

BANYAN GOLD CORP.
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
SEPTEMBER 30, 2015

Banyan
GOLD (TSXV: BYN)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Banyan Gold Corp.

I have audited the accompanying financial statements of Banyan Gold Corp., which comprise the statements of financial position as at September 30, 2015 and September 30, 2014 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended September 30, 2015 and September 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Banyan Gold Corp. as at September 30, 2015 and September 30, 2014, and its financial performance and its cash flows for the years ended September 30, 2015 and September 30, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

Calgary, Alberta
January 5, 2016



Chartered Accountant

BANYAN GOLD CORP.
STATEMENT OF FINANCIAL POSITION

Expressed in Canadian Funds

	September 30	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 4,405	87,819
Accounts receivable	65,044	10,303
Prepays	<u>24,830</u>	<u>77</u>
	\$ 94,279	\$ 98,199
Capital Assets, net (Note 7)	8,021	-
Exploration and evaluation asset (Note 6)	<u>\$ 1,049,367</u>	<u>\$ 714,176</u>
Total Assets	<u>\$ 1,151,667</u>	<u>\$ 812,375</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 82,884</u>	<u>\$ 35,492</u>
	82,884	35,492
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	1,633,762	1,273,604
Contributed surplus	354,845	197,309
Deficit	<u>(919,824)</u>	<u>(694,030)</u>
	<u>1,068,783</u>	<u>776,883</u>
Total liabilities and shareholders' equity	<u>\$ 1,151,667</u>	<u>\$ 812,375</u>

Mark Ayranto
Chairman

David Rutt
CFO



BANYAN GOLD CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Funds

	Year Ended 2015	September 30 2014
EXPENSES		
Professional fees	\$ 84,797	\$ 64,802
General and administration	61,354	69,117
Management fees (Note 8)	44,000	107,000
Stock based compensation	26,556	32,422
Listing and filing fees	9,157	11,782
Interest income	<u>(70)</u>	<u>(1,161)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ 225,794	\$ 283,962
Loss per common share - basic & diluted (Note 11)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	19,901,260	14,484,000



BANYAN GOLD CORP.
STATEMENT OF CHANGES IN EQUITY
For the years ended September 30, 2015 and 2014
Expressed in Canadian Funds

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Shareholders Equity
Balance, September 30, 2013	14,484,000	1,273,604	164,887	(410,068)	1,028,423
Stock based compensation on stock options (Note 5)			32,422		32,422
Net loss for the year				(283,962)	(283,962)
Balance, September 30, 2014	14,484,000	1,273,604	197,309	(694,030)	776,883
Stock based compensation on stock options (Note 5)			26,556		26,556
Expiration of Purchase Warrants March 1 (Note 5)		115,621	(115,621)		0
Shares issued for cash					
Net of costs, March 12 (Note 5)	8,700,000	212,505	219,178		431,683
Shares issued for cash					
Net of costs, April 8 (Note 5)	1,200,000	32,032	27,423		59,455
Net Loss for the year				(225,794)	(225,794)
Balance, September 30, 2015	24,384,000	1,633,762	354,845	(919,824)	1,068,783

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



BANYAN GOLD CORP.
STATEMENTS OF CASH FLOWS

For the years ended September 30, 2015 and 2014

Expressed in Canadian Funds

	2015	2014
Cash Flows from Operating Activities		
Net loss for the year	\$ (225,794)	\$ (283,962)
Adjustments for items not involving cash:		
Amortization	1,415	
Stock based compensation	<u>26,556</u>	<u>32,422</u>
	(197,823)	(251,540)
Changes in non-cash working capital items:		
Decrease (increase) in receivables and accrued interest	(54,741)	(11,836)
Decrease (increase) in prepaids	(24,753)	(557)
Increase in payables and accrued liabilities	<u>47,392</u>	<u>(13,312)</u>
Net cash used in operating activities	<u>(229,925)</u>	<u>(252,459)</u>
Cash Flows from Investing Activities		
Government grant for exploration and evaluation asset	87,965	35,000
Acquisition of Capital Assets	(9,436)	-
Exploration and evaluation asset	<u>(423,156)</u>	<u>(65,308)</u>
Net cash from investing activities	<u>(344,627)</u>	<u>(30,308)</u>
Cash Flows from Financing Activities		
Proceeds from share issuance	495,000	-
Share issuance costs (excluding warrant costs)	<u>(3,862)</u>	<u>-</u>
Net cash from financing activities	<u>491,138</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents during the year	(83,414)	282,767
Cash and Cash Equivalents - Beginning of the Year	<u>87,819</u>	<u>370,586</u>
Cash & Cash Equivalents - End of the Year	\$ 4,405	\$ 87,819

Supplemental Disclosures

Interest paid	\$ -	\$ -
Interest received	\$ 70	\$ 1,161
Income tax paid	\$ -	\$ -



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

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 5, 2016.

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

On February 15, 2013 the Company completed its qualifying transaction by acquiring the Hyland Gold Project and raised \$500,000 by way of a non-brokered private placement.

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 years ended September 30, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

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

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

Cash and cash equivalents

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

Financial instruments

Financial assets

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

- Fair value through profit or loss - this category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. These assets are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.
- Loans and receivables - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.
- Held-to-maturity investments - these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

• Available-for-sale - non-derivative financial assets not included in the above categories are classified as available-for-sale. These assets are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statement of operations. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

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

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

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

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

Impairment

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

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



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Plant & Equipment

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

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

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

Automotive	30%
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Depreciation of property and equipment utilized in the exploration of assets, including mine exploration, is recapitalized as exploration and evaluation costs attributable to the related asset.

Interest Income

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

Loss per share

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

Share-based payments

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

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

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



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

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

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

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

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

Mineral exploration and evaluation expenditures

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

Rehabilitation provision

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

Segment reporting

The Company determined that it had only one operating segment.



BANYAN GOLD CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations

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

i) IFRS 10 Consolidated Financial Statements

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

ii) IFRS 11 Joint Arrangements

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

The following new standards have been issued but are not yet applicable to the Company:

i) IFRS 9 Financial Instruments

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

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

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

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

ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations (continued)

IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

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

4. CASH AND CASH EQUIVALENTS

	Sept. 30, 2015	Sept. 30, 2014
Cash on Deposit	\$ 4,405	\$ 87,819
Liquid short term deposit	-	-
	\$ 4,405	\$ 87,819

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

Transactions

On March 12, 2015, the Company completed a first tranche non-brokered private placement for \$435,000 by issuing 8,700,000 Units at a price of \$0.05 per unit. Each unit consists of one common share and one-half of a non-transferable common share purchase warrant, with each full warrant exercisable into one common share of the company at an exercise price of 7.5 cents for a period of 24 months from the date of issuance.

The warrants, which form part of the units, may have their expiry time accelerated at any time prior to the expiry of the warrants if the volume-weighted average trading price of the corporation's shares on the TSX Venture Exchange is greater than 12 cents for 15 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice. A total share issuance costs incurred equaled \$222,494, of which \$219,178 was assigned to the value of the share purchase warrants based on the Black Scholes pricing model.



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

5. SHARE CAPITAL (continued)

Transactions (continued)

On April 8th 2015, the Company completed a second tranche non-brokered private placement for \$60,000 by issuing 1,200,000 Units at a price of \$0.05 per unit. Each unit consists of one common share and one-half of a non-transferable common share purchase warrant, with each full warrant exercisable into one common share of the company at an exercise price of 7.5 cents for a period of 24 months from the date of issuance.

The warrants, which form part of the units, may have their expiry time accelerated at any time prior to the expiry of the warrants if the volume-weighted average trading price of the corporation's shares on the TSX Venture Exchange is greater than 12 cents for 15 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice. A total share issuance costs incurred equaled \$27,968, of which \$27,423 was assigned to the value of the share purchase warrants based on the Black Scholes pricing model.

There were no share transactions during the fiscal year ended September 30, 2014.

The Company measured these transactions indirectly, by reference to the fair value of the equity instruments granted.

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.

At the beginning of the year ended September 30, 2015, 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
750,000 stock options exercisable at \$0.05 with an expiry of January 31, 2019
75,000 stock options exercisable at \$0.05 with an expiry of April 22, 2019

During the year ended 2015, the Company granted the following stock options:

On August 11, 2015, 675,000 stock options were issued, exercisable at \$0.05. These options expire on August 10, 2020. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	0.73%
Estimated volatility	217%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$0.0393



BANYAN GOLD CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

5. SHARE CAPITAL (continued)

Stock Options (continued)

On September 6, 2015, 100,000 options exercisable at \$0.05 expired under the rules of the stock option plan.

During the prior year on January 31, 2014 750,000 stock options were issued, exercisable at \$0.05. These options expire January 31, 2019. 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	1.7%
Estimated volatility	213%
Expected Life	5 years
Expected dividend yield	0%

On April 22, 2014, 75,000 stock options were issued, exercisable at \$0.05. These options expire April 22, 2019. 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	1.7%
Estimated volatility	237%
Expected Life	5 years
Expected dividend yield	0%

On February 14, 2014, 83,350 stock options exercisable at \$0.15 expired.

At September 30, 2015, the following incentive stock options were outstanding to directors, officers and advisors:

250,050 stock options exercisable at \$0.15 with an expiry of January 25, 2021
650,000 stock options exercisable at \$0.05 with an expiry of January 31, 2019
75,000 stock options exercisable at \$0.05 with an expiry of April 22, 2019
675,000 stock options exercisable at \$0.05 with an expiry of August 20, 2020

The Company recognizes compensation for all stock options and warrants granted using the fair value based method of accounting. During the year ended September 30, 2015, stock options were issued with an estimated fair value of \$26,556.

Warrants

In conjunction with the Company's non-brokered private placement of March 12, 2015, a total of 4.35 million warrants were issued with an exercise price of \$0.075 for a period of two years subject to an acceleration clause.

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

Risk-free interest rate	0.56%
Estimated volatility	254%
Expected life	2 years
Expected dividend yield	0%



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

5. SHARE CAPITAL (continued)

Warrants (continued)

In conjunction with the Company's second tranche non-brokered private placement of April 8, 2015, a total of 600,000 warrants were issued with an exercise price of \$0.075 for a period of two years subject to an acceleration clause.

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

Risk-free interest rate	0.50%
Estimated volatility	256%
Expected life	2 years
Expected dividend yield	0%

The weighted average fair value of all private placement warrants were \$0.0499.

On March 1, 2015, 3.5 million warrants exercisable at \$0.15 and originally issued in 2013 expired. There were no warrants granted during the prior year period.

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

6. RESOURCE PROPERTIES

The Company has an interest in the Hyland Gold Project 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. 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%.

During the year, the Company received government grant funding of \$47,965 from the Government of Yukon for reimbursement of eligible exploration and evaluation costs incurred between April 1, 2014 and March 31, 2015 and has accrued \$40,000 for reimbursements for the period ended September 30th, 2015 for work completed during the fiscal year. The Company has accounted for the government grant as a reduction in the carrying amount of the exploration and evaluation asset. All conditions attached to the funding were met during the year.

Opening balance - September 30, 2012	Nil
Acquisition Costs	\$ 550,800
Exploration and evaluation expenses capitalized	133,068
Closing balance - September 30, 2013	\$ 683,868
Government grant for work completed	(35,000)
Exploration and evaluation expenses capitalized	65,308
Closing balance - September 30, 2014	\$ 714,176



BANYAN GOLD CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2015 and 2014

6. RESOURCE PROPERTIES (Continued)

Government grant and accrual for work completed	(87,965)
Exploration and evaluation expenses capitalized	423,156

Closing balance - September 30, 2015	\$ 1,049,367
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7. PROPERTY AND EQUIPMENT

Field & Automotive Equipment

Cost at Sept 30, 2014	\$ 0
Current year additions	9,436
Current year disposals	<u>0</u>
Cost at Sept 30, 2015	\$ 9,436
Accumulated amortization at Sept 30, 2014	\$ 0
Current year amortization	<u>1,415</u>
Accumulated amortization at Sept 30, 2015	\$ 1,415
September 30, 2015 Net book Value	\$ 8,021

8. RELATED PARTY TRANSACTIONS

During the year, \$84,000 (2014 - \$147,000) was expensed to the corporation by officers of the Company. \$42,000 (2014 - \$105,000) has been billed to management fees by 1195472 Ontario Ltd., \$38,500 (2014 - \$38,500) to professional fees by Paul D. Gray Geological Consulting, and a further \$3,500 (2014 - \$3,500) has been capitalized against the Hyland Project 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.



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

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 September 30, 2015, the Company had a cash balance of \$4,405 (2014 - \$87,819) and current liabilities of \$82,884 (2014 - \$35,492). 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. A financing will be required to cover the expected short and long term cash requirements.

c) Interest Rate Risk

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

d) Foreign Currency Risk

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

Capital Disclosures

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

The Company's objectives when managing capital are:

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

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



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

For the years ended September 30, 2015 and 2014

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

There were no changes in the Company's approach to capital management during the period ended September 30, 2015.

10. INCOME TAX

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

	September 30, 2015	September 30, 2014
Loss before income tax	\$ (225,794)	\$ (283,962)
Combined basic federal and provincial tax at 25% (2014 - 25%)	(56,448)	(70,991)
Increase (decrease) resulting from:		
Non-deductible items	6,796	8,477
Deductible items	(6,251)	(6,058)
Unrecorded future income tax benefit	55,904	68,572
	\$ -	\$ -

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

	September 30, 2015	September 30, 2014
Non-capital loss carry forwards	\$ 951,192	\$ 691,577
Share issue costs	13,659	34,803
	928,851	726,380
Approximate tax rate	25%	25%
	232,213	181,595
Valuation allowance	(232,213)	(181,595)
	\$ -	\$ -



BANYAN GOLD CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2015 and 2014

10. Income Tax (continued)

Non-capital loss schedule

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

Year of loss	Expire		Amount
2015	2035	\$	223,615
2014	2034		274,288
2013	2033		259,445
2012	2032		96,253
2011	2031		49,561
2010	2030		12,030
		\$	915,192

The benefits resulting from these tax losses have not been recognized. As it is not more likely than not that the Company will realize the benefit of the income tax losses and temporary timing differences, no current or future income tax recovery has been recorded by the Company.

11. LOSS PER SHARE

Diluted loss per share for the years ended September 30, 2015 and 2014 is the same as basic loss per share as the impact of the exercise of the outstanding share options and warrants is anti-dilutive.

12. SUBSEQUENT EVENTS

On December 31 2015, the Company announced that, subject to TSX Venture Exchange approval, it is conducting a non-brokered private placement of up to five million units at 5 cents per unit for gross proceeds of \$250,000.

Each unit consists of one common share and one full non-transferable common share purchase warrant, with each full warrant exercisable into one common share of the company at an exercise price of 10 cents, exercisable for a period of thirty-six months from the date of issuance. The Warrants, which form part of the Unit, may have their expiry time accelerated at any time prior to the expiry of the Warrants if the volume weighted average trading price of the Corporation's shares on the TSX Venture Exchange is greater than \$0.15 for 15 consecutive trading days, at which time the Corporation may give notice in writing to the Warrant holders within 10 days of such an occurrence that the Warrants shall expire on the 30th day following the giving of such notice. The financing may be closed in tranches at the discretion of the Corporation. A finder's fee of up to 6% may be paid on a portion of the financing. The funds raised will be used for general and administrative costs.

Also on December 31, 2015, the Company announced it would issue 600,000 stock options to directors and officers at an exercise price of \$0.05, exercisable for a period of five years from the date of issuance.

