

**BANYAN GOLD CORP.**  
**FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**DECEMBER 31, 2019**

**(Unaudited - Prepared by Management)**



## **Notice of Disclosure of Non-auditor Review of Interim Financial Statements**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3 (3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Corporation for the interim period ended December 31, 2019 have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Corporation's management.

The Corporation's independent auditors have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

Dated this 25<sup>th</sup> day of February 2020.



**BANYAN GOLD CORP.**  
**INTERIM STATEMENT OF FINANCIAL POSITION**

(Unaudited - Prepared by Management)

For the quarter ended December 31, 2019 - Expressed in Canadian Funds

	December 31 2019	September 30 2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 904,415	\$ 340,351
Accounts receivable	47,365	26,250
Prepays	<u>25,918</u>	<u>29,418</u>
	\$ 977,698	\$ 396,019
Capital Assets, net (Note 7)	\$ 31,550	\$ 34,479
Exploration and evaluation asset (Note 6)	<u>6,030,701</u>	<u>5,199,111</u>
<b>Total Assets</b>	<u>\$ 7,039,949</u>	<u>\$ 5,629,609</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 18,884	\$ 149,484
Future Income Tax Liability	<u>75,658</u>	<u>75,658</u>
	<u>94,542</u>	<u>225,142</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	8,188,352	6,741,457
Share subscriptions received	0	306,625
Contributed surplus	1,170,996	888,462
Deficit	<u>(2,413,941)</u>	<u>(2,532,077)</u>
	<u>6,945,407</u>	<u>5,404,467</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 7,039,949</u>	<u>\$ 5,629,609</u>

Tara Christie  
CEO & President

David Rutt  
CFO

**BANYAN GOLD CORP.****INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Prepared by Management)

For the Quarter Ended December 31 - Expressed in Canadian Funds

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	December 31	
	2019	2018
<hr/>		
<b>EXPENSES</b>		
Stock-based compensation	\$ 157,004	\$ 37,331
Management fees (Note 8)	58,000	56,500
General and administration	34,961	16,197
Listing & filing	2,397	114
Professional fees	2,125	10,500
Future Income Tax for Renunciation	(370,898)	-
Interest Revenue	<u>(1,725)</u>	<u>(150)</u>
<b>NET INCOME AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	\$ 118,136	\$ (120,492)
<b>Loss per common share - basic &amp; diluted (Note 10)</b>	\$ 0.00	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>	128,875,076	87,887,856

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**BANYAN GOLD CORP.**  
**STATEMENT OF CHANGES IN EQUITY**

(Unaudited - Prepared by Management)

For the Quarter Ended December 31, 2019 & 2018 - Expressed in Canadian Funds

	Number of Shares	Capital Stock	Share Subscriptions Received	Contributed Surplus	Deficit	Shareholders Equity
<b>Balance, September 30, 2018</b>	<b>87,787,856</b>	<b>5,598,473</b>	<b>Nil</b>	<b>1,451,233</b>	<b>(2,209,142)</b>	<b>4,840,564</b>
Stock based compensation on stock options (Note 5)				37,331		37,331
Shares issued for Property Payments (Note 5)	1,150,000	57,500				57,500
Net loss for the quarter					(120,492)	(120,492)
<b>Balance, December 31, 2018</b>	<b>88,937,856</b>	<b>5,655,973</b>	<b>Nil</b>	<b>1,488,565</b>	<b>(2,329,634)</b>	<b>4,814,904</b>
<b>Balance, September 30, 2019</b>	<b>98,937,856</b>	<b>6,741,457</b>	<b>306,625</b>	<b>888,462</b>	<b>(2,532,077)</b>	<b>5,404,467</b>
Stock based compensation on stock options (Note 5)				157,004		157,004
Private Placement Issued October 2, & 18, 2019 net of costs and flow through share premium (Note 5)	30,731,059	1,366,395	(306,625)	125,530		1,185,300
Shares issued for Property Payments (Note 5)	1,150,000	80,500				80,500
Net profit for the quarter					118,136	118,136
<b>Balance, December 31, 2019</b>	<b>130,818,915</b>	<b>8,188,352</b>	<b>Nil</b>	<b>1,170,996</b>	<b>(2,413,941)</b>	<b>6,945,407</b>

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**

(Unaudited - Prepared by Management)

For the Quarter Ended December 31, 2019 & 2018 - Expressed in Canadian Funds

	December 31	
	2019	2018
<b>Cash Flows from Operating Activities</b>		
Net profit/(loss) for the period	\$ 118,136	\$ (120,492)
Adjustments for items not involving cash:		
Amortization	2,929	3,835
Future Income Tax for Renunciation	(370,898)	-
Stock based compensation	<u>157,004</u>	<u>37,331</u>
	(92,829)	(79,326)
Changes in non-cash working capital items:		
Decrease (increase) in receivables and accrued interest	(21,115)	28,323
Decrease (increase) in prepaids	3,500	-
Increase (Decrease) in payables and accrued liabilities	<u>(130,600)</u>	<u>(120,719)</u>
Net cash used in operating activities	<u>(241,044)</u>	<u>(171,722)</u>
<b>Cash Flows from Investing Activities</b>		
Exploration and evaluation asset (cash costs)	<u>(751,090)</u>	<u>(95,001)</u>
Net cash from investing activities	<u>(751,090)</u>	<u>(95,001)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Share Issuance	1,874,194	-
Share Subscriptions Used from Prior Quarter	(306,625)	-
Share issuance costs (excluding warrant costs)	<u>(11,371)</u>	<u>-</u>
Net cash from financing activities	<u>1,556,198</u>	<u>-</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	564,064	(266,723)
<b>Cash and Cash Equivalents - Beginning of the Period</b>	<u>340,351</u>	<u>471,690</u>
<b>Cash &amp; Cash Equivalents - End of the Period</b>	<b>\$ 904,415</b>	<b>\$ 204,967</b>

**Supplemental Disclosures**

Interest paid	\$ -	\$ -
Interest received	\$ 1,725	\$ 150

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the periods ended December 31, 2019 and 2018

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, 2020.

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 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 results 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**

For the periods ended December 31, 2019 and 2018  
Expressed in Canadian Funds

**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 hand and deposits in banks. At December 31, 2019 and 2018, the Company did not have any cash equivalents.

**Financial Instruments**

In the current year, the Company has adopted IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting.

Details of these new requirements as well as their impact on the Company's consolidated financial statements are described below. The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**i. Classification and measurement of financial assets**

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:



## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the periods ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- debt investments that are held within a business model of which objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost;
- debt investments that are held within a business model of which objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortized cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

The directors of the Company reviewed and assessed the Company's existing financial assets as at October 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no impact on the classification and measurement of the Company's financial assets: cash and accounts receivable continue to be subsequently measured at amortised cost.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the periods ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss ("ECL") model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortized cost. In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

##### i. Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss. The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities: accounts payable and accrued liabilities and due to shareholders continue to be subsequently measured at amortized cost.

##### ii. General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the periods ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

The Company does not apply the hedge accounting to its financial instruments.

#### **Impairment of Non-financial Assets**

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.

#### **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%

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the periods ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

##### **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

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the periods ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. Government grants related to exploration assets are accounted for by deducting the value of the grant from the carrying value of the asset. 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 had only one operating segment.

#### **New standards and interpretations**

IFRS 16, Leases replaces existing guidance on accounting for leases.

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 has adopted this standard on October 1, 2019. The Company does not currently have any leases and this change is not expected to have a material impact.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the periods ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The are currently no accounting standards that have been issued by the IASB but are not yet effective for the Company.

#### **4. CASH AND CASH EQUIVALENTS**

	Dec 31, 2019	Dec 31, 2018
Cash on Deposit	\$ 904,415	\$ 204,967
Liquid short term deposit	<u>-</u>	<u>-</u>
	\$ 904,415	\$ 204,967

#### **5. 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 130,818,925 Class A common shares issued and outstanding on December 31, 2019.

##### **Transactions**

##### **Current Year**

On October 2, 2019 the Company closed the first tranche of non brokered private placement for \$705,119.75 and on October 18, 2019 the Company closed second tranche of non brokered private placement for \$1,169,074.50

The private placement, which encompasses the two tranches, consists of 13,836,109 flow-through shares (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)) priced at 5.5 cents per share, 8,363,000 charity flow-through units priced at 7.7 cents per unit and 8,531,950 non-flow-through units at 5.5 cents per unit. Both the flow-through and non-flow-through units consist of one share and one-half of a non-flow-through share purchase warrant, each full warrant being exercisable for a period of 18 months from closing into one common share at a price of nine cents per share subject to an acceleration clause

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the quarters ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### **5. SHARE CAPITAL (continued)**

In total, \$1,874,194 was raised of which \$306,625 was transferred from Share Subscriptions Received from the prior quarter.

On December 16, 2019 the Company issued 750,000 Class A common shares to Victoria Gold Corp. at a deemed price of \$0.07 per share for the third year option requirement on the Aurex Property.

On December 16, 2019 the Company issued 400,000 Class A common shares to Alexco Resource Corp. at a deemed price of \$0.07 per share for the third year option requirement on the McQuesten Property.

#### **Prior Year**

On December 24, 2018 the Company issued 750,000 Class A common shares to Victoria Gold Corp. at a deemed price of \$0.05 per share for the 2nd 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 \$0.05 per share for the 2nd year option requirement on the McQuesten Property.

#### **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**

During the quarter ended December 31, 2019, the Company granted the following stock options:

4,250,000 stock options were issued on December 13, 2019, exercisable at \$0.06 for 5 years. These options expire on December 12, 2024. 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	1.59%
Estimated volatility	98%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.0369

Also, during the quarter, 125,000 options have been cancelled.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the quarters ended December 31, 2019 and 2018  
Expressed in Canadian Funds

#### **5. SHARE CAPITAL (continued)**

##### **Stock Options (continued)**

At the end of the quarter ended December 31, 2019, the following share options were outstanding to directors, officers and advisors:

250,050 stock options exercisable at \$0.15 with an expiry of January 25, 2021  
525,000 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  
1,525,000 stock options exercisable at \$0.12 with an expiry of September 23, 2022  
650,000 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 19, 2023  
1,150,000 stock options exercisable at \$0.05 with an expiry of December 19, 2023  
4,250,000 stock options exercisable at \$0.06 with an expiry of December 12, 2024

##### ***Prior Year***

During the quarter ended December 31 2018, the Company granted the following stock options:

On December 18 2018, 1,150,000 stock options were issued, exercisable at \$0.05. These options expire on December 19, 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	1.94%
Estimated volatility	121%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.0325

Also, during the quarter, 250,000 options with an exercise price of \$0.12 and an expiry of September 23, 2022 have been cancelled.



## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **5. SHARE CAPITAL (continued)**

##### **Warrants**

##### **Current Year**

At the end of the period ended December 31, 2019, the following share purchase warrants were outstanding:

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\*  
7,480,000 warrants exercisable at \$0.075 with an expiry of February 20, 2021  
250,000 warrants exercisable at \$0.075 with an expiry of March 9, 2021  
2,902,225 warrants exercisable at \$0.09 with an expiry of April 3, 2021  
5,545,250 warrants exercisable at \$0.09 with an expiry of April 19, 2021  
\*Subject to an acceleration clause.

In conjunction with the Company's two tranche non-brokered private placement of October 2 and 18, 2019, a total of 8,356,475 warrants were issued with an exercise price of \$0.09 for a period of 18 months.

The fair value of the 2,902,225 warrants issued on October 2, 2019 is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.49%
Estimated volatility	0.99
Expected life	1.5 years
Expected dividend yield	0%

The fair value of all warrants granted was \$0.0154 per warrant.

The fair value of the 5,545,250 warrants issued on October 18, 2019 is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.65%
Estimated volatility	0.96
Expected life	1.5 years
Expected dividend yield	0%

The fair value of all warrants granted was \$0.0146 per warrant.

##### **Prior Year**

No warrants were issued or exercised during the quarter ended December 31, 2018.

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

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**6. RESOURCE PROPERTIES*****Hyland Gold Project***

The Company has an interest in the Hyland Gold Project which 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 Indicated Gold Resource Estimate, prepared in accordance with NI 43-101, at a 0.3 g/t gold equivalent cut-off, contains 8.6 million tonnes grading 0.85 g/t AuEq for 236,000 AuEq ounces with an Inferred Mineral Resource of 10.8 million tonnes grading 0.83 g/t AuEq for 288,000 AuEq ounces.

Cut-off Grade (AuEq g/t)	In situ Tonnes	Au		Ag		AuEq	
		Grade (g/t)	Ozs	Grade (g/t)	Ozs	Grade (g/t)	Ozs
<b>Indicated</b>							
<b>0.3</b>	8,637,000	0.78	216,000	7.04	1,954,000	0.85	236,000
<b>Inferred</b>							
<b>0.3</b>	10,784,000	0.77	266,000	5.32	1,845,000	0.83	288,000

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate.

(2) Mineral resources are reported at a cut-off grade of 0.3 g/t AuEq. AuEq grade is based on \$1,350.00/oz Au, \$17.00/oz Ag and assumes a 100% recovery. The AuEq calculation does not apply any adjustment factors for difference in metallurgical recoveries of gold and silver. This information can only be derived from definitive metallurgical testing which has yet to be completed.

\*News Release March 22, 2018 and Technical Report filed May 2, 2018.

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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#### **6. PROPERTIES (continued)**

##### ***Aurex-McQuesten Gold Project***

On May 24, 2017, 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, 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 5<sup>th</sup> 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 agreement with Alexco, 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 5<sup>th</sup> 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%.

## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

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#### 6. RESOURCE PROPERTIES (continued)

- 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 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.

**Under an amendment signed on July 9, 2019 with both Companies, Banyan may elect to extend the initial earn in period by up to 3 years.**

#### SSD Claims

The SSD Claims are 322 claims that have been staked during Q1 in the general vicinity of the Aurex-McQuesten Project.

#### Analysis of Property Expenditures:

	<b>Aurex</b>	<b>McQuesten</b>	<b>SSD</b>	<b>Hyland</b>	<b>Total</b>
<b>Balance, September 30, 2018</b>	<b>352,642</b>	<b>659,558</b>	<b>Nil</b>	<b>3,603,898</b>	<b>4,616,098</b>
Acquisition Costs	37,500	20,000		Nil	57,500
Exploration & Evaluation Expenses Capitalized	26,644	60,757		7,600	95,001
<b>Balance, December 31, 2018</b>	<b>416,786</b>	<b>740,315</b>	<b>Nil</b>	<b>3,611,498</b>	<b>4,768,599</b>
<b>Balance, September 30, 2019</b>	<b>592,444</b>	<b>965,401</b>	<b>Nil</b>	<b>3,641,266</b>	<b>5,199,111</b>
Acquisition Costs	52,500	28,000	40,250	Nil	120,750
Exploration & Evaluation Expenses Capitalized	221,590	489,106		144	710,840
<b>Balance, December 31, 2019</b>	<b>866,534</b>	<b>1,482,507</b>	<b>40,250</b>	<b>3,641,410</b>	<b>6,030,701</b>

## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

For the quarters ended December 31, 2019 and 2018

Expressed in Canadian Funds

#### 7. PROPERTY AND EQUIPMENT

<b>Cost</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Camp Equip</b>	<b>Total</b>
Balance - September 30, 2018	64,936	4,800	14,677	84,413
Additions	0	0	0	0
Balance - September 30, 2019	64,936	4,800	14,677	84,413
Additions	0	0	0	0
Balance - December 31, 2019	64,936	4,800	14,677	84,413

  

<b>Accumulated Depreciation</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Camp Equip</b>	<b>Total</b>
Balance - September 30, 2018	29,163	3,234	2,201	34,598
Depreciation	10,732	861	3,743	15,336
Balance - September 30, 2019	39,895	4,095	5,944	49,934
Depreciation	1,878	97	954	2,929
Balance - December 31, 2019	41,773	4,192	6,898	52,863

  

<b>Carrying Amount</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Camp Equip</b>	<b>Total</b>
Balance - September 30, 2018	35,773	1,566	12,476	49,815
Balance - September 30, 2019	25,041	705	8,733	34,479
Balance - December 31, 2019	23,163	608	7,779	31,550

#### 8. RELATED PARTY TRANSACTIONS

During the quarter, \$58,000 (2018 - \$56,500) was billed to the corporation by officers and directors of the Company. \$45,000 (2018 - \$ 45,000) was billed by KECM Services, a Company controlled by the CEO, \$13,000 (2018 - \$11,500) has been billed to management fees by 1195472 Ontario Ltd. for the CFO, \$ nil (2018 - \$nil) to professional fees by Paul D. Gray Geological Consulting.

#### 9. 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.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the quarters ended December 31, 2019 and 2018

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#### **FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

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.

As at December 31, 2019, the Company had cash of \$904,415 (2018 - \$204,967) and current liabilities of \$18,884 (2018 - \$71,505). 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 a financing through the remainder of the 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

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

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**FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

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 December 31, 2019.

**10. LOSS PER SHARE**

Diluted loss per share for the years ended December 31, 2019 and 2018 is the same as basic loss per share. The impact of the exercise of the outstanding share options and warrants in the money in 2019 did not change the loss per share on a rounded basis.

**11. SUBSEQUENT EVENTS**

None