

BANYAN GOLD CORP.
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2018 and 2017
(Expressed in Canadian Funds)





INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Banyan Gold Corp.

We have audited the accompanying financial statements of Banyan Gold Corp., which comprise the statements of financial position as at September 30, 2018 and September 30, 2017 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended September 30, 2018 and September 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Banyan Gold Corp. as at September 30, 2018 and September 30, 2017, and its financial performance and its cash flows for the years ended September 30, 2018 and September 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company does not have an internal source of cash flows and future operations are dependent upon the continued availability of favourable trade credit and debt and equity financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Calgary, Alberta
January 28, 2019

Geib & Company
Professional Corporation

Chartered Professional Accountants

BANYAN GOLD CORP.
STATEMENT OF FINANCIAL POSITION
Expressed in Canadian Funds

	September 30	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 471,690	\$ 1,188,534
Accounts receivable	38,496	91,327
Prepays	<u>23,225</u>	<u>127</u>
	\$ 533,411	\$ 1,279,988
Capital Assets, net (Note 6)	49,815	54,585
Exploration and evaluation asset (Note 5)	<u>\$ 4,616,098</u>	<u>\$ 3,195,516</u>
Total Assets	\$ 5,199,324	\$ 4,530,089
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 192,224	\$ 494,073
Future Income Tax Liability (Note 9)	<u>166,536</u>	<u>0</u>
	<u>358,760</u>	<u>494,073</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	5,598,473	4,618,039
Contributed surplus	1,451,233	1,249,692
Deficit	<u>(2,209,142)</u>	<u>(1,831,715)</u>
	<u>4,840,564</u>	<u>4,036,016</u>
Total liabilities and shareholders' equity	\$ 5,199,324	\$ 4,530,089


Tara Christie
CEO


David Rutt
CFO

BANYAN GOLD CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Funds

	Year Ended 2018	September 30 2017
EXPENSES		
General and administration	236,604	162,046
Management fees (Note 7)	204,500	147,480
Professional fees	99,850	123,944
Listing and filing fees	14,724	17,544
Stock based compensation	61,024	269,835
Future income tax for renunciation	(237,327)	(297,045)
Interest income	<u>(1,948)</u>	<u>(2,742)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ 377,427	\$ 421,062
Loss per common share - basic & diluted (Note 10)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	78,409,534	58,668,750

BANYAN GOLD CORP.
STATEMENT OF CHANGES IN EQUITY
For the years ended September 30, 2018 and 2017
Expressed in Canadian Funds

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Shareholders Equity
Balance, September 30, 2016	46,890,560	2,730,926	798,611	(1,410,653)	2,118,884
Stock based compensation on stock options (Note 4):					
- October 27, 2016			24,426		24,426
- March 4, 2017			83,341		83,341
- September 22, 2017			162,069		162,069
Shares issued for Financing (March) (Note 4) Net of costs, Mach 8, 2017	9,361,316	260,275	539,725		800,000
Shares issued for Financing (Note 4) Net of Costs (June 22 & July 24, 2017)	5,360,000	556,763			556,763
Shares Issued for Warrant Exercises (Note 4):					
- @ \$0.075 expiry Mar 12, 2017	4,300,000	539,158	(216,658)		322,500
- @ \$0.085 expiry Aug 24, 2018	842,317	94,449	(22,852)		71,597
- @ \$0.075 expiry Apr 20, 2017	500,000	95,341	(57,843)		37,500
- @ \$0.070 expiry Jan 29, 2019	4,000,000	341,127	(61,127)		280,000
Net loss for the Year				(421,062)	(421,062)
Balance, September 30, 2017	71,254,193	4,618,039	1,249,692	(1,831,715)	4,036,016
Stock based compensation on stock options (Note 4)			61,025		61,025
Flow Through Shares Issued (Dec 2017) - Net of costs & flow through share premium	5,300,000	508,000			508,000
Shares Issued for Financing (July) (Note 4) - Net of costs & flow through share premium	10,083,663	382,734	140,516		523,250
Shares issued for Property Payments	1,150,000	89,700			89,700
Net loss for the year				(377,427)	(377,427)
Balance, September 30, 2018	87,787,856	5,598,473	1,451,233	(2,209,142)	4,840,564

Note: All shares issued have been Class A common shares. No Class B common shares or Preference shares have been issued.



BANYAN GOLD CORP.
STATEMENTS OF CASH FLOWS

For the years ended September 30, 2018 and 2017
Expressed in Canadian Funds

	2018	2017
Cash Flows from Operating Activities		
Net loss for the year	\$ (377,427)	\$ (421,062)
Adjustments for items not involving cash:		
Amortization	19,447	11,329
Stock based compensation	61,025	269,836
Future income tax for renunciation	<u>(237,327)</u>	<u>(297,045)</u>
	(534,282)	(436,942)
Changes in non-cash working capital items:		
Decrease (increase) in receivables and accrued interest	52,831	(73,626)
Decrease (increase) in prepaids	(23,098)	21,118
Increase (decrease) in payables and accrued liabilities	<u>(301,849)</u>	<u>371,284</u>
Net cash used in operating activities	<u>(806,398)</u>	<u>(118,166)</u>
Cash Flows from Investing Activities		
Government grant for exploration and evaluation asset	34,000	40,000
Acquisition of Capital Assets	(14,677)	(60,300)
Exploration and evaluation asset	<u>(1,364,882)</u>	<u>(1,869,456)</u>
Net cash from investing activities	<u>(1,345,559)</u>	<u>(1,889,756)</u>
Cash Flows from Financing Activities		
Proceeds from share issuance - financings	1,461,309	1,604,000
Proceeds from share issuance - warrant exercises	0	711,597
Proceeds shares for debt	0	0
Proceeds from stock option exercise	0	0
Share issuance costs (excluding warrant costs)	<u>(26,196)</u>	<u>(45,637)</u>
Net cash from financing activities	<u>1,435,113</u>	<u>2,269,960</u>
Increase (decrease) in cash and cash equivalents during the year	(716,844)	262,038
Cash and Cash Equivalents - Beginning of the Year	<u>1,188,534</u>	<u>926,496</u>
Cash & Cash Equivalents - End of the Year	\$ 471,690	\$ 1,188,534

Supplemental Disclosures

Interest paid	\$ -	\$ -
Interest received	\$ 1,948	\$ 2,742
Income tax paid	\$ -	\$ -



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017

Expressed in Canadian Funds

1. NATURE AND CONTINUANCE OF OPERATIONS

Banyan Gold Corp. (the "Company"), was incorporated as Banyan Coast Capital Corp. by a Certificate of Incorporation issued pursuant to the provisions of the Alberta Business Corporations Act ("ABCA") on July 26, 2010. The address of the Company's registered office is 166 Cougarstone Crescent SW, Calgary, Alberta, T3H 4Z5. These financial statements were approved and authorized for issuance by the Board of Directors on January 28, 2019.

The Company commenced trading on January 27, 2011, and trades under the symbol BYN.

These 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.

2. BASIS OF PRESENTATION

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 cost 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 carry amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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



BANYAN GOLD CORP.
NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES

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 statements of loss and comprehensive loss.

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.

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

• 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.



BANYAN GOLD CORP.
NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Plant & Equipment

At acquisition, the Company records property and equipment at cost, including all expenditures incurred to prepare an asset for its intended use. These expenditures consist of: the purchase price; broker's commissions; and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges.

The Company capitalizes cost that meet the asset recognition criteria. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance expenses and are accounted for in the profit and loss in the period.

The Company provides for amortization using the declining balance method at rates designed to amortize the cost of the property over their estimated useful lives. The annual amortization rates are as follows:

Automotive	30%
Computers	55%
Camp Equipment	30%

Depreciation of property and equipment utilized in the exploration of assets, including mine exploration, is recapitalized as exploration and evaluation costs attributable to the related asset.

Interest Income

Interest income is recognized as it accrues in the statement of loss and comprehensive loss, 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.

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017

Expressed in Canadian Funds

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017

Expressed in Canadian Funds

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

The Company determined that it had only one operating segment.

New standards and interpretations

The following new standards have been issued but are 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, 2018. 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, 2018. The Company will adopt this standard when it becomes effective. The Company has currently not assessed the impact of adopting this standard.

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2018 and 2017

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations (continued)

iii) IFRS 16 Leases

IFRS 16, Leases will replace existing guidance on accounting for leases. The accounting treatment of leases by lessee will change fundamentally.

IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

This standard is effective for annual periods beginning January 1, 2019. The Company will adopt this standard when it becomes effective. The Company does not currently have any leases and this change is not expected to have a material impact.

4. SHARE CAPITAL

Authorized:

Unlimited number of:

- Unlimited Class A voting common shares
- Unlimited Class B non-voting, common shares
- Unlimited Preferred Shares

All issued shares are fully paid. There were 87,787,856 Class A common shares issued and outstanding on September 30, 2018.

Transactions

Current Year

On December 22, 2017 the Corporation completed a financing of \$530,000 consisting of 5,300,000 shares under a non-brokered private placement. The Private Placement consisted of flow through shares (within the meaning of the Income Tax Act (Canada)), priced at \$0.10 per share. A finders fee of \$18,000 was paid on the financing.

On December 13, 2017 the Company issued 750,000 Class A common shares to Victoria Gold Corp. at a deemed price of \$0.078 per share for the first year option requirement on the Aurex Property.

On December 13, 2017 the Company issued 400,000 Class A common shares to Alexco Resource Corp. at a deemed price of \$0.078 per share for the first year option requirement on the McQuesten Property.

On July 13, 2018, the Company completed the First Tranche of a non-brokered private placement for \$539,222 in gross proceeds by issuing a total of 6,043,059 shares.



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

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4. Share Capital (continued)

The First Tranche Private Placement consisted of 3,439,726 flow through units (within the meaning of the Income Tax Act (Canada)), priced at \$0.10 per share and 2,603,333 non-flow through units priced at \$0.075 per Unit. Both the flow through and non-flow through units consists of one share and 1/2 of a non-flow through share purchase warrant, each full warrant being exercisable for a period of 24 months from closing into one common share at a price of \$0.15 per share subject to an acceleration clause.

On July 19, 2018, the Company completed the Second Tranche of a non-brokered private placement for \$392,086 in gross proceeds by issuing a total of 4,040,604 shares.

The Second Tranche Private Placement consisted of 3,561,644 flow through units (within the meaning of the Income Tax Act (Canada)), priced at \$0.10 per share and 478,960 non-flow through units priced at \$0.075 per Unit. Both the flow through and non-flow through units consists of one share and 1/2 of a non-flow through share purchase warrant, each full warrant being exercisable for a period of 24 months from closing into one common share at a price of \$0.15 per share subject to an acceleration clause.

Prior Year

On March 7, 2017, the TSX Venture Exchange approved a non-brokered private placement of \$800,000. The Private Placement consisted of 3,406,312 flow through shares priced at \$0.095 per share and 5,955,004 units ("Units") priced at \$0.08 per unit, each unit to consist of 1 common share and 1 full Warrant, each full Warrant exercisable at \$0.115 for a period of 30 months from regulatory approval.

The warrants, which form part of the units, will be subject to an acceleration clause whereby they may have their expiry time accelerated at any time prior to the expiry of the Warrants if the volume weighted average trading price of the Corporation's shares on the TSX Venture Exchange is greater than \$0.13 for 20 consecutive trading days, at which time the Corporation may give notice in writing to the Warrant holders within 10 days of such an occurrence that the Warrants shall expire on the 30th day following the giving of such notice

On June 22, 2017, the Corporation completed a First Tranche financing of \$600,000 consisting of 4,000,000 shares under a non-brokered private placement. The Private Placement consisted of flow through shares (within the meaning of the *Income Tax Act* (Canada)), priced at \$0.15 per share.

On July 24 2017, the Corporation completed a Second Tranche financing of \$204,000 consisting of 1,360,000 shares under a non-brokered private placement. The Private Placement consisted of flow through shares (within the meaning of the *Income Tax Act* (Canada)), priced at \$0.15 per share.

During the year, a total of 9,642,317 warrants were exercised for proceeds of \$711,597. The warrants being exercised consisting of the following series:

4,300,000	@ \$0.075	expiry Mar 12, 2017
842,317	@ \$0.085	expiry Aug 24, 2018
500,000	@ \$0.075	expiry Apr 20, 2017
4,000,000	@ \$0.070	expiry Jan 29, 2019



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4. SHARE CAPITAL (continued)

Stock Options

The Company has established a stock option plan (the "Plan") for the directors, officers, employees and consultants of the Company. The Plan is administered by the Board of Directors of the Company who establish the exercise prices, vesting conditions and expiry date of the options in accordance with the requirements imposed by the Exchange.

The aggregate number of shares assumable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding shares reserved for the issuance to (a) any individual director or officer which will not exceed 5% of the issued and outstanding common shares, and (b) all consultants which will not exceed 2% of the issued and outstanding common shares.

Current Year

At the end of the year ended September 30, 2018, the following share options were outstanding to directors, officers, consultants and advisors:

250,050 stock options exercisable at \$0.15 with an expiry of January 25, 2021
650,000 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
675,000 stock options exercisable at \$0.05 with an expiry of August 20, 2020
500,000 stock options exercisable at \$0.065 with an expiry of August 4, 2021
500,000 stock options exercisable at \$0.085 with an expiry of August 26, 2021
350,000 stock options exercisable at \$0.07 with an expiry of October 27, 2021
800,000 stock options exercisable at \$0.11 with an expiry of March 4, 2022
2,050,000 stock options exercisable at \$0.12 with an expiry of September 23, 2022
700,000 stock options exercisable at \$0.08 with an expiry of December 29, 2022
200,000 stock options exercisable at \$0.075 with an expiry of June 18, 2023

During the year ended 2018, the Company granted the following stock options:

On December 28, 2017, 700,000 stock options were issued, exercisable at \$0.08. These options expire on December 29, 2022. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	1.89%
Estimated volatility	129%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.0686



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

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4. SHARE CAPITAL (continued)

Stock Options (continued)

On June 18, 2018, the Company granted stock options to directors and officers to purchase 200,000 common shares, at an exercise price of \$0.075 per share, exercisable on or before June 18, 2023.

The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	1.93%
Estimated volatility	131%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.0649

Prior Year

During the fiscal year ended 2017, the Company granted the following stock options:

On October 27, 2016, 350,000 stock options were issued, exercisable at \$0.07. These options expire on October 27, 2021. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	0.73%
Estimated volatility	202%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.0698

On March 4, 2017, the Company granted stock options to directors and officers to purchase 800,000 common shares, at an exercise price of \$0.11 per share, exercisable on or before March 4, 2022.

The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	1.16%
Estimated volatility	172%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.1042



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

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4. SHARE CAPITAL (continued)

Stock Options (continued)

On September 22, 2017, the Company granted stock options to directors, consultants and advisors to purchase 2,050,000 common shares, at an exercise price of \$0.12 per share, exercisable on or before September 23, 2022.

The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	1.8%
Estimated volatility	143%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.0791

Warrants

Current Year

At the end of the year ended September 30, 2018, the following share purchase warrants were outstanding:

5,955,004 warrants exercisable at \$0.115 with an expiry of September 8, 2019*

3,632,287 warrants exercisable at \$0.085 with an expiry of August 24, 2019

3,021,530 warrants exercisable at \$0.15 with an expiry of July 13, 2020*

2,020,302 warrants exercisable at \$0.15 with an expiry of July 19, 2020*

*Subject to an acceleration clause.

In conjunction with the Company's first tranche non-brokered private placement of July 13, 2018, a total of 3,021,530 warrants were issued with an exercise price of \$0.15 for a period of 24 months subject to an acceleration clause.

The fair value of warrants issued is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.93%
Estimated volatility	129%
Expected life	2 years
Expected dividend yield	0%

The fair value of all warrants granted was \$0.0283.

In conjunction with the Company's second tranche non-brokered private placement of July 19, 2018, a total of 2,020,302 warrants were issued with an exercise price of \$0.15 for a period of 24 months subject to an acceleration clause.



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4. SHARE CAPITAL (continued)

Warrants (continued)

The fair value of warrants issued is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.99%
Estimated volatility	126 %
Expected life	2 years
Expected dividend yield	0%

The fair value of all warrants granted was \$0.0272.

Prior Year

In conjunction with the Company's non-brokered private placement of March 7, 2017, a total of 5,955,004 warrants were issued with an exercise price of \$0.0115 for a period of 30 months subject to an acceleration clause.

The fair value of warrants issued is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.82%
Estimated volatility	172%
Expected life	2.5 years
Expected dividend yield	0%

The fair value of all warrants granted was \$0.0906.

Option and warrant pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options and warrants.

5. RESOURCE PROPERTIES

Hyland

The Company has an interest in the Hyland Gold Project and is located in the Watson Lake Mining District of southeast Yukon, approximately 74 kilometres northeast of the town of Watson Lake. The Hyland Gold Project consists of 927 claims totaling over 18,620 hectares.

The Hyland Main Zone Inferred Gold Resource Estimate, prepared in accordance with NI 43-101 and at a 0.6g/t gold equivalent cutoff, contains 12,503,994 tonnes with 361,692 ounces gold at 0.9g/t and 2,248,948 ounces silver at 5.59g/t for a combined gold and silver 396,468 ounces gold equivalent.

Banyan has earned a 100% interest in all properties subject to various NSR agreements with an aggregate royalty of 2.5% subject to a maximum buy back of 1.5%.



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

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5. RESOURCE PROPERTIES (Continued)

Aurex & McQuesten

On May 24 the Corporation completed the definitive agreements on the Aurex and McQuesten projects subject to TSX Venture approval and in the case of Alexco, requiring the consent of Silver Wheaton and the Government of Canada. The agreements provided for the Corporation to acquire up to 100% of the Aurex Property, from Victoria Gold Corp. ("**Victoria**") and up to 100% of the McQuesten Property, from Alexco Resource Corp. ("**Alexco**"). The Aurex and McQuesten gold properties are contiguous, comprising 8,230 hectares and 1,000 hectares respectively and are both highly prospective for intrusive-related gold mineralization, and include areas of historic gold production (lode and placer), in the prolific Mayo Mining District, Yukon Territory.

Highlights of Aurex Agreement with Victoria Gold Corp.:

Under the terms of the binding Letter Agreement with Victoria, which is subject to TSX Venture Exchange ("TSX-V") approval, Banyan may earn up to 100% interest in the Aurex property in three (3) stages:

- Initial 51% Option Interest - To acquire the initial 51% Option Interest in the Property, the Company is required, over a period of four (4) years, to issue in stages a total of 3 million common shares in the capital of the Company, and to incur in stages minimum exploration expenditures totaling \$1.6 million on the Property. Banyan will act as the Property's operator during the initial four-year term and has the option to defer expenditures into a 5th year. Following the earning of the 51% Option Interest, a joint venture ("**JV**") will be formed and Banyan will have the ability to elect to earn an additional 24%.
- Additional 24% Interest - In order to earn the Additional 24% Interest, such that Banyan would have an aggregate interest of 75% in the Property, Banyan will be required to spend an additional \$3.5 million in exploration expenditures over five (5) years. Upon having earned the Additional 24% Interest, Banyan will continue to act as the Property's operator and may elect to earn an additional 25%.
- Additional 25% interest - In order to earn the Additional 25% Interest, such that Banyan would have an aggregate interest of 100% in the Property, within two (2) years Banyan must pay Victoria \$2 million cash or shares and grant Victoria a 6% net smelter return ("**NSR**") royalty with buybacks totaling \$7 million to reduce to a 1% NSR royalty on Au and a 3% NSR royalty on Ag.

Highlights of McQuesten Agreement with Alexco Resource Corp:

Under the terms of the McQuesten non-binding letter agreement with Alexco, it is intended that the parties will negotiate a binding agreement, which will be subject to TSX-V, Government of Canada and Silver Wheaton Corp. approvals, under which Banyan may earn up to a 100% interest in the McQuesten property in three (3) stages:

- Initial 51% Option Interest - To acquire the initial 51% Option Interest in the Property, the Company is required, over a period of four (4) years, to issue in stages a total of 1.6 million common shares in the capital of the Company, and to incur in stages minimum exploration expenditures totaling \$1.6 million on the Property. Banyan will act as the Property's operator during the initial four-year term and has the option to defer expenditures into a 5th year. Following the earning of the 51% Option Interest, a JV will be formed and Banyan will have the ability to elect to earn an additional 24%.
- Additional 24% Interest - In order to earn the Additional 24% Interest, such that Banyan would have an aggregate interest of 75% in the Property, within three (3) years Banyan must spend an additional \$1 million in



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5. RESOURCE PROPERTIES (Continued)

exploration expenditures, deliver a Preliminary Economic Assessment and pay Alexco \$600,000 in cash or shares of Banyan. Upon having earned the Additional 24% Interest, Banyan will continue to act as the Property's operator and may elect to earn an additional 25%.

Additional 25% interest - In order to earn the Additional 25% Interest, such that Banyan would have an aggregate interest of 100% in the Property, within two (2) years Banyan must pay Alexco \$2 million in cash or shares, deliver a Pre-Feasibility Study and grant Alexco a 6% NSR royalty with buybacks totaling \$7 million to reduce to a 1% NSR royalty on Au and a 3% NSR royalty on Ag.

	Aurex	McQuesten	Hyland	Total
Balance, September 30, 2016	Nil	Nil	\$ 1,349,222	1,349,222
Acquisition Costs	15,000	Nil	Nil	15,000
Exploration & Evaluation Expenses Capitalized	229,196	334,112	1,267,986	1,831,294
Balance, September 30, 2017	244,196	334,112	2,617,208	3,195,516
Acquisition Costs	58,500	31,200	Nil	89,700
Exploration & Evaluation Expenses Capitalized	49,946	294,246	986,690	1,330,882
Balance, September 30, 2018	352,642	659,558	3,603,898	4,616,098

6. PROPERTY AND EQUIPMENT

Cost	Vehicles	Computers	Camp Equip	Total
Balance - September 30, 2016	9,436	Nil	Nil	9,436
Additions	55,500	4,800	Nil	60,300
Balance - September 30, 2017	64,936	4,800	Nil	69,736
Additions	0	0	14,677	14,677
Balance - September 30, 2018	64,936	4,800	14,677	84,413

Accumulated Depreciation	Vehicles	Computers	Camp Equip	Total
Balance - September 30, 2016	3,822	Nil	Nil	3,822
Depreciation	10,009	1,320	Nil	11,329
Balance - September 30, 2017	13,831	1,320	Nil	15,151
Depreciation	15,332	1,914	2,201	19,447
Balance - September 30, 2018	29,163	3,234	2,201	34,598

Carrying Amount	Vehicles	Computers	Camp Equip	Total
Balance - September 30, 2016	5,615	Nil	Nil	5,615
Balance - September 30, 2017	51,105	3,480	Nil	54,585
Balance - September 30, 2018	35,773	1,566	12,476	49,815



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

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7. RELATED PARTY TRANSACTIONS

During the year, \$204,500 (2017 - \$213,730) was billed to the corporation by officers and directors of the Company. \$47,500 (2017 - \$51,730) has been billed to management fees by 1195472 Ontario Ltd. for the CFO, \$Nil (2017 - \$28,000) to professional fees by Paul D. Gray Geological Consulting, and a further \$Nil (2017 - \$14,000) has been capitalized against exploration projects by Paul D. Gray Geological Consulting. \$157,000 (2017 - \$93,750) was invoiced for management fees by KECM Services, a Company controlled by the CEO. A further \$6,300 (2017 - 26,250) was billed to projects by the KECM for the CEO. As of September 30, 2018, there were balances in accounts payable of \$8,800 (2017 - \$24,675) related to these expenses and a total of \$25,368 (2017 - \$17,834) owed to related parties.

A further \$67,292 (2017 - \$Nil) was billed for legal work that one of the Corporation's Directors is a Partner in.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT

Fair value estimates are made at the reporting date, based on relevant market information and other information about the financial instruments. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from the markets.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

All of the Company's cash and cash equivalents are assessed to be in Level 1.

The fair market value of the Company's receivables, payables and accruals approximate their carrying amount due to their short-term nature.

a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings.



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

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8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Capital Disclosures (continued)

As at September 30, 2018, the Company had cash of \$471,690 (2017 - \$1,188,534) and current liabilities of \$192,224 (2017 - \$476,392). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. Current cash balances will allow the Company to continue to operate without requiring financing in the September 30, 2019 fiscal year.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not believe a change by 1% in interest rate will have a significant impact on the fair value of its cash equivalents.

d) Foreign Currency Risk

The Company's reporting currency is in Canadian dollars and major transactions are denominated in Canadian dollars. Therefore, the Company's currency risk is not significant.

Capital Disclosures

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital are:

- a) to safeguard the Company's ability to continue as a going concern; and
- b) to facilitate potential acquisitions.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. As disclosed previously, there are restrictions on the use of cash.

There were no changes in the Company's approach to capital management during the period ended September 30, 2018.

BANYAN GOLD CORP.**NOTES TO THE FINANCIAL STATEMENTS**

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9. INCOME TAX

The income tax recovery reported differs from the amount of the tax recovery computed by applying the statutory rates to the net loss. The reasons for the differences and the related tax effects are as follows:

	September 30, 2018	September 30, 2017
Loss before income tax	\$ (377,427)	\$ (421,062)
Combined basic federal and provincial tax at 27% (2017 - 27%)	(101,905)	(113,687)
Increase (decrease) resulting from:		
Non-deductible items	(45,822)	(6,512)
Deductible items	(5,489)	(5,502)
Unrecorded future income tax benefit	153,216	125,700
	\$ -	\$ -

The components of the future income tax asset for the Company are as follows:

	September 30, 2018	September 30, 2017
Non-capital loss carry forwards	\$ 2,261,297	\$ 1,693,829
Property, plant & equipment - UCC	34,598	15,151
Exploration asset - CEE	(2,972,192)	(1,753,231)
Share issue costs	59,496	53,630
	(616,801)	9,379
Approximate tax rate	27%	27%
	(166,536)	2,532
Valuation allowance		(2,532)
	\$ (166,536)	\$ -

Non-capital loss schedule

The company has non-capital losses which may be carried forward and applied against taxable income of future periods. These losses expire as follows:

Year of loss	Expire	Amount
2018	2038	\$ 567,468
2017	2037	465,556
2016	2036	313,081
2015	2035	223,615
2014	2034	274,288
2013	2033	259,445



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9. INCOME TAX (Continued)

2012	2032	96,253
2011	2031	49,561
2010	2030	12,030
		<hr/>
		2,261,297

10. LOSS PER SHARE

Diluted loss per share for the years ended September 30, 2018 and 2017 is the same as basic loss per share as the impact of the exercise of the outstanding share options and warrants in the money does not change the loss per share on a rounded basis.

11. SUBSEQUENT EVENTS

On December 24, 2018 the Company issued 750,000 Class A common shares to Victoria Gold Corp. at a deemed price of \$0.04 per share for the second year option requirement on the Aurex Property.

On December 24, 2018 the Company issued 400,000 Class A common shares to Alexco Resource Corp. at a deemed price of \$0.04 per share for the second year option requirement on the McQuesten Property.

On December 19, 2018, the Company issued 1,150,000 stock options at an exercise price of \$0.05 good for 5 years. The stock options were issued to consultants, directors and officers of the company in connection with the corporation's annual compensation review process. The options were granted under and are subject to the terms and conditions of the company's stock option plan.

