

**BANYAN GOLD CORP.  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2020 and 2019  
(Expressed in Canadian Funds)**



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Banyan Gold Corp.

### *Opinion*

We have audited the accompanying financial statements of Banyan Gold Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2020 and September 30, 2019 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and September 30, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter*

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

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Kathleen Dengler.

Calgary, Alberta  
January 14, 2021

*Geib & Company*  
*Professional Corporation*  
Chartered Professional Accountants

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

|  | September 30         |                     |
|--|----------------------|---------------------|
|  | 2020                 | 2019                |
| <b>ASSETS</b>                                      |                      |                     |
| <b>Current Assets</b>                              |                      |                     |
| Cash and cash equivalents                          | \$ 5,356,043         | \$ 340,351          |
| Accounts receivable                                | 87,324               | 26,250              |
| Prepays  | <u>53,658</u>        | <u>29,418</u>       |
|  | \$ 5,497,025         | \$ 396,019          |
| <b>Property, plant and equipment, net (Note 6)</b> | 64,147               | 34,479              |
| <b>Exploration and evaluation asset (Note 5)</b>   | <u>\$ 7,887,675</u>  | <u>\$ 5,199,111</u> |
| <b>Total Assets</b>                                | <u>\$ 13,448,847</u> | <u>\$ 5,629,609</u> |
| <b>LIABILITIES</b>                                 |                      |                     |
| <b>Current Liabilities</b>                         |                      |                     |
| Accounts payable and accrued liabilities           | \$ 823,669           | \$ 149,484          |
| <b>Deferred income tax liability (Note 9)</b>      | <u>1,544,528</u>     | <u>75,658</u>       |
|  | <u>2,368,197</u>     | <u>225,142</u>      |
| <b>SHAREHOLDERS' EQUITY</b>                        |                      |                     |
| Share capital (Note 4)                             | 14,542,417           | 6,741,457           |
| Share subscriptions received (Note 4)              | -                    | 306,625             |
| Contributed surplus                                | 931,493              | 888,462             |
| Deficit  | <u>(4,393,260)</u>   | <u>(2,532,077)</u>  |
|  | 11,080,650           | 5,404,467           |
| <b>Total Liabilities and Shareholders' Equity</b>  | <u>\$ 13,448,847</u> | <u>\$ 5,629,609</u> |

  
Tara Christie  
Director

  
Steve Burleton  
Director

**BANYAN GOLD CORP.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended September 30, 2020 and 2019  
Expressed in Canadian Funds

|   | 2020               | 2019              |
|---|--------------------|-------------------|
| <b>EXPENSES</b>   |                    |                   |
| General and administration                                      | 305,692            | 158,278           |
| Management fees (Note 7)  | 210,000            | 182,100           |
| Stock based compensation  | 242,448            | 37,331            |
| Professional fees   | 70,505             | 27,880            |
| Listing and filing fees   | 12,482             | 8,803             |
| Interest income   | <u>(7,916)</u>     | <u>(579)</u>      |
| <b>NET LOSS AND COMPREHENSIVE<br/>LOSS BEFORE INCOME TAX</b>    | 833,211            | 413,813           |
| <b>DEFERRED INCOME TAX FOR RENUNCIATION</b>                     | <u>1,027,972</u>   | <u>(90,878)</u>   |
| <b>NET LOSS AND COMPREHENSIVE<br/>LOSS FOR THE YEAR</b>         | <u>\$1,861,183</u> | <u>\$ 322,935</u> |
| <b>Loss Per Common Share - Basic &amp; Diluted (Note 10)</b>    | \$ (0.01)          | \$ (0.01)         |
| <b>Weighted Average Number of<br/>Common Shares Outstanding</b> | 132,739,731        | 94,708,404        |

**BANYAN GOLD CORP.**  
**STATEMENT OF CHANGES IN EQUITY**  
For the years ended September 30, 2020 and 2019  
Expressed in Canadian Funds

|  | Number of<br>Shares | Capital<br>Stock  | Share<br>Subscriptions<br>Received | Contributed<br>Surplus | Deficit            | Shareholders<br>Equity |
|--|---------------------|-------------------|------------------------------------|------------------------|--------------------|------------------------|
| <b>Balance, September 30, 2018</b>                 | <b>87,787,856</b>   | <b>5,598,473</b>  | <b>-</b>                           | <b>1,451,233</b>       | <b>(2,209,142)</b> | <b>4,840,564</b>       |
| Stock based compensation on stock options (Note 4) |                     |                   |                                    | 37,331                 |                    | 37,331                 |
| Shares issued for financing (Note 4)               |                     |                   |                                    |                        |                    |                        |
| - Proceeds from share issuance                     | 10,000,000          | 500,000           |                                    |                        |                    | 500,000                |
| - Shares issuance costs                            |                     | (207,102)         |                                    |                        |                    | (207,102)              |
| - Fair value warrants                              |                     |                   |                                    | 192,484                |                    | 192,484                |
| Share subscriptions received (Note 4)              |                     |                   | 306,625                            |                        |                    | 306,625                |
| Expiry of share purchase warrants                  |                     | 792,586           |                                    | (792,586)              |                    | -                      |
| Shares issued for property payments                | 1,150,000           | 57,500            |                                    |                        |                    | 57,500                 |
| Net loss for the year                              |                     |                   |                                    |                        | (322,935)          | (322,935)              |
| <b>Balance, September 30, 2019</b>                 | <b>98,937,856</b>   | <b>6,741,457</b>  | <b>306,625</b>                     | <b>888,462</b>         | <b>(2,532,077)</b> | <b>5,404,467</b>       |
| Stock based compensation on stock options (Note 4) |                     |                   |                                    | 242,448                |                    | 242,448                |
| Stock options exercised                            | 875,000             | 89,609            |                                    |                        |                    | 89,609                 |
| Shares issued for financing (Note 4)               |                     |                   |                                    |                        |                    |                        |
| - Proceeds from share issuance                     | 48,331,059          | 6,614,194         | (306,625)                          |                        |                    | 6,307,569              |
| - Shares issuance costs                            |                     | (200,127)         |                                    |                        |                    | (200,127)              |
| - Flow-through liability & renunciation            |                     | (440,898)         |                                    |                        |                    | (440,898)              |
| - Fair value of warrants                           |                     |                   |                                    | 125,529                |                    | 125,529                |
| Exercise of share purchase warrants                | 12,462,057          | 1,657,682         |                                    | (324,946)              |                    | 1,332,736              |
| Shares issued for property payments                | 1,150,000           | 80,500            |                                    |                        |                    | 80,500                 |
| Net loss for the year                              |                     |                   |                                    |                        | (1,861,183)        | (1,861,183)            |
| <b>Balance, September 30, 2020</b>                 | <b>161,755,972</b>  | <b>14,542,417</b> | <b>-</b>                           | <b>931,493</b>         | <b>(4,393,260)</b> | <b>11,080,650</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**

For the years ended September 30, 2020 and 2019  
Expressed in Canadian Funds

|   | 2020                | 2019              |
|---|---------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                             |                     |                   |
| Net loss for the year   | \$ (1,861,183)      | \$ (322,935)      |
| Adjustments for items not involving cash:                               |                     |                   |
| Amortization  | 12,408              | 14,511            |
| Stock based compensation  | 242,448             | 37,331            |
| Deferred income tax for renunciation                                    | <u>1,027,972</u>    | <u>(90,878)</u>   |
|   | <b>(578,355)</b>    | <b>(361,971)</b>  |
| Changes in non-cash working capital items:                              |                     |                   |
| Decrease (increase) in receivables and accrued interest                 | (61,074)            | 12,246            |
| Decrease (increase) in prepaids   | (24,240)            | (6,193)           |
| Increase (decrease) in payables and accrued liabilities                 | <u>674,185</u>      | <u>(42,740)</u>   |
| Net cash generated from (used in) operating activities                  | <u>10,516</u>       | <u>(398,658)</u>  |
| <b>Cash Flows from Investing Activities</b>                             |                     |                   |
| Government grant for exploration and evaluation asset                   | 40,000              | 40,000            |
| Acquisition of property plant and equipment                             | (42,654)            | -                 |
| Exploration and evaluation asset  | <u>(2,727,986)</u>  | <u>(564,687)</u>  |
| Net cash from investing activities                                      | <u>(2,730,640)</u>  | <u>(524,687)</u>  |
| <b>Cash Flows from Financing Activities</b>                             |                     |                   |
| Proceeds from share issuance - financings                               | 6,694,694           | 500,000           |
| Stock option exercised  | 49,250              | -                 |
| Warrant exercises   | 1,373,095           | -                 |
| Share subscriptions received  | (306,625)           | 306,625           |
| Share issuance costs (excluding warrant costs)                          | <u>(74,598)</u>     | <u>(14,619)</u>   |
| Net cash from financing activities                                      | <u>7,735,816</u>    | <u>792,006</u>    |
| <b>Increase (Decrease) in Cash and Cash Equivalents During the Year</b> | 5,015,692           | (131,339)         |
| <b>Cash and Cash Equivalents - Beginning of the Year</b>                | <u>340,351</u>      | <u>471,690</u>    |
| <b>Cash &amp; Cash Equivalents - End of the Year</b>                    | <b>\$ 5,356,043</b> | <b>\$ 340,351</b> |

**Supplemental Disclosures**

|                   |          |        |
|-------------------|----------|--------|
| Interest paid     | \$ -     | \$ -   |
| Interest received | \$ 7,916 | \$ 579 |
| Income tax paid   | \$ -     | \$ -   |

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Banyan Gold Corp. (the "Company"), was incorporated as Banyan Coast Capital Corp. by a Certificate of Incorporation issued pursuant to the provisions of the Alberta Business Corporations Act ("ABCA") on July 26, 2010. The address of the Company's registered office is 166 Cougarstone Crescent SW, Calgary, Alberta, T3H 4Z5. These financial statements were approved and authorized for issuance by the Board of Directors on January 14, 2021.

The Company commenced trading on January 27, 2011, and trades under the symbol BYN on the TSX Venture Exchange (the "Exchange").

These financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations.

The Company does not generate cash flows from operations and has therefore relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company.

If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

#### **2. BASIS OF PRESENTATION**

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on a historical costs basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could results in a material adjustment to the carry amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 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 deposits in banks. At September 30, 2020 and 2019, the Company did not have any cash equivalents.

#### **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 years ended September 30, 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.

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### ***i. 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.

##### ***ii. 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.

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### **Property plant & equipment**

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

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

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

|                |     |
|----------------|-----|
| Automotive     | 30% |
| Computers      | 55% |
| Camp Equipment | 30% |

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

##### **Interest income**

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

##### **Loss per share**

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

##### **Share-based payments**

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

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

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

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### **Income taxes**

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

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

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

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

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

##### **Mineral exploration and evaluation expenditures**

Costs that are directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such cost as: materials used, surveying costs, geological costs, drilling costs, travel to and from the site, and payments made to contractors. 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.

## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### 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.

#### 4. SHARE CAPITAL

##### Authorized:

Unlimited number of:

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

All issued shares are fully paid. There were 161,755,972 Class A common shares issued and outstanding on September 30, 2020.

##### Summary current year transactions

|                          | Number     | Price    | Funds Raised |
|--------------------------|------------|----------|--------------|
| Property payments:       | 1,150,000  | \$ 0.07  | \$ 80,500    |
| Private placements:      | 22,368,059 | \$0.055  | \$ 1,230,243 |
|                          | 8,363,000  | \$0.077  | \$ 643,951   |
|                          | 1,600,000  | \$ 0.20  | \$ 320,000   |
|                          | 2,000,000  | \$ 0.25  | \$ 500,000   |
|                          | 14,000,000 | \$ 0.28  | \$ 3,920,000 |
|                          | 48,331,059 |          | \$ 6,614,194 |
| Stock options exercised: | 525,000    | \$ 0.05  | \$ 26,250    |
|                          | 200,000    | \$ 0.07  | \$ 14,000    |
|                          | 150,000    | \$ 0.06  | \$ 9,000     |
|                          | 875,000    |          | \$ 49,250    |
| Warrants exercised:      | 4,020,225  | \$ 0.09  | \$ 361,820   |
|                          | 3,400,000  | \$ 0.075 | \$ 255,000   |
|                          | 5,041,832  | \$ 0.15  | \$ 756,275   |
|                          | 12,462,057 |          | \$1,373,095  |

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### ***Current year***

##### **Issuance of shares for property options**

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.

##### **Private placement**

On October 2, 2019, the Company closed the first tranche of non-brokered private placement for \$705,120 and on October 18, 2019 the Company closed second tranche of non-brokered private placement for \$1,169,075.

The private placements, 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 charity 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.

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 Exchange is greater than 30 cents for 20 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice.

On July 31, 2020, the Corporation completed the second tranche (first tranche closed July 29, 2020) of a non-brokered private placement that in total raised gross proceeds of \$4,740,000.

The financing included a combination of 14,000,000 charity flow-through shares at \$0.28, 2,000,000 flow-through shares at \$0.25 and 1,600,000 non-flow-through shares at \$0.20 (together the "Offering").

At the close of the private placement, the major shareholders will be Alexco Resource Corporation (9.3%), Victoria Gold Corporation (7.9%), Sprott Capital Partners (3%) and Osisko Gold Royalties (4.9%).

The flow-through gross proceeds component received from the sale to subscribers of the charity flow-through shares and non-flow-through shares will be used to incur "Canadian exploration expenses" as defined in subsection 66.1(6) of the Income Tax Act (Canada) (the "Tax Act") on the Company's properties in the Yukon Territory, and renounced to such subscribers effective not later than December 31, 2020. Such Canadian exploration expenses will also qualify as "flow-through mining expenditures" as defined in subsection 127(9) of the Tax Act. In connection with the closing of the private placement, the Company will pay a cash finder's fee in the amount of \$35,430 on the financing.

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### *Prior year*

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

On December 24, 2018, the Company issued 400,000 Class A common shares to Alexco Resource Corp. at a deemed price of \$0.05 per share for the 2nd year option requirement on the McQuesten Property.

On February 20, 2019, the Company completed the first tranche of a non-brokered private placement and issued 1,520,000 flow-through shares (within the meaning of the Income Tax Act (Canada)), priced at \$0.05 per share and 7,480,000 Units priced at \$0.05. On March 8, 2019, the second tranche of the financing was completed which consisted of 750,000 flow-through shares and 250,000 Units. Each Unit (the "Unit") consisted of one share and one full purchase warrant exercisable for 24 months at \$0.075. Finders' fees totalling \$9,375 were paid in connection with the financing.

In total, \$500,000 was raised through the issuance of 10,000,000 shares and units.

In September 2019, the Company initiated a financing which closed after the fiscal year end. \$306,625 was deposited during the fiscal year and was classified as share subscriptions received

##### **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 years ended September 30, 2020 and 2019  
Expressed in Canadian Funds

**4. SHARE CAPITAL (continued)**

***Current year***

During the year ended September 30, 2020 the Company granted the following stock options:

On December 11 2019, 4,250,000 stock options were issued, exercisable at \$0.06. 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    | 98.3%   |
| Expected Life           | 5 years |
| Expected dividend yield | 0%      |

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

On June 1, 2020, 950,000 stock options were issued, exercisable at \$0.12. These options expire on June 2, 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 | 0.39%   |
| Estimated volatility    | 102%    |
| Expected Life           | 5 years |
| Expected dividend yield | 0%      |

The fair value of all stock options granted was \$0.0899.

During the year, 50,000 options with an exercise price of \$0.12 and an expiry of September 23, 2022 have been cancelled and 150,000 stock options expired.

At the end of the year ended September 30, 2020, the following share options were outstanding to directors, officers, consultants and advisors:

|  |
|--|
| 250,050 stock options exercisable at \$0.15 with an expiry of January 25, 2021     |
| 500,000 stock options exercisable at \$0.065 with an expiry of August 4, 2021      |
| 500,000 stock options exercisable at \$0.085 with an expiry of August 26, 2021     |
| 150,000 stock options exercisable at \$0.07 with an expiry of October 27, 2021     |
| 800,000 stock options exercisable at \$0.11 with an expiry of March 4, 2022        |
| 1,525,000 stock options exercisable at \$0.12 with an expiry of September 23, 2022 |
| 650,000 stock options exercisable at \$0.08 with an expiry of December 29, 2022    |
| 200,000 stock options exercisable at \$0.075 with an expiry of June 19, 2023       |
| 1,150,000 stock options exercisable at \$0.05 with an expiry of December 19, 2023  |
| 4,100,000 stock options exercisable at \$0.06 with an expiry of December 12, 2024  |
| 950,000 stock options exercisable at \$0.12 with an expiry of June 2, 2025         |

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### **Stock options (continued)**

###### ***Prior year***

During the year ended September 30, 2019, the Company granted the following stock options:

On December 11 2018, 1,150,000 stock options were issued, exercisable at \$0.05. These options expire on December 19, 2023. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

|                         |         |
|-------------------------|---------|
| Risk-free interest rate | 1.94%   |
| Estimated volatility    | 121%    |
| Expected Life           | 5 years |
| Expected dividend yield | 0%      |

The fair value of the stock options granted was \$0.0325.

During the year ended September 30, 2019, 250,000 options with an exercise price of \$0.12 and an expiry of September 23, 2022 have been cancelled and 1,075,000 stock options expired.

###### **Warrants**

###### ***Current year***

In conjunction with the Company's tranche one non-brokered private placement of October 2, 2019, a total of 2,902,225 warrants were issued with an exercise price of \$0.09 for a period of 18 months.

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

|                         |           |
|-------------------------|-----------|
| Risk-free interest rate | 1.49%     |
| Estimated volatility    | 99.5%     |
| Expected Life           | 1.5 years |
| Expected dividend yield | 0%        |

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

In conjunction with the Company's tranche two non-brokered private placement of October 18, 2019, a total of 5,545,250 warrants were issued with an exercise price of \$0.09 for a period of 18 months.

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

For the years ended September 30, 2020 and 2019  
Expressed in Canadian Funds

**4. SHARE CAPITAL (continued)**

**Warrants (continued)**

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

|                         |           |
|-------------------------|-----------|
| Risk-free interest rate | 1.65%     |
| Estimated volatility    | 95.8%     |
| Expected Life           | 1.5 years |
| Expected dividend yield | 0%        |

The fair value of all warrants granted was \$0.146.

At the end of the year ended September 30, 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 tranche one non-brokered private placement of February 20, 2019, a total of 7,480,000 warrants were issued with an exercise price of \$0.075 for a period of 24 months.

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

|                         |         |
|-------------------------|---------|
| Risk-free interest rate | 1.77%   |
| Estimated volatility    | 113%    |
| Expected Life           | 2 years |
| Expected dividend yield | 0%      |

The fair value of all warrants granted was \$0.0249.

In conjunction with the Company's tranche two non-brokered private placement of March 8, 2019, a total of 250,000 warrants were issued with an exercise price of \$0.075 for a period of 24 months.

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### **Warrants (continued)**

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

|                         |         |
|-------------------------|---------|
| Risk-free interest rate | 1.46%   |
| Estimated volatility    | 112%    |
| Expected Life           | 2 years |
| Expected dividend yield | 0%      |

The fair value of all warrants granted was \$0.0246.

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

#### **5. RESOURCE PROPERTIES**

##### **Hyland**

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

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

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

##### **Aurex & McQuesten**

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 McQuesten Property, from Alexco Resource Corp. ("**Alexco**"). The Aurex and McQuesten gold properties are contiguous, comprising 8,230 hectares and 1,000 hectares respectively and are both highly prospective for intrusive-related gold mineralization, and include areas of historic gold production (lode and placer), in the prolific Mayo Mining District, Yukon Territory.

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

#### **5. RESOURCE PROPERTIES (continued)**

##### **Highlights of Aurex Agreement with Victoria Gold Corp.:**

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

- Initial 51% Option Interest – Subsequent to the year end, the Company acquired the initial 51% Option Interest in the Property (Note 11). 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 5<sup>th</sup> year. Following the earning of the 51% Option Interest, a joint venture ("JV") will be formed and Banyan will have the ability to elect to earn an additional 24%.
- Additional 24% Interest - In order to earn the Additional 24% Interest, such that Banyan would have an aggregate interest of 75% in the Property, Banyan will be required to spend an additional \$3.5 million in exploration expenditures over five (5) years. Upon having earned the Additional 24% Interest, Banyan will continue to act as the Property's operator and may elect to earn an additional 25%.
- Additional 25 % interest - In order to earn the Additional 25% Interest, such that Banyan would have an aggregate interest of 100% in the Property, within two (2) years Banyan must pay Victoria \$2 million cash or shares and grant Victoria a 6% net smelter return ("NSR") royalty with buybacks totaling \$7 million to reduce to a 1% NSR royalty on Au and a 3% NSR royalty on Ag.

##### **Highlights of McQuesten Agreement with Alexco Resource Corp:**

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

- Initial 51% Option Interest - Subsequent to the year end, the Company acquired the initial 51% Option Interest in the Property (Note 11). 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 5<sup>th</sup> year. Following the earning of the 51% Option Interest, a JV will be formed and Banyan will have the ability to elect to earn an additional 24%.
- Additional 24% Interest - In order to earn the Additional 24% Interest, such that Banyan would have an aggregate interest of 75% in the Property, within three (3) years Banyan must spend an additional \$1 million in exploration expenditures, deliver a Preliminary Economic Assessment and pay Alexco \$600,000 in cash or shares of Banyan. Upon having earned the Additional 24% Interest, Banyan will continue to act as the Property's operator and may elect to earn an additional 25%.

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

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

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

For the years ended September 30, 2020 and 2019  
 Expressed in Canadian Funds

**5. RESOURCE PROPERTIES (continued)**

***Nitra Claims***

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

***Aurex Extension***

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

|   | <b>Aurex</b>     | <b>McQuesten</b> | <b>Nitra</b>   | <b>Aurex<br/>Extension</b> | <b>Hyland</b>    | <b>Total</b>     |
|---|------------------|------------------|----------------|----------------------------|------------------|------------------|
| <b>Balance, Sept 30, 2018</b>                 | <b>352,642</b>   | <b>659,558</b>   | -              | -                          | <b>3,603,898</b> | <b>4,616,098</b> |
| Acquisition costs                             | 37,500           | 20,000           | -              | -                          | -                | 57,500           |
| Government grants received                    | (20,000)         | (20,000)         | -              | -                          | -                | (40,000)         |
| Exploration & evaluation expenses capitalized | 222,302          | 305,843          | -              | -                          | 37,368           | 565,513          |
| <b>Balance, Sept 30, 2019</b>                 | <b>592,444</b>   | <b>965,401</b>   | -              | -                          | <b>3,641,266</b> | <b>5,199,111</b> |
| Acquisition costs                             | 52,500           | 28,000           | 70,375         | 58,606                     | 52,500           | 57,500           |
| Government grants received                    | (20,000)         | (20,000)         | -              | -                          | -                | (40,000)         |
| Exploration & evaluation expenses capitalized | 1,108,490        | 1,300,602        | 63,722         | 8,481                      | 37,787           | 2,519,082        |
| <b>Balance, Sept 30, 2020</b>                 | <b>1,733,434</b> | <b>2,274,003</b> | <b>134,097</b> | <b>67,087</b>              | <b>3,679,053</b> | <b>7,887,674</b> |
| <b>Total grants capitalized</b>               | <b>(57,000)</b>  | <b>(57,000)</b>  | -              | -                          | <b>(162,965)</b> | <b>(276,965)</b> |

The Corporation entered into an agreement with the Government of Yukon for the period April 1, 2020 to March 31, 2021 to provide financial assistance not to exceed 50% of the eligible exploration expenses in the budget to a maximum of \$40,000. Under this agreement, the Corporation is required to submit a project status report by September 30, 2020. In addition, the Corporation is also required to submit a final submission form, a summary or technical report of the project of this agreement on or before January 31, 2021. Under this agreement, the Government of Yukon has held back 15% of the payment until the final submission is received and approved. It is the opinion of management that the Corporation will be able to fulfill all the obligations as required under this funding agreement.

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

**6. PROPERTY AND EQUIPMENT**

| <b>Cost</b>                  | <b>Vehicles</b> | <b>Computers</b> | <b>Camp Equip</b> | <b>Total</b> |
|------------------------------|-----------------|------------------|-------------------|--------------|
| Balance - September 30, 2018 | 64,936          | 4,800            | 14,677            | 84,413       |
| Additions                    | -               | -                | -                 | -            |
| Balance - September 30, 2019 | 64,936          | 4,800            | 14,677            | 84,413       |
| Additions                    | -               | -                | 42,654            | 42,654       |
| Balance - September 30, 2020 | 64,936          | 4,800            | 57,331            | 127,067      |

| <b>Accumulated Depreciation</b> | <b>Vehicles</b> | <b>Computers</b> | <b>Camp Equip</b> | <b>Total</b> |
|---------------------------------|-----------------|------------------|-------------------|--------------|
| Balance – September 30, 2018    | 29,163          | 3,234            | 2,201             | 34,598       |
| Depreciation                    | 10,732          | 861              | 3,743             | 15,336       |
| Balance – September 30, 2019    | 39,895          | 4,095            | 5,944             | 49,934       |
| Depreciation                    | 7,512           | 388              | 5,086             | 12,986       |
| Balance – September 30, 2020    | 47,407          | 4,483            | 11,030            | 62,920       |

| <b>Carrying Amount</b>       | <b>Vehicles</b> | <b>Computers</b> | <b>Camp Equip</b> | <b>Total</b> |
|------------------------------|-----------------|------------------|-------------------|--------------|
| Balance - September 30, 2018 | 35,773          | 1,566            | 12,476            | 49,815       |
| Balance - September 30, 2019 | 25,041          | 705              | 8,733             | 34,479       |
| Balance - September 30, 2020 | 17,529          | 317              | 46,301            | 64,147       |

**7. RELATED PARTY TRANSACTIONS**

During the year, \$236,780 (2019 - \$221,550) was billed to the corporation by officers and directors of the Company. \$42,500 (2019 - \$46,500) has been billed to management fees by 1195472 Ontario Ltd. for the CFO with a further \$7,000 billed directly in his name (2019 - \$Nil), \$160,500 (2019 - \$135,600) was invoiced for management fees by KECM Services, a Company controlled by the CEO. A further \$13,280 (2019 - \$39,450) was billed to projects by KECM for the CEO and \$13,500 billed for rent (2019 - nil). As of September 30, 2020, there were balances in accounts payable of \$68,234 (2019 - \$5,355) owed to related parties.

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

#### **8. FINANCIAL AND CAPITAL RISK MANAGEMENT**

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

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

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

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

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

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

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

##### **a) Credit Risk**

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

##### **b) Liquidity Risk**

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

As at September 30, 2020, the Company had a cash of \$5,356,043 (2019 - \$340,351) and current liabilities of \$823,669 (2019 - \$149,484). 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 in the September 30, 2021 fiscal.

##### **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.

## **BANYAN GOLD CORP.**

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

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

##### ***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 year ended September 30, 2020.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effect within the Company's environment and in the global market due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closure of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations.

The extent of this impact of this outbreak and related containment measures of the Company's operations cannot be reliably estimated at this time. Management continues to evaluate the impact of these events and review the Company's approach to capital management to ensure the Company's objectives are met.

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

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

**9. INCOME TAX**

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

|  | <b>September 30, 2020</b> | <b>September 30, 2019</b> |
|--|---------------------------|---------------------------|
| Loss before income tax   | \$ (\$1,861,183)          | \$ (322,935)              |
| Combined basic federal and provincial tax<br>at 24% (2019 - 23%) | (442,031)                 | (74,275)                  |
| Increase (decrease) resulting from:                              |                           |                           |
| Non-deductible items   | 317,680                   | (11,336)                  |
| Deductible items   | (11,362)                  | (5,349)                   |
| Unrecorded deferred income tax benefit                           | 135,713                   | 90,960                    |
|  | \$ -                      | \$ -                      |

The components of the deferred income tax liability for the Company are as follows:

|   | <b>September 30, 2020</b> | <b>September 30, 2019</b> |
|---|---------------------------|---------------------------|
| Non-capital loss carry forwards                       | \$ 3,216,169              | \$ 2,656,776              |
| Property, plant & equipment – UCC                     | 62,920                    | 49,934                    |
| Exploration asset – CEE                               | (5,775,481)               | (3,086,517)               |
| Exploration funds not yet expensed                    | (3,136,951)               | -                         |
| Share issuance costs                                  | 129,815                   | 50,860                    |
|   | (5,503,528)               | (328,947)                 |
| Approximate tax rate                                  | 24%                       | 23%                       |
|   | (1,307,088)               | (75,658)                  |
| Discount on premium of charity flow<br>through shares | (237,440)                 | -                         |
| Deferred income tax liability                         | \$ (1,544,528)            | \$ (75,658)               |



**BANYAN GOLD CORP.**

**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2020 and 2019

Expressed in Canadian Funds

**11. SUBSEQUENT EVENTS (continued)**

*Private Placement*

On December 21, 2020 the Company closed the first tranche of non-brokered private placement for \$1,500,000 and on December 30, 2020 the Company closed a second tranche of a non-brokered private placement for \$1,000,000.

The private placement encompasses the first tranche, closing consisting of 5,357,143 flow-through shares (within the meaning of Subsection 66(15) of the Income Tax Act (Canada)) priced at \$0.28 per share, and the second tranche consisting of 3,076,924 charity flow-through shares priced at \$0.325 per share.