

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

**FOR THE THREE MONTHS ENDED**

**DECEMBER 31, 2015**

**(Unaudited - Prepared by Management)**

***Banyan***  
***GOLD*** (TSXV: BYN)

## **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, 2015 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 2016.

***Banyan***  
***GOLD*** (TSXV: BYN)

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

(Unaudited - Prepared by Management)

For the quarter ended December 31, 2015 - Expressed in Canadian Funds

	December 31 2015	September 30 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 51,253	\$ 4,405
Accounts receivable	27,017	65,044
Prepays	<u>22,330</u>	<u>24,830</u>
	\$ 100,600	\$ 94,279
Capital Assets, net (Note 8)	\$ 7,419	\$ 8,021
Exploration and evaluation asset (Note 6)	<u>\$ 1,063,005</u>	<u>1,049,367</u>
<b>Total Assets</b>	<u>\$ 1,171,024</u>	<u>\$ 1,151,667</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	<u>\$ 79,105</u>	<u>\$ 82,884</u>
	<u>79,105</u>	<u>82,884</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	1,633,762	1,633,762
Share Subscriptions Received (Note 5)	50,000	-
Contributed surplus	374,298	354,845
Deficit	<u>(966,141)</u>	<u>(919,824)</u>
	<u>1,091,919</u>	<u>1,068,783</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,171,024</u>	<u>\$ 1,151,667</u>

Mark Haywood  
CEO

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	
	2015	2014
<hr/>		
<b>EXPENSES</b>		
Management fees (Note 7)	\$ 8,500	\$ 10,500
Professional fees	11,000	11,035
General and administration	26,672	9,143
Listing and filing fees	145	-
Interest income	<u>-</u>	<u>(23)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	\$ 46,317	\$ 30,656
<b>Loss per common share - basic &amp; diluted (Note 11)</b>	\$ (0.00)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>	24,384,000	14,484,000

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

(Unaudited - Prepared by Management)

For the Quarter Ended December 31, 2015 & 2014 - Expressed in Canadian Funds

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Shareholders Equity
<b>Balance, September 30, 2014</b>	<b>14,484,000</b>	<b>1,273,604</b>	<b>197,309</b>	<b>(694,030)</b>	<b>776,883</b>
Net loss for the quarter				(30,656)	(30,656)
<b>Balance, December 31, 2014</b>	<b>14,484,000</b>	<b>1,273,604</b>	<b>197,309</b>	<b>(724,686)</b>	<b>746,227</b>
<b>Balance, September 30, 2015</b>	<b>24,384,000</b>	<b>1,633,762</b>	<b>354,845</b>	<b>(919,824)</b>	<b>1,068,783</b>
Stock based compensation on stock options (Note 5)			19,453		19,453
Subscription Receipts (Note 5)		50,000			50,000
Net loss for the quarter				(46,317)	(46,317)
<b>Balance, December 31, 2015</b>	<b>24,384,000</b>	<b>1,683,762</b>	<b>374,298</b>	<b>(966,141)</b>	<b>1,091,919</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, 2015 & 2014 - Expressed in Canadian Funds

	December 31	
	2015	2014
<b>Cash Flows from Operating Activities</b>		
Net loss for the period	\$ (46,317)	\$ (30,656)
Adjustments for items not involving cash:		
Amortization	602	-
Stock based compensation	19,453	-
	<u>(26,262)</u>	<u>(30,656)</u>
Changes in non-cash working capital items:		
Decrease (increase) in receivables and accrued interest	38,027	(51,012)
Decrease (increase) in prepaids	2,500	-
Increase (Decrease) in payables and accrued liabilities	<u>(3,779)</u>	<u>(14,389)</u>
Net cash used in operating activities	<u>10,486</u>	<u>(96,057)</u>
<b>Cash Flows from Investing Activities</b>		
Government grant for exploration and evaluation asset	-	47,965
Exploration and evaluation asset	<u>(13,638)</u>	<u>(22,749)</u>
Net cash from investing activities	<u>(13,638)</u>	<u>25,216</u>
<b>Cash Flows from Financing Activities</b>		
Share Subscriptions Received	50,000	-
Share issuance costs (excluding warrant costs)	<u>-</u>	<u>-</u>
Net cash from financing activities	<u>50,000</u>	<u>-</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	46,848	(70,841)
<b>Cash and Cash Equivalents - Beginning of the Period</b>	<u>4,405</u>	<u>87,819</u>
<b>Cash &amp; Cash Equivalents - End of the Period</b>	<b>\$ 51,253</b>	<b>\$ 16,978</b>

**Supplemental Disclosures**

Interest paid	\$ -	\$ -
Interest received	\$ -	\$ 23

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

For the Quarters ended December 31, 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 head office is 303 - 80 Richmond Street West, Toronto, Ontario, M5H 2A4. These financial statements were approved and authorized for issuance by the Board of Directors on February 25<sup>th</sup>, 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 Quarters ended December 31, 2015 and 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are discussed in detail in the 2015 annual MD&A for the year ended September 30, 2015, under the heading "Critical Judgements and Accounting Estimates", as well as the 2015 annual audited financial statements for the year ended September 30, 2015, in Note 3.

There have been no material changes applied to these accounting policies from September 30, 2015 up to the date of this MD&A.

#### 4. CASH AND CASH EQUIVALENTS

	Dec 31, 2015	Dec 31, 2014
Cash on Deposit	\$ 51,253	\$ 16,978
Liquid short term deposit	<u>-</u>	<u>-</u>
	\$ 51,253	\$ 16,978

#### 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 24,384,000 Class A common shares issued and outstanding on December 31, 2015.

On December 31, 2015 the Company announced it was proposing to carry out a private placement financing (see **Subsequent Events** below). During December \$50,000 was received in subscription receipts towards this financing.

##### Transactions

There were no share transactions during the quarter ended December 31 2014 or the quarter ended December 31, 2015.

##### 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

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2015 and 2014

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

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.

No options were granted during the quarter ended December 31, 2014.

During the quarter ended December 31, 2015, the Company granted stock options to its consultants and directors to purchase 600,000 common shares, at an exercise price of \$0.05 per share, exercisable on or before December 31, 2020. The fair value of stock options granted to consultants and directors is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.73%
Estimated volatility	1.66%
Expected life	5 years
Expected dividend yield	0%

The weighted average fair value of all stock options granted was \$0.0324.

On December 31, 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 10, 2020  
600,000 stock options exercisable at \$0.05 with an expiry of December 31, 2020

Option 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.

#### **Warrants**

The Company has 4,950,000 warrants outstanding at the end of the current period as a result of financings completed in March and April of 2015. Specific details on expiry and terms are as follows:

4,350,000 warrants exercisable at \$0.075\* until March 13, 2017.  
600,000 warrants exercisable at \$0.075\* until April 10, 2017

\*Note: The warrants 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.

## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

For the Quarters ended December 31, 2015 and 2014

#### 6. RESOURCE PROPERTIES

The Company has an interest in the Hyland Gold Project and is located in the Watson Lake Mining District of southeast Yukon, approximately 74 kilometres northeast of the town of Watson Lake. The Hyland Gold Project consists of 927 claims totaling over 18,620 hectares. 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 quarter ended December 31, 2014 the Company booked into receivables a government grant funding of \$47,965 from the Government of Yukon for reimbursement of eligible exploration and evaluation costs incurred during the fall 2014 work program. 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 quarter and funds were received after the quarter end.

During the quarter ended December 31, 2015, the Company received government grant funding of \$40,000 which was booked in the prior quarter.

##### Hyland Project

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
Government grant receivable for work completed	(87,965)
Exploration and evaluation expenses capitalized	423,156
Closing balance - September 30, 2015	\$ 1,049,367
Government grant receivable for work completed	(nil)
Exploration and evaluation expenses capitalized	13,638
Closing balance - December 31, 2015	\$ 1,063,005

#### 7. RELATED PARTY TRANSACTIONS

During the quarter, \$21,000 (2014 - \$21,000) was expensed to the corporation by officers of the Company. \$10,500 (2014 - \$10,500) has been billed to management fees by 1195472 Ontario Ltd. for the CFO and \$10,500 (2014 - \$10,500) to professional fees by Paul D. Gray Geological Consulting.

## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

For the Quarters ended December 31, 2015 and 2014

#### 8. PROPERTY AND EQUIPMENT

##### Field & Automotive Equipment

<b>Cost at Sept 30, 2015</b>	<b>\$ 9,436</b>
Current period additions	nil
<b>Cost at Dec 31, 2015</b>	<b><u>\$ 9,436</u></b>
<b>Accumulated amortization at Sept 30, 2015</b>	<b>\$ 1,415</b>
Current period amortization	<u>602</u>
<b>Accumulated amortization at Dec 31, 2015</b>	<b><u>\$ 2,017</u></b>
<b>December 31, 2015 Net book Value</b>	<b><u><u>\$ 7,419</u></u></b>

#### 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.

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.

## **BANYAN GOLD CORP.**

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

For the Quarters ended December 31, 2015 and 2014

#### **9. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

##### ***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, 2015, the Company had a cash balance of \$51,253 (2014 - \$16,978) and current liabilities of \$79,105 (2014 - \$21,103). 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. The Company has working capital of \$21,495 (2014 - \$57,190) and all of the quarter ended receivables have now been converted to cash. A financing will be required to cover the expected short and long term cash requirements (see ***Subsequent Event*** below).

##### ***c) Interest Rate Risk***

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

##### ***d) Foreign Currency Risk***

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

#### **Capital Disclosures**

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

The Company's objectives when managing capital are:

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

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

There were no changes in the Company's approach to capital management during the period ended December 31, 2015.

#### **10. INCOME TAX**

Income Tax is computed on a yearly and discussed in detail in the September 30, 2015 annual audited financial statements, Note 10.

## **BANYAN GOLD CORP.**

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

For the Quarters ended December 31, 2015 and 2014

#### **11. LOSS PER SHARE**

Diluted loss per share for the years ended December 31, 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 January 22, 2016** the Company announced that, subject to TSX Venture Exchange approval, it completed a non-brokered private placement of four million units at 5 cents per unit for gross proceeds of \$200,000. Approval was subsequently received and the units issued on January 29, 2016.

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 7 cents, for a period of 36 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 \$0.10 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. Funds will be used for general working capital.

Directors and Officers of Banyan participated by acquiring 1,300,000 units or \$65,000 and post close will hold approximately 32.9% of the shares outstanding.

**On February 1, 2016**, the Company announced the appointment of Mr. Mark Haywood as President, Chief Executive Officer and Director of the Corporation.

Mr. Haywood is an accomplished mining executive with more than 20 years operating mines and managing a number of private and publicly listed mineral resource companies as either their President & CEO, or Executive Chairman. Mr. Haywood holds degrees in both mining engineering and law, and has an extensive career at underground and open-pit mining projects across North America, Africa, South America and Australasia from working at the mine face, through to building and managing large-scale mining operations as either Chief Mining Engineer or Mine Manager.

Also on February 1, 2016, the Company announced it has issued stock options to buy 115,000 shares at \$0.05 per share to officers of the Company. They are exercisable for a period of 5 years.