

# Yellow Giant Gold Property



YELLOW GIANT  
TEL SITE

## Summary of Purchase Opportunity March 2016

# Disclaimer

- FTI Consulting Canada Inc. ("FTI") in its capacity as Receiver and Manager (the "Receiver") of Banks Island Gold Ltd. ("BIG") is soliciting offers for all of the assets of BIG including the Yellow Giant Gold Mine (the "Transaction" ).
- All information contained in or enclosed with this document (unless otherwise stated herein) or otherwise received as part of any due diligence process has not been independently verified. No representation or warranty, express or implied, is given by the Receiver or any other person as to the accuracy or completeness of such information and no responsibility or liability is accepted for any errors, omissions or misstatements, negligent or otherwise, in such information. Accordingly, neither the Receiver of BIG, or their affiliates, directors, employees or advisors shall be liable for any direct, indirect, or consequential loss or damage suffered by any person as a result of relying on any statement or omission in this document or any other information or communication received as a part of the due diligence process. This document does not contain all of the information available with respect to BIG and the Yellow Giant Gold Mine ("Yellow Giant") or otherwise necessary to evaluate the Transaction. Its sole purpose is to assist the recipient in deciding whether to proceed with a further analysis and it is assumed, and expected, that each recipient will conduct its own investigation and analysis of the assets of BIG.
- The Receiver may modify the offering procedure at any time, to accept any proposal prior to the closing date for proposals, to alter the dates of the offering procedure, or to withdraw from the process altogether without ascribing any reason thereto and without any liability to any interested party.

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# History and Geology

- **HISTORY:** Exploration on the Yellow Giant Gold Property from 1960 to 1988 consisted of surface prospecting, soil geochemistry, detailed geological mapping, hand and backhoe trenching, airborne geophysical surveys, ground geophysics (SP, IP and horizontal Loop EM), surface and underground diamond drilling, and underground mining.
- The extensive exploration over the past 50 years has led to partial delineation of several gold deposits on the Yellow Giant property.
- There are four major zones of gold mineralization, the Bob, Tel, Kim and Discovery Zones. Over 20 other gold showings were also identified during this time. From 1977-1978, a 420 m decline was developed at the Bob Zone, the extracted material was left unprocessed in a stockpile.
- Up until July 21, 2015 Banks Island Gold Ltd. was mining, actively exploring and developing the Yellow Giant Gold Property, which consists of 33 mineral claims or approximately 15,715 hectares on Banks Island. Banks Island Gold Ltd. declared commercial production, effective January 1st 2015, at the Yellow Giant property.
- The Company operated a Dense Media Separation ("DMS") plant to pre-concentrate a primary gold ore. Pre-concentration rejects up to 50% of the mined mass in a coarse gravel sized product resulting in sufficient void space in underground workings to dispose of all tailings underground.
- **GEOLOGY:** The Yellow Giant property is characterized by two parallel, NW striking, isoclinally folded, calcareous to pelitic Paleozoic metasediment belts. The sediments have been intruded by a Middle to Late Jurassic aged, multi-phase, igneous stock: compositions include quartz monzonite, granodiorite, and diorite. Regional NW trending, dextral, strike-slip faults bound the sedimentary units. These regional faults have conjugate secondary NE and E-W trending faults. Mineralisation is concentrated at dilational sites on E-W faults near their intersection with regional NW faults and sedimentary units.



# Mineralization

## *Gold In Massive Sulphides & Use Of Dense Media Separation*

### Key Advantages:

- Gold between grains of sulphide minerals (non-refractory).
- DMS Plant separates sulphides from gangue at ½" crush size.
- Use of DMS plant provides **greatly diminished risk from mining dilution.**
- Rejection of mining dilution allows use of **low cost mining methods, mass rejection before processing**
- Rejection of hard gangue minerals **increases throughput** through grinding and floatation circuits.



# Mineral Resource Statement

	Measured			Indicated			Inferred		
	Tonnes	Au Grade (gpt)	Ag Grade (gpt)	Tonnes	Au Grade (gpt)	Ag Grade (gpt)	Tonnes	Au Grade (gpt)	Ag Grade (gpt)
<b>YELLOW GIANT</b>	31,000	23.4	44	47,000	22.7	43	81,000	13.7	33

**TOTAL MEASURED & INDICATED = 57,600oz Au**

**TOTAL INFERRED = 35,700oz Au**

YELLOW GIANT mineral resource stated at a 6gpt Au Cut-off grade. Grades capped at 98<sup>th</sup> percentile  
 Current NI43-101 Complaint Resource for Yellow Giant calculated in February 1 2013 for Banks Island Gold Ltd by R. Baldwin P.Eng

For details on the data verification and the key assumptions, parameters and methods used to calculate the mineral resource estimate, please see the Yellow Giant Technical Report, a copy of which was filed on SEDAR on February 6, 2013 and is available at [www.sedar.com](http://www.sedar.com)

Zone	Measured			Indicated			Inferred		
	Tonnes	Cut Au Grade (g/t)	Cut Ag Grade (g/t)	Tonnes	Cut Au Grade (g/t)	Cut Ag Grade (g/t)	Tonnes	Cut Au Grade (g/t)	Cut Ag Grade (g/t)
<b>&amp; Lens</b>									
TEL Central	8,000	16.2	50	17,000	16.1	44	7,000	17.9	43
TEL Main	6,000	25.4	35	3,000	22.7	29	700	22.4	25
TEL Lower	900	36.1	35	1,000	40.7	33	800	42.2	25
TEL West	200	23.9	35	100	27.3	37	0	0.0	0
BOB	60,00	32.0	63	11,000	30.9	58	8,000	29.3	50
Discovery	10,000	22.1	36	15,000	22.8	36	6,000	30.8	36
Kim Main	0	0	0	0	0	0	56,000	9.0	23
Kim Pit	0	0	0	0	0	0	3,000	5.0	11
<b>Total</b>	<b>31,000</b>	<b>23.4</b>	<b>44</b>	<b>47,000</b>	<b>22.7</b>	<b>43</b>	<b>81,000</b>	<b>13.7</b>	<b>28</b>

# Historical Gold Production and Recovery

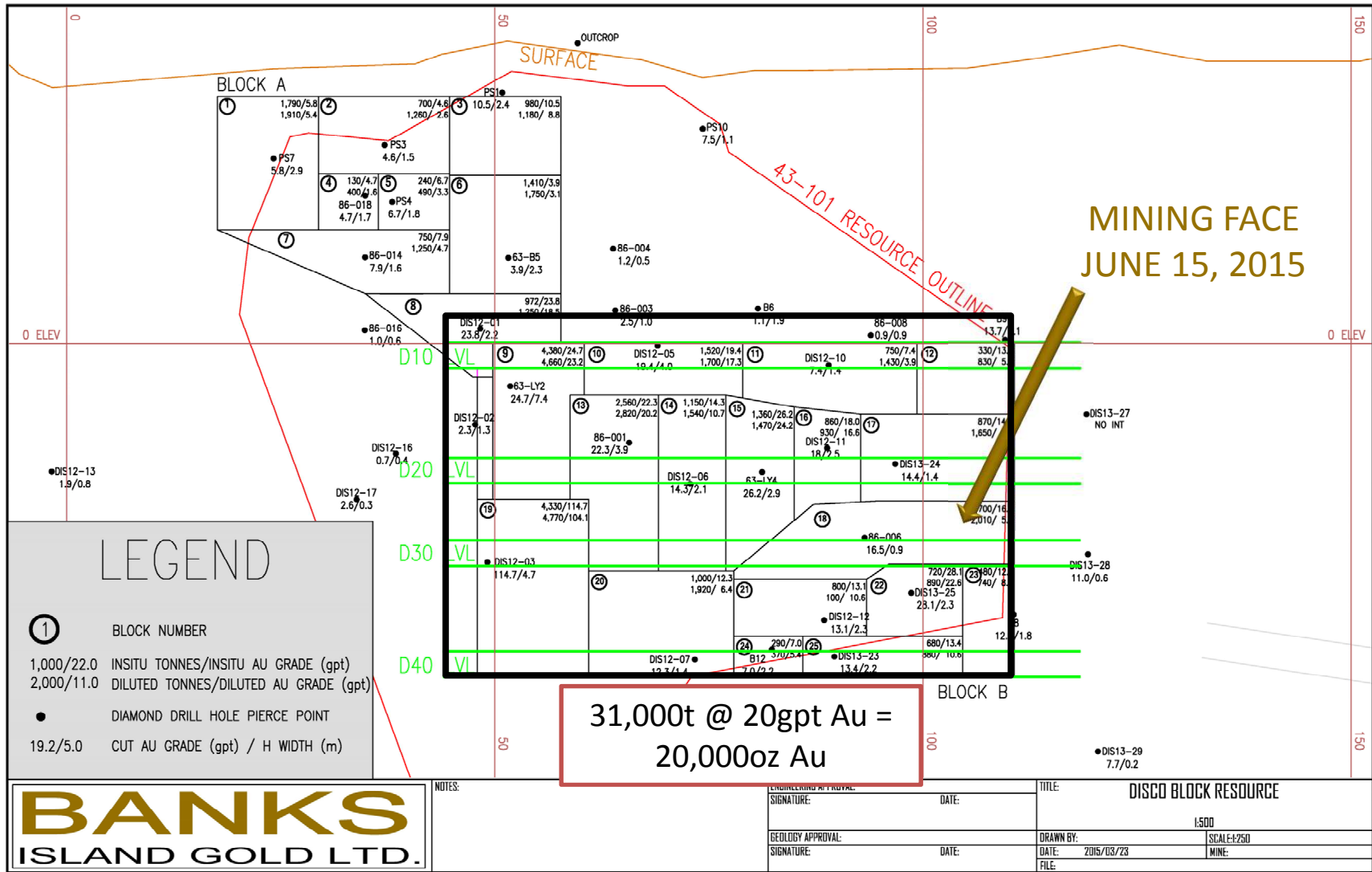
MONTH	Total Concentrate					Total Floats & Tailings					Total Feed					Recovery		Days
	DMT	Au (toz)	Ag (toz)	Au (gpt)	Ag (gpt)	DMT	Au (toz)	Ag (toz)	Au (gpt)	Ag (gpt)	DMT	Au (toz)	Ag (toz)	Au (gpt)	Ag (gpt)	Au (%)	Ag (%)	
<i>Feb 1- Jun 11, 2014</i>	3,577	6,161	16,835	53.6	146	32,240	1,442	8,498	1.4	8	35,817	7,602	25,334	6.6	22	81%	66%	130
<i>Aug 1-31, 2014</i>	297	710	1,763	74.4	185	1,606	74	441	1.4	7	1,903	784	2,204	12.8	30	91%	80%	31
<i>Sep 1-30, 2014</i>	594	1,727	3,889	90.3	204	4,055	149	864	1.1	6	4,649	1,875	4,753	12.5	29	92%	82%	30
<i>Oct 1-31, 2014</i>	533	1,395	5,309	81.4	310	5,712	283	1,698	1.5	10	6,245	1,678	7,008	8.4	38	83%	76%	31
<i>Nov 1-30, 2014</i>	451	1,116	2,473	77.1	171	3,666	189	742	1.6	6	4,117	1,305	3,215	9.9	23	86%	77%	30
<i>Dec 1-31, 2014</i>	440	1,058	2,656	74.8	188	5,850	217	1,187	1.2	6	6,290	1,276	3,842	6.3	19	83%	69%	31
<i>Jan 1-31, 2015</i>	696	1,632	6,024	72.9	269	10,528	389	3,053	1.2	9	11,224	2,021	9,078	5.6	25	81%	66%	31
<i>Feb 1-28, 2015</i>	418	1,147	5,065	85.4	377	6,287	235	1,723	1.2	10	6,705	1,382	6,788	6.4	35	83%	75%	28
<i>Mar 1-31, 2015</i>	375	1,361	4,813	112.9	399	3,115	145	1,531	1.4	14	3,490	1,505	6,343	13.4	52	90%	76%	31
<i>Apr 1-30, 2015</i>	475	1,494	5,343	97.9	350	4,090	169	1,540	1.3	11	4,565	1,663	6,883	11.3	46	90%	78%	30
<i>May 1-31, 2015</i>	606	1,895	3,413	97.3	175	5,531	183	978	1.0	5	6,137	2,078	4,391	10.5	19	91%	78%	31
<i>June 1-30, 2015</i>	607	1,997	3,190	102.3	163	8,207	292	1,354	1.1	4	8,815	2,290	4,544	8.1	12.5	87%	70%	30

# Deposit Geology

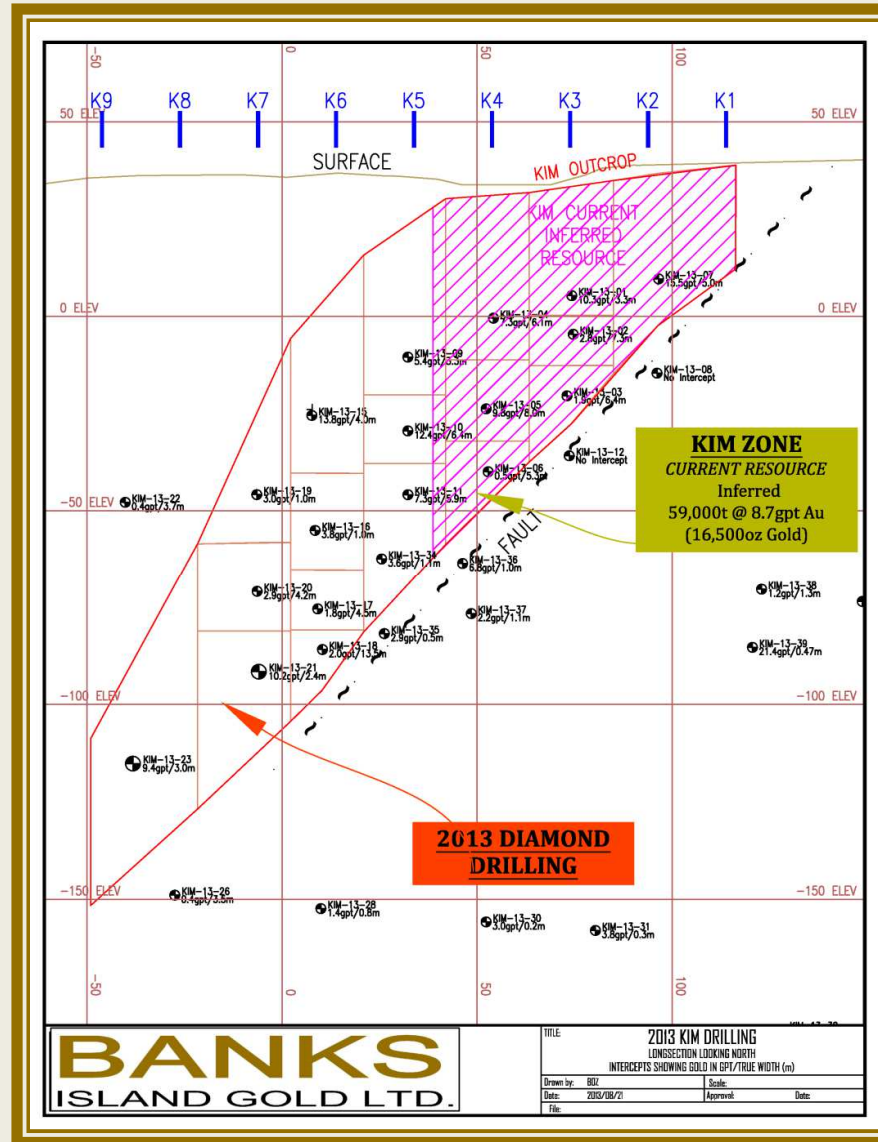
DEPOSIT	HOST ROCK	MINERALISATION STYLE	MINERAL ASSEMBLAGE		ALTERATION
			ORE	GANGE	
<b>TEL</b>	Stratigraphic sequence of banded to massive marble (Paleozoic aged – Carboniferous?)	Vein controlled: banded solid sulphide vein, occasionally brecciated. Central Tel Zone: Strikes E-W, steeply dips to S. Main Tel Zone: Strikes NNW and dips to N.	Pyrite-sphalerite ± arsenopyrite-galena-chalcopyrite	Quartz	Limonite staining within fractured marble.
<b>DISCOVERY</b>	Skarn/marble contact (Paleozoic aged – Carboniferous?)	Vein controlled, occasional breccia. Striking NW, steeply dipping to NE.	Pyrrhotite-pyrite ± chalcopyrite	Quartz, carbonate	Limonite staining within fractured marble. Skarn alteration.
<b>BOB</b>	Quartz diorite with entrained skarn and marble blocks (Middle to Late Jurassic aged)	Vein controlled: massive sulphide vein with quartz-marble-sulphide breccia in hanging wall. Strikes E-W, steeply dips to N.	Pyrite, sphalerite (silver colored) ± galena-chalcopyrite	Quartz, carbonate	Moderate sericite-K-spar
<b>KIM</b>	Quartz Monzonite (Late Jurassic, Cretaceous? aged)	Moderately to well developed quartz stockwork veins. Ore zone strikes WNW, steeply dips to NNE, plunges to W.	Pyrite ± arsenopyrite-sphalerite-galena	Quartz ± carbonate	Pervasive sericite ± chlorite, especially in footwall.



# Yellow Giant – Disco Zone



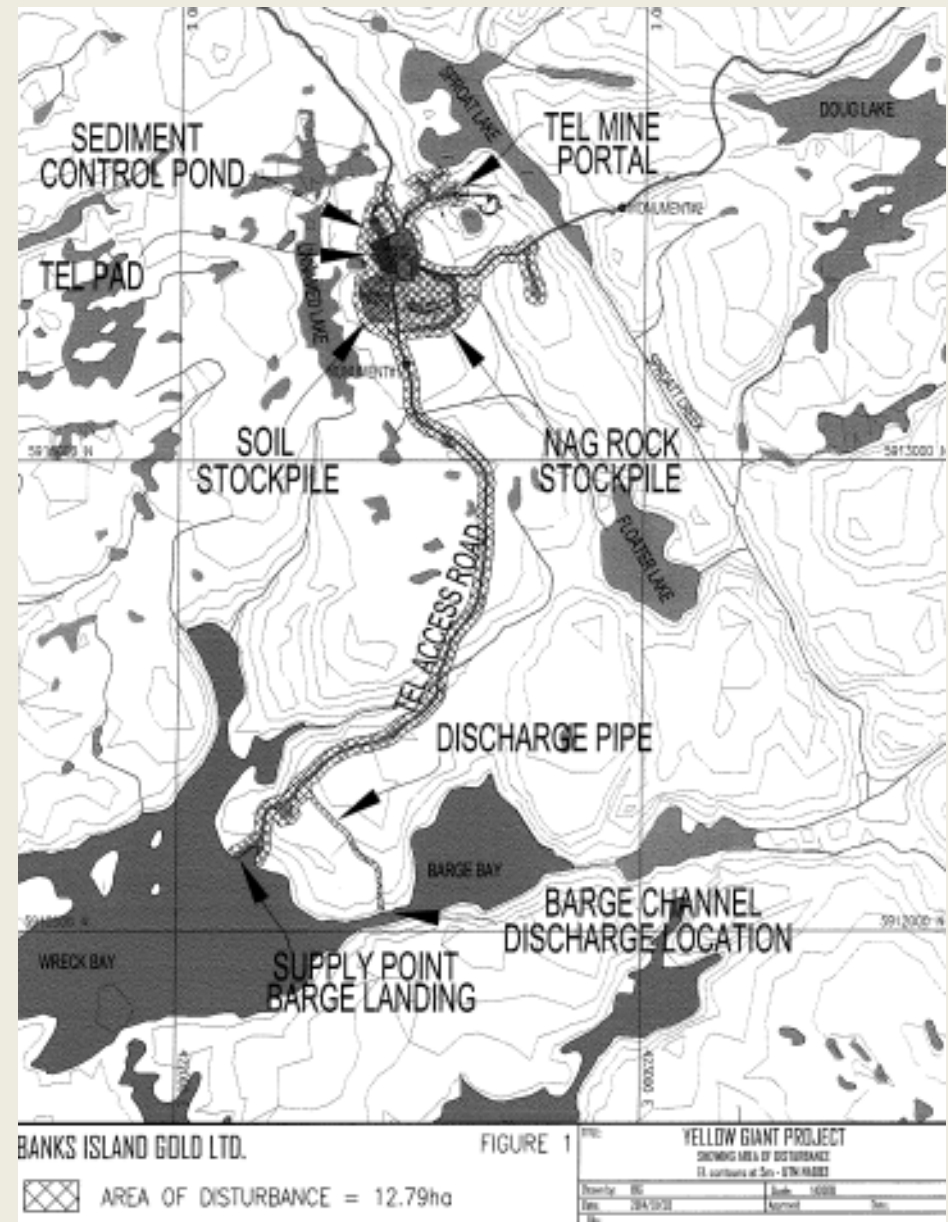
# Yellow Giant – Kim Zone



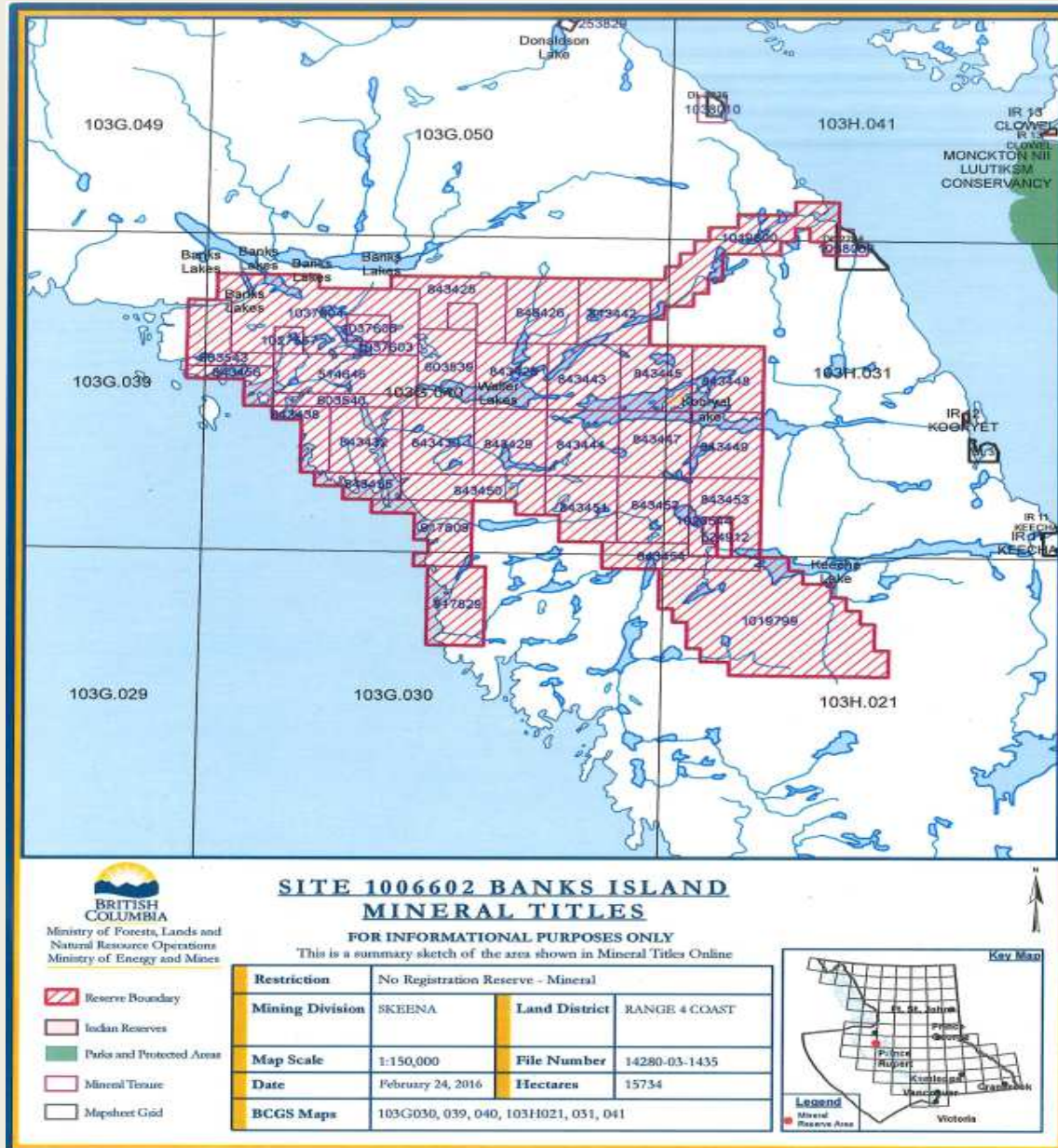
# Permit and Amendments

## Yellow Giant Mine – Tel Zone Permit No. M-241

- The permit approved the disturbances associate with the construction, development, and production of ore and ancillary activities at the Tel Zone of the Yellow Giant Mine, encompassing 12.8 Ha (see right) which was held by Banks Island Gold Ltd.
- A permit amendment application for M-241 was prepared by Banks Island Gold Ltd. including the Discovery Zone in the M-241.
- The permit amendment is currently in fillable form for the Ministry of Energy and Mines to review the amendment application.
- The Discovery Zone is currently permitted under MX-1-862 which allowed for a bulk sample of no more than 10,000 t of ore to be mined from the Discovery Zone.
- The bulk sample limit has been exhausted, as such the permit amendment is necessary for further ore extraction in the Discovery Zone.



# Mineral Titles





# Investment in Yellow Giant

## Mineral Interests

Cost	Mineral properties	Exploration and evaluation assets	Total
Balance, February 28, 2014	\$ -	\$ 15,304,506	\$ 15,304,506
Additions	-	16,018,506	16,018,506
Increase to decommissioning liability	-	420,000	420,000
Net proceeds from concentrate production *	-	(11,859,508)	(11,859,508)
Reclassification **	19,267,534	(19,267,534)	-
Balance, February 28, 2015	19,267,534	615,970	19,883,504
Additions	-	1,566,563	1,566,563
<b>Balance, August 31, 2015</b>	<b>\$ 19,267,534</b>	<b>\$ 2,182,533</b>	<b>\$ 21,450,067</b>

## Plant and equipment

Cost	Vehicles and other equipment	Surface exploration equipment	Underground mining equipment	Processing plant	Total
Balance, February 28, 2014	\$ 134,559	\$ 653,398	\$ 915,709	\$ 1,557,270	\$ 3,260,936
Additions	5,902	515,504	897,145	4,073,677	5,492,228
Balance, February 28, 2015	140,461	1,168,902	1,812,854	5,630,947	8,753,164
Additions	40,832	196,016	6,021	42,452	285,321
Disposals	-	(323,750)	-	-	(323,750)
<b>Balance, August 31, 2015</b>	<b>\$ 181,293</b>	<b>\$ 1,041,168</b>	<b>\$ 1,818,875</b>	<b>\$ 5,673,399</b>	<b>\$ 8,714,735</b>

\* Prior to declaration of commercial production of the Yellow Giant property effective January 1, 2015, any proceeds from sales were offset against capitalized amounts for exploration and evaluation assets.

\*\* Upon declaration of commercial production effective January 1, 2015, net exploration and evaluation expenditures were reclassified to mineral properties.

Excerpts from fiscal 2016 Q2 Banks Island Gold Ltd. interim financial statements files on Sedar.com. All numbers are presented in Canadian dollars.

# Capital Assets

YEAR	Make	Model	Function	Est. Market Value
2013	Sepro		Mobile Grinding Module	\$800,000
2012	Custom		Skid Mounted Dense Media Separation Plant	\$650,000
2013	Sepro		Mobile Flotation Module	\$500,000
2000	Tamrock	Axera D06	2boom Jumbo Drill	\$300,000
2013	Marcotte	M40	Underground Scissor Lift	\$280,000
2012	Zinex	A5	Diamond Drill with accesories	\$220,000
2011	Boart	Stopemate	Pnematic longhole drill	\$200,000
2015	Metchem		Filter Press - 100ft3	\$180,000
2008	Volvo	A30E	Articulated Rock Truck	\$170,000
2014			Thickener Tanks & mechanisms	\$100,000
2014	Cementec		Mobile concrete batch plant	\$80,000
2014	Metchem		Filter Press - 30ft3	\$80,000
2014	Hayword Gordon		Stock Tanks & agitators	\$80,000
2014	Tsurumi		6x submerible mine pumps	\$75,000
2014	Hurley		6x Vane Axial mine fans	\$60,000
1996	Dux	20t	20T Underground Rock Truck	\$50,000
1996	Dux	20t	20T Underground Rock Truck	\$50,000
Varies	Various		Light vehicles	\$50,000
2005	Sullivan		Deisel Compressor -800CFM	\$25,000
2000	Sullivan		Deisel Compressor -800CFM	\$25,000
2000	Cummings		100kw Genset	\$25,000
2013	Multicrete		Shotcrete Machine	\$18,000
				<b>\$4,018,000</b>

Note: The sale of assets will be conducted on an “as is, where is” basis with no representations or warranties being provided by the Receiver. Additionally no formal appraisal of the equipment noted above has been performed. A more detailed list of equipment will be available as part of the data room materials.

# Sale Process

## Confidentiality Agreements

- Additional information will be made available to those parties signing and returning a Confidentiality Agreement to Scott Gallon at [Scott.Gallon@fticonsulting.com](mailto:Scott.Gallon@fticonsulting.com)

## Data Room Access

- Upon receipt of a signed Confidentiality Agreement, all interested parties will receive a access to the Yellow Giant Dropbox with additional financial, operational, and geological information to allow them to evaluate this purchase opportunity.
- Any questions or requests for additional information should be directed to Scott Gallon at the contact email noted above or by phone at 604-601-5691.

## Access to Geologist

- The receiver has retained the head geologist from Banks Island Gold Ltd. to provide assistance with site administration. Any requests for access to the geologist should be made to Scott Gallon so that appointments may be scheduled.

# Sale Timeline

## Timeline

- The deadline for receipt of Letters of Interest (“LOI”) is 5:00 PM (PST) on Wednesday April 6, 2016. Upon receipt of LOI’s, the Receiver will develop a short list of parties who will be given the opportunity to submit a binding Offer of Purchase and Sale. Accordingly all LOI’s should include the following information:
  - Identification of the buyer;
  - Background information on the buyer including an overview of the buyer’s financial position and indication of ability to close the Transaction;
  - Purchase price being offered and the basis of valuation; and
  - Any other terms and conditions required or any conditions required by the buyer to be satisfied prior to closing.
- All interested parties are advised that the sale will be conducted on an “as is, where is” basis with no representations or warranties being provided by the Receiver. Accordingly, offers with no additional terms or conditions will be viewed more favourably.
- LOI’s may be submitted on the basis of all of the assets or part of the assets of the Company. However preference will be given to LOI’s that include all of the Company’s assets.
- The Receiver reserves its right not to accept any LOI’s and may withdraw from the process altogether without ascribing any reason thereto and without any liability to any interested party.