

**BANYAN GOLD CORP.
FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED

DECEMBER 31, 2020

(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, 2020 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 23rd day of February 2021.



BANYAN GOLD CORP.
INTERIM STATEMENT OF FINANCIAL POSITION

(Unaudited - Prepared by Management)

As at December 31, 2020 and September 30, 2019 - Expressed in Canadian Funds

	December 31, 2020	September 30 2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 5,146,174	\$ 5,356,043
Accounts receivable	81,707	87,324
Prepays	<u>78,720</u>	<u>53,658</u>
	\$ 5,306,601	\$ 5,497,025
Capital Assets, net (Note 7)	\$ 350,466	\$ 64,147
Exploration and evaluation asset (Note 6)	<u>9,625,772</u>	<u>7,887,675</u>
Total Assets	\$ 15,282,839	\$ 13,448,847
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 80,366	\$ 823,669
Future Income Tax Liability	<u>1,544,528</u>	<u>1,544,528</u>
	<u>1,624,894</u>	<u>2,368,197</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	17,288,560	14,542,417
Contributed surplus	1,310,155	931,493
Deficit	<u>(4,940,770)</u>	<u>(4,393,260)</u>
	<u>13,657,945</u>	<u>11,080,650</u>
Total liabilities and shareholders' equity	\$ 15,282,839	\$ 13,448,847

"Tara Christie"

Tara Christie
CEO & President

"Steve Burleton"

Steve Burleton
Director

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

(Unaudited - Prepared by Management)

For the Quarter Ended December 31, 2020 and 2019 - Expressed in Canadian Funds

	December 31, 2020	December 31, 2019
EXPENSES		
Stock-based compensation	\$ 378,662	\$ 157,004
Management fees (Note 8)	117,000	58,000
General and administration	56,677	34,961
Listing & filing	-	2,397
Professional fees	-	2,125
Future Income Tax for Renunciation	-	(370,898)
Interest Revenue	<u>(4,829)</u>	<u>(1,725)</u>
NET INCOME (LOSS) AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (547,510)	\$ 118,136
Loss per common share - basic & diluted (Note 10)	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding	162,864,118	128,875,076

BANYAN GOLD CORP.
STATEMENT OF CHANGES IN EQUITY

(Unaudited - Prepared by Management)

For the Quarter Ended December 31, 2020 & 2019 - Expressed in Canadian Funds

	Number of Shares	Capital Stock	Share Subscriptions Received	Contributed Surplus	Deficit	Shareholders Equity
Balance, September 30, 2019	98,937,856	6,741,457	306,625	888,462	(2,532,077)	5,404,467
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/(loss) for the quarter					118,136	118,136
Balance, December 31, 2019	130,818,915	8,188,352	Nil	1,170,996	(2,413,941)	6,945,407
Balance, September 30, 2020	161,755,972	14,542,417	Nil	931,493	(4,393,260)	11,080,650
Stock based compensation on stock options (Note 5)				378,662		378,662
Private Placement Issued December 21 & 30 2020 (Note 5)	8,434,067		2,457,140			2,457,140
Shares issued for Property Payments (Note 5)	1,150,000		264,500			264,500
Stock Options Exercised		183,350	24,503			24,503
Net profit/(loss) for the quarter					(547,510)	(547,510)
Balance, December 31, 2020	171,523,389	17,288,560	Nil	1,310,155	(4,940,770)	13,657,945

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, 2020 & 2019 - Expressed in Canadian Funds

	December 31, 2020	December 31, 2019
Cash Flows from Operating Activities		
Net profit/(loss) for the period	\$ (547,510)	\$ 118,136
Adjustments for items not involving cash:		
Amortization	4,751	2,929
Future Income Tax for Renunciation	-	(370,898)
Stock based compensation	<u>378,662</u>	<u>157,004</u>
	<u>(164,097)</u>	<u>(92,829)</u>
Changes in non-cash working capital items:		
Decrease (increase) in receivables and accrued interest	5,617	(21,115)
Decrease (increase) in prepaids	(25,062)	3,500
Increase (Decrease) in payables and accrued liabilities	<u>(743,303)</u>	<u>(130,600)</u>
Net cash used in operating activities	<u>(926,845)</u>	<u>(241,044)</u>
Cash Flows from Investing Activities		
Acquisition of property plant and equipment	(291,170)	-
Exploration and evaluation asset (cash costs)	<u>(1,473,497)</u>	<u>(751,090)</u>
Net cash from investing activities	<u>(1,764,667)</u>	<u>(751,090)</u>
Cash Flows from Financing Activities		
Proceeds from Share Issuance	2,500,000	1,874,194
Stock Options Exercised	24,503	0
Share Subscriptions Used from Prior Quarter	-	(306,625)
Share issuance costs (excluding warrant costs)	<u>(42,860)</u>	<u>(11,371)</u>
Net cash from financing activities	<u>2,481,643</u>	<u>1,556,198</u>
Increase (decrease) in cash and cash equivalents during the period	(209,869)	564,064
Cash and Cash Equivalents - Beginning of the Period	5,356,043	340,351
Cash & Cash Equivalents - End of the Period	\$ 5,146,174	\$ 904,415

Supplemental Disclosures

Interest paid	\$ -	\$ -
Interest received	\$ 4,829	\$ 1,725

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended December 31, 2020 and 2019

Expressed in Canadian Funds

1. NATURE AND CONTINUANCE OF OPERATIONS

Banyan Gold Corp. (the "Company", "Corporation" or "Banyan"), 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 February 23, 2021.

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 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

For the periods ended December 31, 2020 and 2019

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 short-term notes (one year or less).

Financial Instruments

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:

- 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).

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended December 31, 2020 and 2019

Expressed in Canadian Funds

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

ii. Classification and Measurement of Financial Liabilities

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.

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended December 31, 2020 and 2019

Expressed in Canadian Funds

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. General Hedge Accounting

The 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 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 and 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, 2020 and 2019

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 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.

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended December 31, 2020 and 2019

Expressed in Canadian Funds

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 replaced previous guidance on accounting for leases. IFRS 16 eliminates the 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 the finance lease accounting model.

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

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

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

For the periods ended December 31, 2020 and 2019

Expressed in Canadian Funds

4. CASH AND CASH EQUIVALENTS

	Dec 31, 2020	Dec 31, 2019
Cash on Deposit	\$ 3,143,639	\$ 904,415
Liquid short-term investments	2,002,535	-
	\$ 5,146,174	\$ 904,415

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 171,523,389 Class A common shares issued and outstanding on December 31, 2020.

Summary current year transactions

	Number	Price	Funds Raised
Property payments:	1,150,000	\$ 0.23	\$ 264,500
Private placements:	5,357,143	\$ 0.280	\$ 1,500,000
	3,076,924	\$ 0.325	\$ 1,000,000
	8,434,067		\$ 2,500,000
Stock options exercised:	100,000	\$ 0.12	\$ 12,000
	83,350	\$ 0.15	\$ 12,503
	183,350		\$ 24,503
Warrants exercised:	Nil		
	9,767,417		\$ 2,789,003

Current year

In December, the Corporation completed two flow through private placements.

The private placements, which encompassed 8,434,067 flow-through shares (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)) consisted of 5,357,143 regular flow through shares at \$0.28 per share and 3,076,924 charity flow through shares priced at \$0.325 per share.

In total, \$24,503 was raised through the exercise of stock options.

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended December 31, 2020 and 2019

Expressed in Canadian Funds

5. SHARE CAPITAL (continued)

On December 9, 2019, the Company issued 750,000 Class A common shares to Victoria Gold Corp. at a deemed price of \$0.23 per share for the initial 51% earn-in on the Aurex Property.

On December 9, 2020, the Company issued 400,000 Class A common shares to Alexco Resource Corp. at a deemed price of \$0.23 per share for the initial 51% earn-in on the McQuesten Property.

Prior 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 previous announcement first tranche closing on Oct. 2, 2019, 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.

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.

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.

BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended December 31, 2020 and 2019

Expressed in Canadian Funds

5. SHARE CAPITAL (continued)

Current year

During the quarter ended December 31, 2020, the Company granted the following stock options:

2,010,000 stock options were issued on December 9, 2020, exercisable at \$0.23 for 5 years. These options expire on December 9, 2025. 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	0.47%
Estimated volatility	119%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.1884.

Stock options

At the end of the quarter ended December 31, 2020, the following share options were outstanding to directors, officers and advisors:

Number	Exercise Price	Expiry Date
166,700	\$ 0.15	January 25, 2021
500,000	\$ 0.065	August 4, 2021
500,000	\$ 0.085	August 26, 2021
150,000	\$ 0.07	October 27, 2021
800,000	\$ 0.11	March 2, 2022
1,425,000	\$ 0.12	September 23, 2022
650,000	\$ 0.08	December 29, 2022
200,000	\$ 0.075	June 18, 2023
1,150,000	\$ 0.05	December 19, 2023
4,100,000	\$ 0.06	December 12, 2024
950,000	\$ 0.12	June 2, 2025
2,010,000	\$ 0.23	December 9, 2025

Prior 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.

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5. SHARE CAPITAL (continued)

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

Warrants

Current year

At the end of the period ended December 31, 2020, the following share purchase warrants were outstanding:

4,330,000 warrants exercisable at \$0.075 with an expiry of February 20, 2021

1,700,000 warrants exercisable at \$0.09 with an expiry of April 3, 2021

2,727,250 warrants exercisable at \$0.09 with an expiry of April 19, 2021

*Subject to an acceleration clause.

Prior year

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 5,445,250 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.

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 Inferred Gold Resource Estimate, prepared in accordance with NI 43-101 and at a 0.6g/t gold equivalent cut-off, 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.

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Refer to the *News Release of March 22, 2018 and Technical Report filed on SEDAR on May 2, 2018 and on the Corporation's website* for pricing and other assumptions.

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%.

AurMac Gold Project

On May 24, 2017, the Corporation completed the definitive agreements on the Aurex and McQueston 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 McQueston Property, from Alexco Resource Corp. ("Alexco"). The Aurex and McQueston 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, of which the second and third stage earn-ins are 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 – **COMPLETED**. The Company was 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 McQueston Agreement with Alexco Resource Corp:

Under the terms of the binding Letter Agreement with Alexco, of which the second and third stage earn-in's are subject to TSX Venture Exchange ("TSX-V") approval, Banyan may earn up to 100% interest in the McQueston property in three (3) stages:

- Initial 51% Option Interest – **COMPLETED**. The Company was 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%.

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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.

Nitra claims

The Nitra claims are 593 claims that have been staked by Banyan 5 km to the west of the AurMac property and is 100% owned.

Aurex extension

The Aurex Extension is a claim group covering 401 claims immediately adject to the Aurex Project and is 100% owned.

Analysis of property expenditures:

	Aurex	McQuesten	Nitra	Aurex Extension	Hyland	Total
Balance, Sept 30, 2019	592,444	965,401	-	-	3,641,266	5,199,111
Acquisition costs	52,500	28,000	40,250	-	-	120,750
Exploration & evaluation expenses capitalized	221,590	489,106	-	-	144	710,840
Balance, Dec 31, 2019	866,534	1,482,507	40,250	-	3,641,410	6,030,701
Balance, Sept 30, 2020	1,733,434	2,274,003	134,097	67,087	3,679,053	7,887,674
Acquisition costs	172,500	92,000	-	-	-	264,500
Exploration & evaluation expenses capitalized	715,642	685,502	47,430	24,923	101	1,473,598
Balance, Dec 31, 2020	2,621,576	3,051,505	181,527	92,010	3,679,154	9,625,772

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7. PROPERTY AND EQUIPMENT

Cost	Building & Land	Vehicles	Computers	Camp Equip	Total
Balance – Sept 30, 2019	0	64,936	4,800	14,667	84,413
Additions	0	0	0	42,654	42,654
Balance – Sept 30, 2020	0	64,936	4,800	57,331	127,067
Additions	286,270	0	0	4,900	291,170
Balance – Dec 31, 2020	286,270	64,936	4,800	62,231	418,237

Accumulated Depreciation	Building & Land	Vehicles	Computers	Camp Equip	Total
Balance – Sept 30, 2019	Nil	39,895	4,095	5,944	49,934
Depreciation	0	7,512	388	5,086	12,986
Balance – Sept 30, 2020	0	47,407	4,483	11,030	62,920
Depreciation	0	1,315	43	3,493	4,851
Balance – Dec 31, 2020	0	48,722	4,526	14,523	67,771

Carrying Amount	Building & Land	Vehicles	Computers	Camp Equip	Total
Balance – Sept 30, 2019	0	25,041	705	8,713	34,479
Balance – Sept 30, 2020	0	17,529	317	46,301	64,147
Balance – Dec 31, 2020	286,270	16,214	274	47,708	350,466

8. RELATED PARTY TRANSACTIONS

During the quarter, \$124,000 (2019 - \$58,000) was billed to the Corporation by officers and directors of the Company. \$95,000 (2019 - \$ 45,000) was billed by KECM Services, a Company controlled by the CEO and \$29,000 (2019 - \$13,000) has been billed to management fees by 1195472 Ontario Ltd. for the CFO. The quarterly billings included \$64,000 (2019 – Nil) in yearly bonus payments to management for the transformative year for the Company in turns of increased market cap, record funds raised, record metres drilled and the successful implementation of the geological model.

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.

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9. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

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.

As at December 31, 2020, the Company had cash and short-term investments of \$5,146,174 (2019 - \$904,415) and current liabilities of \$80,366 (2019 - \$18,881). 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.

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FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 December 31, 2020.

10. LOSS PER SHARE

Diluted loss per share for the years ended December 31, 2020 and 2019 is the same as basic loss per share. The impact of the exercise of the outstanding share options and warrants in the money in 2020 did not change the loss per share on a rounded basis.

11. SUBSEQUENT EVENTS

None