Local Resident Concerns***

Apart from ordinary environmental issues, work on, or the development and mining of the Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Property.

### ***Conflicts of Interest***

Certain of the directors and officers of the Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Issuer may become subject to conflicts of interest. The ABCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

### ***Uninsurable Risks***

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Issuer's results of operations and financial condition and could cause a decline in the value of the Issuer Share. The Issuer does not intend to maintain insurance against environmental risks.

### **Investor Relations Activities**

The Company does not have any investor relations arrangements.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As at September 30, 2014, there are 14,484,000 issued and outstanding common shares.

At September 30, 2014, the following incentive stock options were outstanding to directors, officers and advisors:

- 250,050 stock options exercisable at \$0.15 with an expiry of January 25, 2021
- 750,000 stock options exercisable at \$0.05 with an expiry of January 31, 2019
- 75,000 stock options exercisable at \$0.05 with an expiry of April 22, 2019

In conjunction with the Company's non-brokered private placements in February and March of 2013, a total of 3.5 million warrants were issued with an exercise price of \$0.15 for a period of one year. The expiry date of the 3.5 million outstanding warrants has been extended to March 1, 2015

**Subsequent Event**

None