

Amended Unaudited Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)

**BRIXTON METALS CORPORATION**  
(An Exploration Stage Company)

Second quarter ended March 31, 2011

**BRIXTON METALS CORPORATION**

(An Exploration Stage Company)

Amended Consolidated Balance Sheets  
(Expressed in Canadian dollars)

	March 31, 2011	September 30, 2010
	(Unaudited)	(Audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,331,536	\$ 267,767
Prepaid expenses	12,240	5,305
Amounts receivable	80,167	17,740
	<u>1,423,943</u>	<u>290,812</u>
Mineral properties (note 6)	781,530	312,603
Equipment (note 7)	5,846	1,910
	<u>\$ 2,211,319</u>	<u>\$ 605,325</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 69,331	\$ 237,413
Due to related parties (note 8)	26,050	21,064
	<u>95,381</u>	<u>258,477</u>
Shareholders' equity:		
Share capital (note 9)	2,845,221	649,250
Contributed surplus (note 9(f))	133,686	-
Deficit	<u>(862,969)</u>	<u>(302,402)</u>
	2,115,938	346,848
Nature of operations and going concern (note 1)		
Subsequent events (note 13)		
	<u>\$ 2,211,319</u>	<u>\$ 605,325</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**BRIXTON METALS CORPORATION**

(An Exploration Stage Company)

Amended Unaudited Consolidated Statement of Operations, Comprehensive Loss and Deficit  
(Expressed in Canadian dollars)

	Three months ended March 31, 2011	Six months ended March 31, 2011	Three months ended March 31, 2010	Six months ended March 31, 2010
Administrative expenses:				
Accounting and audit	\$ 35,603	\$ 35,603	\$ -	\$ -
Amortization	95	191	30	30
Bank charges and interest	1,077	1,137	79	103
Conference and exhibition	16,140	17,327	-	-
Consulting and legal fees	26,129	110,404	885	7,373
General exploration	100,000	150,000	-	-
Insurance	3,333	3,333	-	-
Investor relations	44,684	89,869	-	-
Office and sundry	25,887	44,842	143	793
Salaries and wages	66,699	66,699	-	-
Stock-based compensation	35,991	111,159	-	-
Transfer agent and filing fees	23,665	23,665	-	-
Travel and meals	12,767	13,942	163	860
	392,070	668,171	1,300	9,159
Other income (expenses):				
Foreign exchange	1,393	3,579	-	-
	1,393	3,579	-	-
Loss before income taxes	(390,677)	(664,592)	(1,300)	(9,159)
Future income tax recovery	104,025	104,025	-	-
Loss and comprehensive loss for the period	(286,652)	(560,567)	(1,300)	(9,159)
Deficit, beginning of the period	(576,317)	(302,402)	(7,859)	-
Deficit, end of period	\$ (862,969)	\$ (862,969)	\$ (9,159)	\$ (9,159)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.03)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	22,390,445	16,758,355	4,012,789	3,212,527

See accompanying notes to consolidated financial statements.

**BRIXTON METALS CORPORATION**

(An Exploration Stage Company)

Amended Unaudited Consolidated Statement of Cash Flows  
(Expressed in Canadian dollars)

	Three months ended March 31, 2011	Six months ended March 31, 2011	Three months ended March 31, 2010	Six months ended March 31, 2010
<b>Cash flows from operating activities:</b>				
Loss for the period	\$ (286,652)	\$ (560,567)	\$ (1,300)	\$ (9,159)
Items not affected by cash:				
Amortization	95	191	30	30
Stock-based compensation	35,991	111,159	-	-
Write-off of resource property costs	100,000	150,000	-	-
Future income taxes	(104,025)	(104,025)	-	-
	(254,591)	(403,242)	(1,270)	(9,129)
Changes in non-cash working capital:				
Amounts receivable	(31,212)	(62,427)	(53)	(418)
Advance to employee	-	-	-	-
Accounts payable and accrued liabilities	(68,509)	(130,311)	(4,401)	927
Due to related parties	23,520	4,986	-	-
Prepaid expenses	(6,667)	(6,935)	(15,000)	(15,000)
Subscriptions receivable	-	-	-	(19,464)
Working capital acquired on acquisition	-	(474)	-	-
	(337,459)	(598,403)	(20,724)	(43,084)
<b>Cash flows from investing activities:</b>				
Resource property costs (net)	(144,583)	(321,698)	-	-
Purchase of property and equipment	(4,127)	(4,127)	-	(591)
Cash acquired on acquisition	-	18,901	-	-
	(148,710)	(306,924)	-	(591)
<b>Cash flows from financing activities:</b>				
Shares issued for cash	1,033,600	2,214,789	182,490	324,792
Share issuance costs	(107,859)	(245,693)	(1,943)	(1,943)
	925,741	1,969,096	180,547	322,849
Increase in cash and cash equivalents	439,572	1,063,769	159,823	279,174
Cash and cash equivalents, beginning of period	891,964	267,767	119,351	-
Cash and cash equivalents, end of period	\$1,331,536	\$1,331,536	\$279,174	\$279,174
<b>Supplemental schedule of non-cash investing and financing activities:</b>				
Issuance of shares for property	\$ -	\$ 335,000	\$ -	\$ -

See accompanying notes to consolidated financial statements.

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Amended Consolidated Financial Statements  
(Unaudited)  
(Expressed in Canadian dollars)

Second quarter ended March 31, 2011

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## 1. Nature of operations and going concern:

Brixton Metals Corp. (the "Brixton") was incorporated under the Business Corporations Act of British Columbia on September 28, 2009 under the name of Molten Minerals Inc. The Company changed its name to Brixton Metals Corp. on November 24, 2009. As the Company was inactive for the period of September 28, 2009 to September 30, 2009, therefore comparative income statement and cash flows have been presented from the period of incorporation on September 28, 2009 to March 30, 2010.

The Company is an exploration stage company and engages principally in the acquisition, exploration, and development of mineral properties.

On August 24, 2010, Brixton entered into an amalgamation agreement (the "Amalgamation Agreement") with Marksmen Capital Inc. ("Marksmen"), a capital pool company listed on the TSX-Venture Exchange and its subsidiary, Marksmen Acquisition Corp. Pursuant to the Amalgamation Agreement, Marksmen and the Company entered into a business combination whereby Marksmen acquired all of the issued and outstanding common shares of the Company in exchange for the issuance of 1.8 common shares of Marksmen for each common share of the Company. This transaction constituted a reverse takeover transaction pursuant to the terms of the TSX-Venture Exchange ("Qualifying Transaction"). See note 5.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. Several conditions discussed below cast substantial doubt regarding this assumption.

The Company has incurred a loss and has no source of revenue. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. As described above, the Company entered into an amalgamation agreement whereby the Company completed a reverse takeover with a TSX-Venture Exchange listed company (note 5). If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

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## 2. Restatement:

These amended interim consolidated financial statements include an adjustment to reflect a future income tax recovery of \$104,025 on renunciation of the tax benefits to certain investors of a portion of the Company's exploration expenditures during the current quarter (note 9(g)). This adjustment reduces the loss and comprehensive loss to \$286,652 and \$560,567 respectively for the three-month and six-month periods ended March 31, 2011 from the previously reported amounts of \$390,677 and \$664,592 respectively. The adjustment had no effect on prior periods.

## 3. Significant accounting policies:

### (a) Basis of presentation:

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles.

### (b) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its subsidiary. Inter-company balances and transactions, including any unrealized income and expenses arising from inter-company transactions, are eliminated in full on consolidation.

### (c) Cash and cash equivalents:

Cash and cash equivalents consist of amounts held in bank accounts and highly liquid investments with maturities on the date of purchase of 90 days or less.

### (d) Mineral properties:

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is determined by management to be impaired or abandoned. Amounts received for the sale of mineral properties, for option payments and for exploration advances are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in income. Costs for a producing property will be amortized on a unit-of-production method based on the estimated life of the ore reserves. General exploration expenses, which do not relate to specific mineral properties, are expensed as incurred.

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### 3. Significant accounting policies (continued):

(d) Mineral properties (continued):

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related mineral property then the excess is treated as income in the period the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

(e) Asset retirement obligation:

The Company recognizes the legal liability for obligations relating to retirement of mineral properties and equipment arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement costs are recognized at fair value, when a reasonable estimate of fair value can be made, in the period in which it is incurred, with the offsetting amount added to the carrying value of the related asset, and amortized into income on a systematic basis over the related assets useful life. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings. The Company has no asset retirement obligations as at March 31, 2011.

(f) Equipment:

Equipment is carried at cost, less accumulated amortization. The Company provides for amortization on its equipment on the straight-line basis over the useful life of the assets.

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### 3. Significant accounting policies (continued):

(g) Future income taxes:

Future income taxes are recorded using the asset and liability method whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the balance sheet carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

(h) Share capital:

Share capital issued for non-monetary consideration is recorded at fair value, being the estimated fair value of the share capital at the time of issuance.

(i) Foreign exchange:

The Company's functional and reporting currency is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date. Foreign exchange gains and losses are included in operations.

The Company's integrated foreign operation is translated into the functional currency using the temporal method as follows:

- (i) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date;
- (ii) Non-monetary assets and liabilities, and equity at historical rates; and
- (iii) Revenue and expense items at the average rate of exchange prevailing during the period except for amortization of property and equipment for which historical rates are applied.

Gains and losses on translation are included in determining net income for the period.



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### 3. Significant accounting policies (continued):

(j) Financial instruments - recognition and measurement:

Financial assets and liabilities, including derivative instruments, are initially recognized at fair value and subsequently measured based on their classification as held-for-trading, available-for-sale financial assets, held to maturity, loans and receivables, or other financial liabilities as follows:

Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period.

- (i) Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet or until the instrument is derecognized or impaired at which time the amounts are recorded in earnings;
- (ii) Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method; and
- (iii) Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period unless the instrument is a cash flow hedge and hedge accounting applies in which case changes in fair value are recognized in other comprehensive income.

The Company has designated its consolidated financial instruments as follows:

- (i) Cash and cash equivalents are classified as held-for-trading;
- (ii) Receivables are classified as loans and receivables; and
- (iii) Accounts payable and accrued liabilities and due to related party are classified as other financial liabilities.

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties. Fair value is based on available public market information or when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values.

As at March 31, 2011, the carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities and due to related party approximate their fair values due to their short-term to maturity.

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### 3. Significant accounting policies (continued):

(k) Impairment of long-lived assets:

The Company follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063, *Impairment of Long-Lived Assets* ("HB 3063"). HB 3063 requires the Company to assess the impairment of long-lived assets, which consists primarily of mineral property costs and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets, an impairment loss is recognized and assets are written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that an asset is impaired it is written down to its estimated fair value.

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of income and expenses during the reported period. The Company reviews its estimates and assumptions regularly; however, actual results could differ from those estimates. Significant accounting estimates include the recoverability of the carrying value of mineral properties, determination of reclamation obligations and recoverability of future income tax assets.

### 4. Adoption of future Canadian accounting pronouncements:

Recent Canadian accounting pronouncements that have been issued but are not yet effective, and which may affect the Company's financial reporting in the future are summarized below:

(a) Business combinations:

In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*, which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These consolidated financial statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted.

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#### 4. Adoption of future Canadian accounting pronouncements (continued):

##### (b) International Financial Reporting Standards ("IFRS"):

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with early adoption permitted. On December 7, 2010, the Company became a subsidiary of a publicly accountable enterprise; as a result, the Company will adopt IFRS for its 2012 fiscal year. The conversion to IFRS will likely impact the Company's accounting policies, internal control over financial reporting, and disclosure controls and procedures.

The Company is currently in the process of developing its IFRS conversion plan and evaluating the impact of the transition to IFRS. The Company will invest in resources during the transition to IFRS to facilitate a timely conversion.

#### 5. Corporate Merger

On December 7, 2010, Marksmen Capital Inc. ("Marksmen") completed a Qualifying Transaction (the "Transaction") with Brixton Metals Corp. ("Brixton") whereby a wholly owned subsidiary of Marksmen acquired all of the issued and outstanding shares of Brixton, which was amalgamated with the wholly-owned subsidiary of Marksmen. Pursuant to the Transaction, Marksmen issued 1.8 common shares from its share capital for each of the 7,579,322 outstanding common shares of Brixton prior to the Transaction. Since the Transaction resulted in the former shareholders of Brixton owning approximately 65% of the outstanding shares of Marksmen, the Transaction has been accounted for in the consolidated financial statements as a reverse takeover.

For financial reporting purposes, the Company is considered a continuation of Brixton, the legal subsidiary, except with regard to authorized and issued share capital, which is that of Marksmen, the legal parent. The consolidated statement of operations, comprehensive loss, and deficit includes the full result of Brixton for the period from October 1, 2010 to March 31, 2011 and the results of operations of Marksmen from the closing date, December 7, 2010 to March 31, 2011. Marksmen was not considered to be an acquired business under the accounting guidance set out in CICA EIC-124 *Definition of a Business*, as it was a capital pool company ("CPC"). Therefore the Transaction has been accounted for as a capital transaction and not a business combination. As the acquirer for accounting purposes, Brixton's net assets are included in the consolidated balance sheet at their carrying value.

Since the Transaction is accounted for as a capital transaction, in accordance with CICA EIC-124, the net assets of Marksmen were recorded at the closing date at their carrying values as follows:

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**5. Corporate Merger (continued):**

Carrying Value of Marksmen's net assets acquired:

Cash	\$	18,901
Prepays		268
Accounts payable and accrued liabilities		742
<hr/>		
Net assets acquired	\$	18,427
<hr/>		
Allocated to shares issued on Transaction (Note 9(a))	\$	18,427

A total of 290,000 stock options in Marksmen were also acquired (note 9(d)).

Following the transaction the Marksmen public entity changed its legal name to Brixton Metals Corp.

**6. Mineral properties:**

Mineral properties consist of:

March 31, 2011	Acquisition	Exploration	Total
Thorn (note 6(b))	\$ 83,125	\$ 164,905	\$ 248,030
Kahiltna (note 6(c))	514,368	19,132	533,500
	<hr/>	<hr/>	<hr/>
	\$ 597,493	\$ 184,037	\$ 781,530
<hr/>			
September 30, 2010	Acquisition	Exploration	Total
Thorn (note 6(b))	\$ 33,125	\$ 115,489	\$ 148,614
Kahiltna (note 6(c))	160,764	3,225	163,989
	<hr/>	<hr/>	<hr/>
	\$ 193,889	\$ 118,714	\$ 312,603

# BRIXTON METALS CORPORATION

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## 6. Mineral properties (continued):

(a) On April 15, 2010, the Company entered into an option agreement (“Agreement”) with Kiska Metals Corporation (“Kiska”) to earn the assignment of a 50% interest in three exploration licences located in the Stawell corridor of the Victorian Goldfields, Australia. Rimfire Australia PTY Ltd., a wholly-owned subsidiary of Kiska, will assign to the Company its farm-in agreement with Leviathan Resources PTY Ltd., a wholly-owned subsidiary of Northgate Minerals Corp. (“Northgate”) in consideration for:

- (i) \$50,000 (paid) at signing of the Agreement;
- (ii) \$50,000 upon closing of the Agreement (paid). On July 26, 2010, the Agreement was amended to extend the closing date whereby closing is to occur upon the earlier of the completion of a transaction which results in the Company's common shares becoming freely tradable securities on a recognized stock exchange (the “Listing”) or December 31, 2010 (paid)
- (iii) Issuance on the Closing of the Listing such number of common shares having an aggregate value of \$100,000 at a price per share equal to the lesser of \$0.50 per share or the market price determined at completion of the Listing (issued subsequent to September 30, 2010); and
- (iv) Completion of exploration expenditures by the Company totalling \$1,500,000 by March 31, 2012 of which a minimum \$450,000 should be incurred each year.

The Company has decided not to pursue its option on the mining tenements in the Stawell corridor of the Victorian Goldfields and has written off all costs associated with the project. During the six months ended March 31, 2011, the Company made an additional cash payment of \$50,000 and issued 400,000 shares (note 9(b)) in respect to its obligation under the agreement. These amounts have been included in general exploration expenses in the statement of operations.

(b) On June 3, 2010, as amended September 15, 2010 and November 12, 2010, the Company entered into an option agreement (the “Agreement”) with Rimfire Minerals Corporation (“Rimfire”), a wholly-owned subsidiary of Kiska, to acquire an undivided 51% interest and a 65% interest and potential to further earn further interest through dilution (subject to underlying net smelter returns ranging from 1.5% to 3.5%) in the Thorn mineral property located in the Ominecca mining area of British Columbia. This Agreement became effective five days following the date on which the Company completed the Listing, which was December 6, 2010 (the “Effective Date”).

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## 6. Mineral properties (continued):

(b) (continued):

In order to earn its 51% interest, the Company must:

- (i) Incur a minimum of \$200,000 in exploration expenditures before the first anniversary of the Effective Date;
- (ii) Incur an additional \$4,800,000 in exploration expenditures on or before the fourth anniversary of the Effective Date of which a minimum of \$750,000 must be spent in each year of the Agreement and a minimum of \$1,550,000 must be spent in the second year of the Agreement;
- (iii) Make staged payments totaling \$200,000 consisting of \$25,000 on execution of the Agreement (paid); \$25,000 on the Effective Date (paid) and \$50,000 each on the first, second and third anniversary of the Effective Date;
- (iv) Issue 400,000 common shares of the Company in staged installments, being, 100,000 common shares on each of the Effective Date (issued) and the first, second and third anniversary of the Effective Date; and
- (v) In the event the Company has incurred exploration expenditures less than \$1,200,000 by December 31, 2011, then the Company must deposit (the "Deposit") with Rimfire, or a third party acceptable to Rimfire, an amount of not less than \$1,000,000 which will be allocated to exploration expenditure commitments after December 31, 2011. If the Company is required to pay the Deposit and fails to make such payment, the Agreement is then terminated and the Company is required to pay \$100,000 to Rimfire as damages.

Upon the Company earning a 51% interest, Rimfire may elect to form a joint venture (the "Joint Venture") in which the Company holds a 51% interest. If the Joint Venture is not formed, the Company can earn an additional 14% in the Thorn mineral property by incurring an additional \$10,000,000 in exploration expenditures on the property over a three-year period, of which a minimum of \$2,500,000 must be spent in each year.

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## 6. Mineral properties (continued):

- (c) On July 20, 2010, a Letter of Intent ("LOI") was signed with Millrock Resources Inc. and on October 14, 2010 a Definitive Agreement was signed which gives the Company the option to earn a 100% interest in the Cristo mineral claims (subject to underlying net smelter returns of 3% on gold and silver and 1.5% on all other metals), located in Southern Alaska's Kahiltna District. To earn its interest, the Company must:
- (i) Incur cumulative exploration expenditures of USD\$5,000,000 consisting of USD\$1,250,000 by December 31, 2011, an additional USD\$1,750,000 by December 31, 2012 and an additional USD\$2,000,000 by December 31, 2013;
  - (ii) Make staged payments totaling US\$330,000 consisting of US\$20,000 on signing of the LOI (paid), USD\$40,000 by December 31, 2010 (paid), USD\$70,000 by June 30, 2011 and USD\$200,000 by December 31, 2011;
  - (iii) Issue 2,000,000 common shares of the Company in staged installments, being, 540,000 common shares on the earlier of the approval of the LOI by the TSX-Exchange or the signing of the definitive option agreement (issued), 660,000 common shares on or before December 31, 2010 (issued) and 800,000 common shares on or before December 31, 2011; and
  - (iv) Issue 2,400,000 share purchase warrants with an exercise price of \$1.00 per share over a four-year term.

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**6. Mineral properties (continued):**

	Period ended March 31, 2011			2009
	Acquisition	Exploration	Total	
Thorn, BC, Canada:				
Geophysics	-	\$ 4,711	\$ 4,711	\$111,410
Geological consulting	-	22,310	22,310	-
Finders fees	-	-	-	8,125
Reports	-	7,062	7,062	4,079
Option payments	50,000	-	50,000	25,000
Salaries	-	15,333	15,333	-
	50,000	49,416	99,416	148,614
Kahiltna, AK, USA:				
Geological consulting	-	15,908	15,908	-
Shares for work	-	-	-	3,224
Staking	102,727	-	102,727	139,255
Option payment	250,876	-	250,876	21,510
	353,603	15,908	369,511	163,989
Costs for the period	403,603	65,324	468,927	312,603
Balance, beginning of period	193,889	118,714	312,603	-
Balance, end of period	\$ 597,492	\$ 184,038	\$ 781,530	\$ 312,603

**7. Equipment:**

Details are as follows:

March 31, 2011	Cost	Accumulated amortization	Net book value
Equipment	\$ 6,374	\$ 528	\$ 5,846
September 30, 2010	Cost	Accumulated amortization	Net book value
Equipment	\$ 2,247	\$ 337	\$ 1,910



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## **8. Related party transactions:**

At March 31, 2011, \$26,050 (September 30, 2010 – \$21,064) was due to an officer or director of the Company for reimbursement of expenses and consulting fees to a company controlled by a officer.

During the period ended March 31, 2011, \$22,926 was paid for geological services to a company controlled by an officer. \$18,000 was paid to an officer for accounting and financial services and \$6,000 was paid to a company controlled by an officer for accounting and financial services.

All related party transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts payable to the related parties are non-interest bearing and without specific terms of repayment.

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**9. Share capital:**

(a) Authorized:

Unlimited common shares without par value, issued and fully paid:

	Number of shares	Amount
<b>Marksmen Capital Inc.</b>		
Balance, September 30, 2009	3,090,000	\$ 265,656
Balance, September 30, 2010	3,090,000	265,656
Balance, December 7, 2010 prior to reverse takeover	3,090,090	265,656
<b>Private Brixton Metals Corp.</b>		
Balance, September 28, 2009	-	-
Common shares issued for cash	7,207,922	\$ 670,260
Common shares issued for mineral property finder's fee	25,000	6,250
Common shares issued for mineral properties	46,400	8,550
Share issuance costs	-	(30,810)
	7,279,322	654,250
Less: subscription receivable	(33,333)	(5,000)
Balance, September 30, 2010	7,245,989	\$ 649,250
Common shares issued for cash at \$0.15	33,333	5,000
Common shares issued for mineral properties	300,000	45,000
Re-pricing of previously issued common shares	-	74,339
Balance, December 7, 2010 prior to reverse takeover	7,579,322	773,589
<b>Public Brixton Metals Corp.</b>		
Marksmen Capital Inc. prior to reverse takeover	3,090,000	265,656
Shares issued to Private Brixton Metals Corp. shareholders	13,642,778	18,427
Elimination of Marksmen Capital Inc. share capital	-	(265,656)
Private Brixton Metals Corp. share capital	-	773,589
Private placement concurrent with reverse takeover, net of finders fees	4,415,000	1,101,850
Share issuance costs and finders fees	-	(161,048)
Balance, December 7, 2010 after reverse takeover	21,147,778	1,732,818
Common share issued for cash at \$0.25	4,000,000	1,000,000
Common shares issued upon exercise of stock options	240,000	59,040
Common shares issued for mineral properties	1,160,000	290,000
Share issuance costs	-	(132,612)
Future income tax effect on flow through shares (note 9(g))	-	(104,025)
Balance, March 31, 2011	26,547,778	\$ 2,845,221

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## 9. Share capital (continued):

(b) On September 28, 2009, 1 common share was simultaneously issued to the incorporator of the Company and thereafter cancelled. In addition, 1,960,000 common shares were issued to directors of the Company at \$0.01 per share for proceeds of \$19,600 and 600,000 common shares were issued to the directors of the Company at \$0.05 per share for proceeds of \$30,000.

On November 5, 2009, an additional 1,002,857 common shares were issued to the directors of the Company at \$0.07 per share for proceeds of \$70,200.

On January 27, 2010, the Company closed a private placement and issued 550,000 common shares for \$0.10 per share for proceeds of \$55,000.

On March 1, 2010, the Company closed a private placement and issued 999,933 common shares for \$0.15 per share for proceeds of \$149,990.

On June 3, 2010, the Company issued 25,000 common shares in consideration for finder's fees associated with the Stawell and Thorn mineral properties.

On June 28, 2010, the Company closed a private placement and issued 312,000 common shares at a price of \$0.25 for proceeds of \$78,000.

On August 16, 2010, the Company issued 46,400 common shares for exploration services performed on the Stawell and Kahiltna mineral properties.

On September 17, 2010, the Company closed a private placement and issued 1,783,132 common shares at a price of \$0.15 for proceeds of \$267,470, of which payment of \$5,000 was outstanding as at September 30, 2010 and received subsequently.

On October 15, 2010, 300,000 shares were issued on Kahilt property with fair market value of \$0.15.

In November 2010, certain shareholders of the Company agreed to re-price 1,981,375 common shares previously issued during the period ended June 30, 2010 to \$0.09 per common share (the "Re-Pricing") as follows: 1,002,857 common shares previously issued for consideration of \$0.07 per common share; 600,000 common shares previously issued for consideration of \$0.05 per common share and 378,518 common shares previously issued for consideration of \$0.01 per common share. The Re-Pricing results in additional consideration of \$74,339 to the Company.

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## 9. Share capital (continued):

(b) (continued):

On December 7, 2010, concurrent with the Qualifying transaction (note 4), the Company completed a private placement of a total of 2,743,000 units at a price of \$0.25 per unit (consisting of one common share and one warrant) and 1,387,000 flow-through units at a price of \$0.30 per flow-through unit (consisting of one flow-through share and one half warrant) for total gross proceeds of \$1,101,850. Each whole warrant is exercisable to acquire one common share of Brixton for a period of 24 months at an exercise price of \$0.40 per Brixton share. The securities all bear a four month hold period. Finder's fees totaling approximately \$54,008 cash, 285,000 common shares, and 188,960 broker warrants were paid in accordance with the policies of the TSX Venture Exchange. Each broker warrant is exercisable into one common share of the Company at a price of \$0.40 per share for a period of 24 months.

On December 22, 2010 660,000 shares were issued for Kahilt property and on December 8, 2010 100,000 shares for Thorn property and 400,000 shares were issued for the Stawell property, all with fair market value of \$0.25.

On March 31, 2011, 4,000,000 flow through units were issued at \$0.25 for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one half purchase warrant with one whole warrant being exercisable into one common share of the Company at \$0.40 for a period of 24 months. The Company paid a cash fee of 6% of gross proceeds and issued 288,000 agent units, each unit is exercisable into one common share at a price of \$0.25 for a period of 24 months and one half purchase warrant. Each whole purchase warrant is exercisable into one common share at a price of \$0.40 for a period of 24 months.

(c) As at March 31, 2011, 9,933,141 shares are held in escrow under an escrow agreement, to be released over time as required by regulations (2009 – Nil).

(d) Stock options:

On March 22, 2010, the Company adopted a stock option plan whereby the Board of Directors may grant non-assignable and non-transferable options to directors, officers, employees and consultants of the Company. Up to 10% of the issued and outstanding common shares of the Company are reserved for issuance under this agreement. These options are exercisable for a maximum period of ten years from the date of the grant and are subject to the policies of the TSX Venture Exchange.

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**9. Share capital (continued):**

(d) Stock options (continued):

Details of stock option grants, other than Agents option are as follows:

Date of grant	Number	Weighted average exercise price per share	Expiry date	Weighted average remaining contractual life - in years
August 6, 2008	50,000	\$ 0.14	August 6, 2013	1.35
December 9, 2010	1,350,000	0.25	December 9, 2015	4.70
January 24, 2011	100,000	0.25	January 24, 2021	4.82
February 9, 2011	200,000	0.31	February 9, 2016	4.86
	1,700,000	\$ 0.26		4.71

A continuity of the stock options is as follows:

Number outstanding Sept 30, 2010	Acquired/ Granted	Exercised	Cancelled	Number outstanding Mar 31, 2011	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
-	290,000	240,000	-	50,000	\$ 0.14	Aug 6, 2013	1.35
-	1,350,000	-	-	1,350,000	0.25	Dec 9, 2015	4.70
-	100,000	-	-	100,000	0.25	Jan 24, 2021	4.82
-	200,000	-	-	200,000	0.31	Feb 9, 2016	4.86
-	1,940,000	240,000	-	1,700,000	\$ 0.26		4.71

The compensation costs for the options vested during the period ended March 31, 2011 has been estimated based on the fair value calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2011
Expected dividend yield	0.00%
Expected stock price volatility	92.0%
Risk free interest rate	2.70%
Expected life	5 years

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**9. Share capital (continued):**

(e) At March 31, 2011, the following warrants were outstanding:

Expiry date	Weighted average exercise price	Number of Warrants	Weighted average remaining contractual life in years
December 7, 2012	\$0.40	3,625,460	1.70
March 31, 2013	\$0.25	288,000	2.00
March 31, 2013	\$0.40	2,144,000	2.00
	\$0.37	6,057,460	1.85

Summary details of warrants outstanding are as follows:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2010	-	\$ -
Granted during the period - agent warrants	332,960	0.40
Granted during the period – agent warrants	288,000	0.25
Granted during the period – warrants	5,436,500	0.40
Balance, March 31, 2011	6,057,460	\$ 0.37

Agent warrants were granted to broker-agents in consideration of their equity-raising services. Accordingly, the Company has treated these as share issue costs and included their fair values in share capital. The fair value amount included in share capital was \$47,967 for the period. All fair value determinations were based on the Black-Scholes Option Pricing Model using following ranges: expected volatility factors from 92%; risk-free interest rates from 2.7% and expected lives of two years.

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**9. Share capital (continued):**

## (f) Contributed surplus:

A continuity of contributed surplus is as follows:

Balance, September 30, 2010	\$	-
Fair value of agent warrants issued		47,967
Fair value of stock options granted and vesting		111,159
Stock options exercised		(25,440)
Balance, March 31, 2011	\$	133,686

## (g) Flow Through shares:

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfers the income tax deductibility of the exploration expenditures to the investor. Proceeds received on the issuance of such shares were credited to share capital, and the subsequent expenditures of these funds are charged to the related mineral property as costs are incurred. At the date of renunciation of the tax benefits to the investor, the Company recognizes a future tax liability based on the difference between the amount renounced and the deferred carrying cost of the related expenditures on the Company's balance sheet, if any, and a share issuance cost is recorded for this amount. Previously unrecognized future income tax assets may subsequently be recognized to reduce this liability, with this amount recorded in current operations.

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**10. Segmented information:**

The Company has one operating segment, which is mineral exploration and development.

Details on the Company's geographic segments are as follows:

Six months ended March 31, 2011	Canada	Australia	USA	Total
Mineral properties	\$ 248,030	\$ -	\$ 533,500	\$ 781,530
Equipment	5,846	-	-	5,846
Total identifiable assets	1,677,819	-	533,500	2,211,319
Loss for the period	(560,567)	-	-	(560,567)

  

Year ended September 30, 2010	Canada	Australia	USA	Total
Mineral properties	\$ 148,614	\$ -	\$ 163,989	\$ 312,603
Equipment	1,910	-	-	1,910
Total identifiable assets	436,031	-	169,294	605,325
Loss for the period	(116,267)	(186,135)	-	(302,402)

**11. Financial instruments:**

Amended CICA Handbook Section 3862 establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).



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## 11. Financial instruments (continued):

The Company's cash and cash equivalents are measured using Level 1 inputs.

(a) Financial instrument risk exposure and risk management:

(i) Credit risk:

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its liquid financial assets of cash and cash equivalents. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset-backed commercial paper.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in note 12 of these consolidated financial statements.

(iii) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's results.

*Commodity price risk:*

Commodity price risk is the risk of fluctuations in the future value of mineral properties due to movements in the prices of precious and base metals.

Metal prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to each of the metals.

*Interest rate risk:*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest bearing financial assets are comprised of cash and cash equivalents, which bear interest at fixed or variable rates.

*Foreign exchange rate risk:*

The Company's option agreements to earn an interest in mineral properties in Alaska expose the Company to foreign currency exchange risks in the ordinary course of business. The Company is exposed to currency risk on advances and accounts payable and accrued liabilities.

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## 12. Capital management:

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other mineral properties.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not exposed to externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets.

In order to maximize ongoing development efforts, the Company does not pay dividends. Notwithstanding the risks described in note 1 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

## 13. Subsequent events:

- (a) Subsequent to March 31, 2011, the Company has issued 400,000 stock options for investor relations services.
- (b) On April 14, 2011, the Company closed a brokered private placement of 1,465,000 units at \$0.20 per unit. Each unit consisted of one common share and one half purchase warrant. Each full warrant is exercisable into one common share at a price of \$0.30 for a period of 24 months. 117,200 agent warrants were issued exercisable at \$0.20 for a period of 24 months and a cash fee was paid of \$23,440 which equates to 8% of gross proceeds.
- (c) On June 29, 2011, Brixton Metals Corp. filed a preliminary short form prospectus with the securities regulatory authorities in British Columbia, Alberta and Ontario and a preliminary short form prospectus with the securities regulatory authorities of the other provinces of Canada (other than Quebec), relating to an offering of units and flow-through units. Each unit will be composed of one common share of the company and one common share purchase warrant, and each flow-through unit will be composed of one common share to be issued on a flow-through basis and one-half of one warrant also to be issued on a flow-through basis.

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Each whole warrant will be exercisable to acquire one common share of the company for a period of 24 months from the closing date of the offering at an exercise price of \$0.25 cents.