

Consolidated Financial Statements
(Expressed in Canadian dollars)

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Years ended September 30, 2012 and 2011



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Brixton Metals Corporation

We have audited the accompanying consolidated financial statements of Brixton Metals Corporation, which comprise the consolidated statements of financial position as at September 30, 2012, September 30, 2011 and October 1, 2010, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended September 30, 2012 and September 30, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brixton Metals Corporation as at September 30, 2012, September 30, 2011, and October 1, 2010, and its consolidated financial performance and its consolidated cash flows for the years ended September 30, 2012 and September 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes that the Company has no current sources of revenue, incurred losses during the years ended September 30, 2012 and 2011 and, had an accumulated deficit at September 30, 2012. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

KPMG LLP (signed)

Chartered Accountants

January 25, 2013

Vancouver, Canada

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2012	September 30, 2011	October 1, 2010
		(Note 16)	(Note 16)
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,847,195	\$ 679,102	\$ 267,767
Receivables (note 6)	234,861	291,903	17,740
Prepaid expenses	17,841	681,348	5,305
	2,099,897	1,652,353	290,812
Restricted cash (note 7)	75,000	30,000	-
Exploration and evaluation assets (note 9)	146,959	415,287	46,510
Equipment (note 8)	6,781	4,845	1,910
	\$ 2,328,637	\$ 2,102,485	\$ 339,232
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 444,117	\$ 119,062	\$ 237,413
Due to related parties (note 10)	13,665	17,016	21,064
Flow-through share premium liability (note 16(c))	51,633	31,100	-
	509,415	167,178	258,477
Shareholders' equity:			
Share capital (note 12(b))	8,942,898	6,557,697	649,250
Reserves (note 12(e))	730,622	583,108	-
Deficit	(7,854,298)	(5,205,498)	(568,495)
	1,819,222	1,935,307	80,755
Nature of operations and going concern (note 1)			
Commitments (notes 9 and 11)			
Subsequent events (note 17)			
	\$ 2,328,637	\$ 2,102,485	\$ 339,232

See accompanying notes to consolidated financial statements

Approved on behalf of the Board:

"Cale Moodie" Director

"Gary Thompson" Director

BRIXTON METALS CORPORATION

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Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended September 30, 2012	Year ended September 30, 2011
		(Note 16)
Expenses:		
Amortization	2,369	1,192
Conference and exhibition	29,028	18,152
Consultant fees (note 10)	18,232	77,000
Geological exploration (note 18)	1,562,673	2,185,018
Insurance	24,151	8,968
Interest and bank charges	1,794	1,943
Investor relations	87,131	146,587
Listing and filing fees	30,495	40,295
Office and sundry	92,837	51,618
Professional services (note 10)	119,193	143,842
Rent	40,093	27,829
Salaries and employee benefits (note 10)	140,937	195,015
Share-based payments	184,005	370,495
Travel and meals	53,278	22,269
	2,386,216	3,290,223
Other income (expenses):		
Foreign exchange	(170)	3,190
Recognition of flow-through premium liability	77,872	132,347
Listing fee on amalgamation (note 16(d))	-	(1,480,090)
Write-off of property acquisition costs	(340,286)	-
	(262,584)	(1,344,553)
Loss for the year before taxes	(2,648,800)	(4,634,776)
Income taxes (note 14)	-	(2,227)
Loss and comprehensive loss for the year	(2,648,800)	(4,637,003)
Deficit, beginning of the year	(5,205,498)	(568,495)
Deficit, end of the year	\$ (7,854,298)	(5,205,498)
Loss per share - basic and diluted	\$ (0.05)	(0.19)
Weighted average number of shares outstanding	48,438,549	24,627,838

See accompanying notes to consolidated financial statements.

BRIXTON METALS CORPORATION

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Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares (note 12)	Share capital (note 12)	Share subscriptions received	Share-based payments reserve	Deficit	Total equity
Marksmen Capital Inc.						
Balance, September 30, 2009	3,090,000	\$ 265,656	-	\$ 41,464	\$ (171,333)	\$ 135,787
Balance, September 30, 2010	3,090,000	265,656	-	41,464	(278,890)	28,230
December 7, 2010 prior to reverse takeover	3,090,000	265,656	-	41,464	(278,890)	28,230
Private Brixton Metals Corp.						
Balance, September 28, 2009	-	\$ -	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash	7,174,589	665,260	5,000	-	-	670,260
Common shares issued for mineral property finder's fee	25,000	6,250	-	-	-	6,250
Common shares issued for mineral properties	46,400	8,550	-	-	-	8,550
Share issuance costs	-	(30,810)	-	-	-	(30,810)
Share subscriptions receivable	-	-	(5,000)	-	-	(5,000)
Loss for the period from incorporation to September 30, 2010	-	-	-	-	(568,495)	(568,495)
September 30, 2010	7,245,989	649,250	-	-	(568,495)	\$ 80,755
Common shares issued for cash at \$0.15	33,333	5,000	-	-	-	5,000
Common shares issued for mineral properties	300,000	45,000	-	-	-	45,000
Re-pricing of previously issued common shares	-	74,339	-	-	-	74,339
December 7, 2010 prior to reverse takeover	7,579,322	773,589	-	-	(568,495)	\$ 205,094
Public Brixton Metals Corp.						
Marksmen Capital Inc. prior to reverse takeover	\$ 3,090,000	\$ 265,656	\$ -	\$ -	\$ -	\$ 265,656
Shares issued to Private Brixton Metals Corp. shareholders	13,642,778	1,458,497	-	-	-	1,458,497
Elimination of Marksmen Capital Inc. share capital	-	(265,656)	-	-	-	(265,656)
Share -based payments to Marksmen directors	-	-	-	40,020	-	40,020
Elimination of Brixton Metals Corp. share capital	(7,579,322)	-	-	-	-	-
Private placement concurrent with reverse takeover	4,415,000	1,101,850	-	-	-	1,101,850
Flow through premium liability	-	(69,350)	-	-	-	(69,350)
Agent warrants issued	-	(17,854)	-	17,854	-	-
Share issuance cost and finders fees	-	(137,834)	-	-	-	(137,834)

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BRIXTON METALS CORPORATION

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Consolidated Statements of Changes in Equity (Continued)

(Expressed in Canadian dollars)

	Number of shares (note 12)	Share capital (note 12)	Share subscriptions received	Share-based payments reserve	Deficit	Total equity
December 7, 2010 after reverse takeover	21,147,778	3,108,898	-	57,874	(568,495)	2,598,277
Share-based payments	-	-	-	370,494		370,494
Flow-through shares issued for cash at \$0.25	4,000,000	1,000,000	-	-		1,000,000
Flow through premium liability	-	(94,097)				(94,097)
Common shares issued upon exercise of stock options	240,000	59,040	-	(25,440)		33,600
Common shares issued for mineral properties	1,160,000	290,000	-			290,000
Common shares issued for cash at \$0.20	1,465,000	293,000	-			293,000
Agent warrants issued	-	(180,180)		180,180		-
Share issuance costs	-	(651,889)	-	-		(651,889)
Common shares issued for cash at \$0.15	10,869,999	1,630,500	-			1,630,500
Flow-through shares issued for cash at \$0.19	5,802,238	1,102,425	-			1,102,425
Loss for the 12 months ended September 30, 2011	-	-	-		(4,637,003)	(4,637,003)
September 30, 2011	44,685,015	6,557,697	-	583,108	(5,205,498)	1,935,307
Share-based payments	-	-	-	184,005		184,005
Common shares issued for mineral properties	100,000	6,500	-	-		6,500
Warrants exercised	776,400	174,222	-	(57,762)		116,460
Common shares issued upon exercise of stock options	25,000	4,178	-	(1,428)		2,750
Common shares issued for cash at \$0.14	5,365,000	751,100	-	-		751,100
Flow through shares issued for cash at \$0.17	1,559,059	265,040	-	-		265,040
Flow through premium liability	-	(98,405)	-	-		(98,405)
Common shares issued for cash at \$0.13	7,916,953	1,029,204	-	-		1,029,204
Flow through shares issued for cash at \$0.15	2,581,667	387,250	-	-		387,250
Agent warrants issued	-	(22,699)		22,699		-
Share issuance costs	-	(111,189)	-	-		(111,189)
Loss for the 12 months ended September 30, 2012					(2,648,800)	(2,648,800)
September 30, 2012	63,009,094	8,942,898	-	730,622	(7,854,298)	1,819,222

BRIXTON METALS CORPORATION

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Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended September 30, 2012	Year ended September 30, 2011
		(Note 16)
Cash flows from operating activities:		
Loss for the period	\$ (2,648,800)	\$ (4,637,003)
Items not affected by cash:		
Amortization	2,369	1,192
Recognition of flow-through premium liability	(77,872)	(132,347)
Share-based payments	184,005	370,495
Listing fee on amalgamation	-	1,480,090
Write off of property acquisition costs	340,286	-
	(2,200,012)	(2,917,573)
Changes in non-cash working capital:		
Receivables	57,042	(274,163)
Prepaid expenses	663,507	(676,043)
Accounts payable and accrued liabilities	325,055	(118,353)
Due to related parties	(3,351)	(4,048)
Working capital acquired on acquisition	-	(474)
	(1,157,759)	(3,990,654)
Cash flows from investing activities:		
Cash acquired on acquisition	-	18,901
Mineral property acquisition costs	(65,458)	(33,777)
Purchase of equipment	(4,305)	(4,125)
Restricted cash	(45,000)	(30,000)
	(114,763)	(49,001)
Cash flows from financing activities:		
Shares issued for cash	2,551,804	5,240,714
Share issuance costs	(111,189)	(789,724)
	2,440,615	4,450,990
Increase in cash and cash equivalents	1,168,093	411,335
Cash and cash equivalents, beginning of year	679,102	267,767
Cash and cash equivalents, end of year	\$ 1,847,195	\$ 679,102
Supplemental non-cash financing information		
Common shares issued for mineral properties	\$ 6,500	\$ 335,000
Amounts transferred to share capital on exercise of options and warrants	59,190	25,440

See accompanying notes to consolidated financial statements

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
Years ended September 30, 2012 and 2011
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern:

Brixton Metals Corporation (“Brixton” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on September 28, 2009. The Company is an exploration stage company and engages principally in the acquisition, exploration, and development of mineral properties. The Company’s head office address is Suite 1411 - 409 Granville Street, Vancouver, BC, V6C 1T2, Canada. The Company is listed on the TSX Venture Exchange and trades under the symbol BBB.

These consolidated audited annual 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 results in material uncertainties that cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has no operating revenue and incurred a loss of \$2,648,800 in the year ended September 30, 2012. As at September 30, 2012, the Company has cash and cash equivalents of \$1,847,195 and working capital of \$1,590,482. 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 the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate 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.

The Company currently has sufficient cash on hand to meet all exploration, general expenses and property payments for the 2013 fiscal year. The Company plans on raising additional capital to further develop and explore its Thorn project, however may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

These consolidated financial statements do not reflect adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

These consolidated financial statements were authorized for issuance by the Board on January 25, 2013.

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Notes to Consolidated Financial Statements
Years ended September 30, 2012 and 2011
(Expressed in Canadian dollars)

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. These are the Company's first set of annual financial statements prepared under IFRS and IFRS 1, First-Time Adoption of IFRS ("IFRS 1") has been applied.

Previously, the Company prepared its annual financial statements in accordance with Canadian generally accepted accounting principles (GAAP). The adoption of IFRS resulted in changes to the accounting policies as compared with previous annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented for purposes of transition to IFRS. The impact of the transition from Canadian GAAP to IFRS is explained in note 16.

Unless otherwise stated, amounts are expressed in Canadian dollars.

(b) Basis of consolidation:

These consolidated financial statements include the financial statements of the Company and its wholly-owned US subsidiary, Brixton Alaska Corp., which had previously carried out exploration activities in Alaska and was wound up September 30, 2012. All material intercompany transactions and balances have been eliminated on consolidation.

(c) Exploration and evaluation assets:

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

Exploration and evaluation expenditures costs are recognized in profit and loss. Costs incurred before and after the Company has obtained the legal rights to explore an area of interest are recognized in profit and loss until such time the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, which then such costs are capitalized. All costs, including option payments, related to the acquisition of exploration and evaluation assets are capitalized on an individual prospect basis while all other costs including staking costs are expensed as incurred. Amounts received for the sale of exploration and evaluation assets, 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. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets 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.

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Notes to Consolidated Financial Statements
Years ended September 30, 2012 and 2011
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2. Significant accounting policies (continued):

(c) Exploration and evaluation assets (continued):

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset 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.

(d) Equipment:

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The Company provides for amortization on its computer equipment on the following basis:

Asset	Basis	Annual Rate
Computer equipment	Straight-line method	30%

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Residual values and estimated useful lives are reviewed at least annually.

(e) Impairment:

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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Notes to Consolidated Financial Statements
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(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

(e) Impairment (continued):

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, 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.

(f) Provision for closure and reclamation:

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision for closure and reclamation as at September 30, 2012, September 30, 2011 and October 1, 2010.

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Notes to Consolidated Financial Statements
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2. Significant accounting policies (continued):

(g) Income taxes:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. 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.

(h) Basic and diluted loss per share:

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. Since the Company has losses, the exercise of outstanding options and warrants has not been included in this calculation as it would be anti-dilutive.

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Notes to Consolidated Financial Statements
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2. Significant accounting policies (continued):

(i) Financial instruments:

Financial assets:

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than twelve months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables consist of cash, restricted cash, and receivables.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any financial assets as fair value through profit or loss.

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Notes to Consolidated Financial Statements

Years ended September 30, 2012 and 2011

(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial liabilities:

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consists of accounts payable and accrued liabilities and due to related parties.

Impairment of financial assets:

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the

BRIXTON METALS CORPORATION

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Years ended September 30, 2012 and 2011
(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Impairment of financial assets (continued):

difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(j) Foreign currency translation:

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the period. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollars as this is the principal currency of the economic environment in which they operate.

(k) Comparative figures:

Certain comparative figures have been reclassified to conform to the current period's presentation.

(l) Flow-through shares:

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that the Company has available tax pools for which the benefit has not been previously recognized as being realizable, the premium is recognized in profit or loss as a deferred income tax recovery to recognize the deferred tax asset offsetting the liability at the time of renunciation of the tax pools.

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2. Significant accounting policies (continued):

(m) Critical accounting judgements and estimates:

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of mineral property; provision for environmental rehabilitation; inputs used in the valuation of share-based payments; and provision for deferred income tax, including the effects of flow-through shares.

Judgements

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Share-based payments

The Company uses the fair value based method of accounting for stock options granted to employees and others as well as agent options issued on common share issuances. Under this method, the fair value of the stock options at the date of the grant, as determined using the Black-Scholes option pricing model, is recognized to expense over the vesting period. The fair value of agent options at the date of issuance, as determined using the Black-Scholes model, is recognized as share issuance costs, with the offsetting credit to share-based payments reserve. If the stock options or agent options are exercised, the proceeds are credited to share capital and the fair value of the options or agent options exercised is reclassified from share-based payments reserve to share capital.

When warrants are issued in conjunction with another security ("Unit") the Company attributes the full value to the common share component of the Unit.

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2. Significant accounting policies (continued):

(m) Critical accounting judgements and estimates (continued):

Mineral property

The Company capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances (see Note 14).

Going concern

Significant judgements are used in the Company's assessment of its ability to continue as a going concern as described in note 1.

3. Accounting standards issued for adoption in future periods:

Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"). This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual period in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application. The Company does not anticipate this amendment will have any impact on its consolidated financial statements.

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3. Accounting standards issued for adoption in future periods (continued):

Financial Instruments Disclosure

In October 2010, the IASB issued amendments to IFRS 7 - Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for the Company's fiscal year beginning on October 1, 2012, with earlier adoption permitted. The Company does not anticipate this amendment will have a significant impact on its consolidated financial statements.

Income Taxes

In December 2010, the IASB issued an amendment to IAS 12 - Income Taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for the Company's fiscal year beginning on October 1, 2012, with earlier adoption permitted. The Company does not anticipate this amendment will have a significant impact on its consolidated financial statements.

Joint Arrangements

In May 2011, the IASB issued IFRS 11 - Joint Arrangements. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 is effective for the Company's fiscal year beginning on October 1, 2013. The Company is currently evaluating the impact of IFRS 11 on its financial statements.

Financial Instruments

The IASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9 - Financial Instruments ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 is effective for the Company's fiscal year beginning on October 1, 2015. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

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3. Accounting standards issued for adoption in future periods (continued):

Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 – Consolidated Financial Statements. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 - Consolidation - Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements and will be effective for the Company's fiscal year beginning October 1, 2013. The Company is currently evaluating the impact of IFRS 10 on its consolidated financial statements.

4. Corporate merger:

On December 7, 2010, Marksmen Capital Inc. ("Marksmen") completed a Qualifying Transaction (the "Transaction") with Brixton Metals Corp. ("Brixton Corp.") whereby a wholly-owned subsidiary of Marksmen acquired all of the issued and outstanding shares of Brixton Corp., which was subsequently amalgamated with the wholly-owned subsidiary of Marksmen. Pursuant to the Transaction, Marksmen issued 1.8 common shares from its treasury to acquire each of the 7,579,322 outstanding common shares of Brixton Corp. prior to the Transaction. Following the Transaction, the Marksmen public entity changed its legal name to Brixton Metals Corporation. See note 16(d) for further details.

5. Capital management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares and share purchase warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

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6. Receivables:

	September 30, 2012	September 30, 2011	October 1, 2010
BC METC due from Government of BC	\$ 171,000	\$ -	\$ -
Amounts due from Government of Canada pursuant to HST input tax credits	\$ 63,861	\$ 291,903	\$ 17,740
Total	\$ 234,861	\$ 291,903	\$ 17,740

7. Restricted cash:

At September 30, 2012, the Company had a \$75,000 (2011 - \$30,000) bond held with the Government of British Columbia for potential reclamation costs on its Thorn project in British Columbia. This bond is refundable at such time the Company ceases exploration on the property and receives appropriate approval from the relevant regulating authorities.

8. Equipment:

	Computer Equipment
Cost	
At October 1, 2010	\$ 2,247
Assets acquired	4,127
At September 30, 2011	6,374
Assets acquired	4,305
At September 30, 2012	\$ 10,679
Accumulated depreciation	
At October 1, 2010	\$ 337
Depreciation for the period	1,192
At September 30, 2011	1,529
Depreciation for the period	2,369
At September 30, 2012	\$ 3,898
Carrying amounts	
At October 1, 2010	\$ 1,910
At September 30, 2011	\$ 4,845
At September 30, 2012	\$ 6,781

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9. Exploration and evaluation assets:

Balance consists of:

	September 30, 2012	September 30, 2011	October 1, 2010
Thorn, BC, Canada	\$ 146,959	\$ 75,000	\$ 25,000
Kahiltna, AK, USA	-	340,287	21,510
Total	\$ 146,959	\$ 415,287	\$ 46,510

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many exploration and evaluation assets.

The Company has investigated title to its exploration and evaluation assets and to the best of its knowledge title to the assets is in good standing.

a) Thorn, BC, Canada:

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 Metals Corp. ("Kiska"), to acquire an undivided 51% interest and a 65% interest and potential to earn a 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 Atlin mining area of British Columbia, Canada. This Agreement became effective five days following the date on which the Company completed its listing, which was December 6, 2010 (the "Effective Date").

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

- (i) Incur a minimum of \$200,000 (incurred) 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 (exceeded for 2011) must be spent in each year of the Agreement and a minimum of \$1,550,000 (incurred) 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 (paid), second, and third anniversary of the Effective Date;

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9. Exploration and Evaluation Assets (continued):

a) Thorn, BC, Canada (continued):

- (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 (issued), 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. As at September 30, 2012, the Company had met the spending requirements for 2012.

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. Subsequent to September 30, 2012, the Company has entered into a nonbinding letter of intent to acquire a 100% interest in the Thorn mineral property (note 17(c)).

b) Kahiltna, Alaska, USA:

On July 20, 2010, a Letter of Intent ("LOI") was signed with Millrock Resources Inc. ("Millrock") 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 (the "Kahiltna Property"). To earn its interest, the Company must incur cumulative exploration expenditures of USD \$5,000,000, make staged payments of USD \$330,000, issue 2,000,000 common shares in staged installments and 2,400,000 share purchase warrants.

On December 28, 2011, Brixton terminated its option with Millrock on the Cristo/Kahiltna claim group and assigned the balance of claims held in the area to Millrock in exchange for the release from all liabilities and financial obligations with respect to all previously held claims in Alaska. As a result, the Company wrote off \$340,286 of acquisition costs on the property in the year ended September 30, 2012.

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10. Related party transactions:

The Company's related parties and key management personnel consist of individuals and companies owned by the executive officers and directors as follows:

	Relationship	Nature of transactions	2012	2011
Gary Thompson	President and Director	Salary and consulting	158,334	138,336
Glen Kayll	Director	Director fees and consulting	18,000	-
Cale Moodie	CFO, Director	Consulting	-	18,000
Mac Bell	Former President	Consulting	-	30,000
Spartan Consulting Inc.	Director	Director fees	12,000	-
Spartan Pacific Financial Ltd.	Company controlled by CFO Cale Moodie	Consulting	72,000	42,000
Antediluvial consulting	Company controlled by VP Exploration Toby Hughes	Consulting	40,625	64,475
Jim Defer	Director	Director fees	4,000	-
Share-based payments to key management personnel			160,584	273,719

These transactions were in the normal course of operations and are measured at the exchange amount, which is determined on a cost recovery basis. Included in current liabilities is \$13,665 (September 30, 2011 - \$17,016; October 1, 2010 - \$21,064) due to directors, officers, and companies with a Director in common. Amounts due to related parties are non-interest bearing, with no fixed terms of repayments.

11. Commitments:

The Company is obligated under its operating lease agreement for the rental of its corporate office in Vancouver. Minimum lease payments in each of the next five fiscal years are as follows:

2013	\$	49,904
2014		12,476
2015		-
2016		-
2017		-
	\$	62,380

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12. Share capital:

- (a) Authorized share capital:

Unlimited common shares without par value.

- (b) Issued and outstanding common shares:

- (i) Share issuances:

On December 7, 2010, concurrent with the 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 the Company for a period of 24 months at an exercise price of \$0.40 per common 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 a property option payment and on December 8, 2010, 500,000 shares were issued for a property option payment, 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 options, exercisable into units of the Company at a price of \$0.25 for a period of 24 months, each unit comprising one common share 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.

On April 14, 2011, 1,465,000 units were issued 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.

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12. Share capital (continued):

(b) Issued and outstanding common shares (continued):

(i) Share issuances (continued):

On August 11, 2011, the Company completed a public offering of units and flow-through units. The Company issued 10,869,999 units at a price of \$0.15 per unit and 5,802,238 flow-through units at a price of \$0.19 per flow through unit for gross proceeds of \$2,732,925, which includes a partial exercise of the agent's overallotment option. Each unit consists of one common share of the Company and one common share purchase warrant and each flow-through unit consists of one common share to be issued on a flow-through basis and one-half purchase warrant also to be issued on a flow-through basis. Each whole purchase warrant is exercisable into one common share at a price of \$0.25 for a period of 24 months. In connection with the offering, the Company paid cash commissions equal to 9% of the gross proceeds of the offering to the agent. The Company also granted to the agent and selling group members, compensation warrants entitling the agent and selling group to purchase up to 1,086,999 common shares for a 24-month period at \$0.15 per share and up to 580,223 common shares for a 24-month period at \$0.19 per share.

On April 26, 2012, the Company closed a non-brokered private placement consisting of 5,365,000 units (Units) at a price of \$0.14 per Unit and 1,559,059 flow-through shares at a price of \$0.17 per FT Share for aggregate gross proceeds of \$1,016,140. Each Unit consists of one common share and one-half of one transferable common share purchase warrant with each Warrant exercisable by the holder into one common share of the Company at a price of \$0.24 per share for a period of 24 months from the closing date. Finders fees of \$14,400 were paid to agents, representing 7% of proceeds as well as incurring additional share issue cash of \$26,818.

On September 26, 2012, the Company closed a non-brokered private placement financing, consisting of 7,916,953 units at a price of \$0.13 per unit and 2,581,667 flow-through shares at a price of \$0.15 per flow-through share for total gross proceeds of \$1,416,454. Each unit consists of one common share and one transferable common share purchase warrant, with each warrant exercisable by the holder into one common share of the Company at a price of \$0.23 per share which expires on September 26, 2014, and share issue costs of \$69,971 were incurred.

(ii) Escrow shares:

At September 30, 2012, 6,489,411 (September 30, 2011 - 8,785,233) common shares of the Company were held subject to an escrow agreement and will be released from escrow over the next 12 months.

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12. Share capital (continued):

(c) Warrants:

At September 30, 2012, the following warrants (including agent warrants) were outstanding:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining contractual life in years
7-Dec-12	\$ 0.40	3,625,460	0.19
31-Mar-13	\$ 0.25	288,000	0.50
31-Mar-13	\$ 0.40	2,144,000	0.50
14-Apr-13	\$ 0.20	117,200	0.54
14-Apr-13	\$ 0.30	732,500	0.54
11-Aug-13	\$ 0.15	310,599	0.86
11-Aug-13	\$ 0.19	580,223	0.86
11-Aug-13	\$ 0.25	13,771,118	0.86
26-Apr-14	\$ 0.24	2,682,500	1.57
26-Sep-14	\$ 0.23	8,277,219	1.99
	\$ 0.27	32,528,819	1.10

	Number of warrants	Weighted average exercise price
Balance, September 30, 2011	22,345,500	\$ 0.28
Exercised during the period	(776,400)	0.15
Granted during the period	2,682,500	0.24
Granted during the period	8,277,219	0.23
Balance, September 30, 2012	32,528,819	0.27

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12. Share capital (continued):

(c) Warrants (continued):

	Number of warrants	Weighted average exercise price
Balance, September 30, 2010 and September 30, 2009	-	\$ -
Granted during the year - agent warrants	476,960	0.40
Granted during the year - agent warrants	288,000	0.25
Granted during the year - agent warrants	117,200	0.20
Granted during the year - agent warrants	1,086,999	0.15
Granted during the year - agent warrants	580,223	0.19
Granted during the year - warrants	5,292,500	0.40
Granted during the year - warrants	732,500	0.30
Granted during the year - warrants	13,771,118	0.25
Balance, September 30, 2011	22,345,500	\$ 0.28

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

	Year ended September 30, 2012	Year ended September 30, 2011
Risk-free interest rate	1.09%	2.70%
Expected volatility	113%	92%
Expected life of options	2.0 years	2.0 years
Expected dividend yield	Nil	Nil

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12. Share capital (continued):

(d) Share-based payments:

The Board of Directors of the Company has approved a stock plan, whereby the number of shares issuable under the Plan is limited to 10% of the issued and outstanding shares of the Company. The exercise price of each option shall not be less than the discounted market price of the Company's shares as calculated on the date of grant. An option's maximum term is ten years and shall vest as determined by the Board of Directors. Options granted to investor relations consultants shall vest in stages over 12 months with no more than one-quarter of options vesting in any three month period. The following tables reflect the continuity of stock options for the years ended September 30, 2012 and 2011:

Number outstanding			Number outstanding			Weighted average	
September 30, 2011	Acquired/granted	Exercised/cancelled	September 30, 2012	Weighted average	Expiry date	remaining contractual	
						life in years	
			Exercise price per share				
50,000	-	50,000	-	\$ 0.14	August 6, 2013	-	
1,350,000	-	450,000	900,000	\$ 0.25	December 9, 2015	3.20	
100,000	-	100,000	-	\$ 0.25	January 24, 2021	-	
200,000	-	-	200,000	\$ 0.31	February 9, 2016	3.36	
200,000	-	200,000	-	\$ 0.25	May 10, 2016	-	
200,000	-	200,000	-	\$ 0.60	May 10, 2016	-	
1,400,000	-	100,000	1,300,000	\$ 0.11	September 6, 2021	8.93	
-	600,000	-	600,000	\$ 0.165	January 24, 2014	1.32	
-	70,000	-	70,000	\$ 0.165	January 24, 2022	9.32	
-	1,300,000	-	1,300,000	\$ 0.110	June 1, 2022	9.67	
3,500,000	1,970,000	1,100,000	4,370,000	\$ 0.16		6.68	

Number outstanding			Number outstanding			Weighted average	
September 30, 2010	Acquired/granted	Exercised/cancelled	September 30, 2011	Weighted average	Expiry date	remaining contractual	
			Exercise price per share			life in years	
-	290,000	240,000	50,000	\$ 0.14	August 6, 2013	0.85	
-	1,350,000	-	1,350,000	\$ 0.25	December 9, 2015	4.20	
-	100,000	-	100,000	\$ 0.25	January 24, 2021	4.32	
-	200,000	-	200,000	\$ 0.31	February 9, 2016	4.36	
-	200,000	-	200,000	\$ 0.25	May 10, 2016	4.70	
-	200,000	-	200,000	\$ 0.60	May 10, 2016	4.70	
-	1,400,000	-	1,400,000	\$ 0.11	September 6, 2021	9.93	
-	3,740,000	240,000	3,500,000	\$ 0.22		6.52	

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12. Share capital (continued):

(d) Share-based payments (continued):

The fair values of the stock options used to calculate compensation expense for both employees and non-employees for the options granted is estimated using the Black-Scholes option pricing model. The weighted average fair value per option granted during the year ended September 30, 2012 was \$0.06 (2011 - \$0.19). During the year ended September 30, 2012, the Company recognized \$184,005 (2011 - \$370,495) in share-based payments for the fair value of the vesting portion of the stock options that were granted in the prior years. The following weighted average assumptions used in the calculation of fair value are as follows:

	Year ended September 30, 2012	Year ended September 30, 2011
Risk-free interest rate	1.00%	2.06%
Expected volatility	98.46%	93.36%
Expected life of options	2.79 years	3.94 years
Expected dividend yield	Nil	Nil

(e) Shared-based payment reserve:

A continuity of share-based payment reserve is as follows:

Balance, October 1, 2010	-
Fair value of share-based compensation on options	\$ 370,495
Fair value of share-based compensation on replacement options	40,020
Fair value of share-based compensation on agent warrants	198,033
Exercise of stock options	(25,440)
Balance, September 30, 2011	583,108
Fair value of share-based compensation on agent warrants	22,699
Fair value of share-based compensation on options	184,005
Exercise of stock options	(1,428)
Exercise of warrants	(57,762)
Balance, September 30, 2012	\$ 730,622

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12. Share capital (continued):

(f) Shares reserved for issuance (fully diluted):

	Number of shares
Issued and outstanding at September 30, 2012	63,009,094
Reserve for options (note 12(d))	4,370,000
Reserved for warrants (note 12(c))	32,528,819
Shares reserved for issuance (fully diluted) at September 30, 2012	99,907,913

13. Segmented Information:

As at September 30, 2012 the Company currently operates in one segment being the acquisition and exploration of exploration and evaluation assets located in British Columbia, Canada. For the year ended September 30, 2011 the geographic segment is as follows.

September 30, 2011	Canada	Australia	USA	Total
Mineral properties	\$ 75,001	\$ -	\$ 340,286	\$ 415,287
Equipment	4,845	-	-	4,845
Total identifiable assets	1,762,199	-	340,286	2,102,485
Loss for the year	(4,091,060)	(150,000)	(395,943)	(4,637,003)

14. Income taxes:

(a) As at September 30, 2012, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

	September 30 2012	September 30 2011	October 1 2010
Tax loss carry forwards	\$ 1,802,784	\$ 255,074	75,574
Financing costs	571,826	164,567	6,162
Other	3,898	382	
Mineral properties	1,011,778	520,700	89,477
Deductible temporary differences	\$ 3,390,286	\$ 940,723	\$ 171,213

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14. Income taxes (continued):

(b) The Company's tax expense is comprised of the following:

	Year ending	
	September 30,	September 30,
	2012	2011
Current tax expense	\$ -	\$ 2,227
Deferred tax expense	-	-
Income tax expense	\$ -	\$ 2,227

(c) The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory tax rates of 25.38% (2011 – 27.00%)

	Year ending	
	September 30,	September 30,
	2012	2011
Expected tax expense (recovery)	\$ (677,663)	\$ (1,429,353)
Share based compensation and other items	(2,849)	701,376
Share issuance costs	(26,771)	(205,717)
Flow-through shares	264,599	470,063
Nonrecognition of tax assets	442,683	465,858
Income tax expense	\$ -	\$ 2,227

The decrease in the statutory tax rate from 2011 is a result of legislated tax decreases in the federal and provincial income tax rates.

15. Financial instruments and risk management:

Financial instruments

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") 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.

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15. Financial instruments and risk management (continued):

- 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).

The Company's cash and restricted cash are classified as Level 1 of the fair value hierarchy. The carrying value of Receivables and accounts payable and accrued liabilities, approximates their fair values because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 receivables consists of amounts due from a Canadian government agency and cash and restricted cash is held with a large and stable Canadian chartered bank.

b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when they come due. As of September 30, 2012, the Company had cash of \$1,847,195 to settle current liabilities of \$457,782. All of the Company's financial liabilities are subject to normal trade terms.

c) Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk:

The Company has cash balances and no interest-bearing debt. The Company's current policy is to keep larger cash balances invested in investment-grade short-term demand deposit certificates issued by its banking institutions.

(ii) Foreign currency risk:

The Company is marginally exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in United States Dollars.

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15. Financial instruments and risk management (continued):

Financial risk factors (continued)

The exposure of the Company's cash and receivables to foreign exchange risk is as follows:

	September 30, 2012		September 30, 2011	
	Foreign currency amount	Amount in CAD dollars	Foreign currency amount	Amount in CAD dollars
United States dollars:				
Cash	\$ 6,944	\$ 7,070	\$ 1,458	\$ 1,528
Total financial assets		\$ 7,070		\$ 1,528

The exposure of the Company's accounts payable to foreign exchange risk is negligible.

(iii) Price risk:

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

16. Transition to IFRS:

The Company's first annual financial statements prepared under IFRS are for the year ended September 30, 2012. The transition date of the Company is October 1, 2010 and this requires a restatement for comparative purposes the amounts reported by the Company. Prior to adopting IFRS the Company prepared its financial statements in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended September 30, 2012 and the comparative information presented in these financial statements for the year ended September 30, 2011 and the Statement of Financial Position at October 1, 2010.

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16. Transition to IFRS (continued):

IFRS 1 “First-time Adoption of International Financial Reporting Standards” (IFRS 1)

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. In preparing these financial statements, the Company has elected to apply the following optional exemptions and mandatory exceptions:

IFRS optional exemptions

Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. Therefore, the Company will apply IFRS 3 to business combinations that occurred on or after October 1, 2010. There is no adjustment required to the Statement of Financial Position on the transition date (October 1, 2010).

IFRS mandatory exceptions

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to Statement of Financial Position on the transition date (October 1, 2010):

Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of October 1, 2010 and September 30, 2011 are consistent with its Canadian GAAP estimates for the same date.

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16. Transition to IFRS (continued):

Adjustments on transition to IFRS

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's actual cash flows, it resulted in changes to the Company's Statement of Financial Position, Statement of Comprehensive Loss and Statement of Changes in Equity as set out below:

(a) Share-based payments

On transition to IFRS the Company elected to change its accounting policy for the measurement and recording of share-based payments relating to stock options. Previously, share-based compensation expense was recorded on a straight-line basis over the vesting term. Under IFRS, share-based payment are separated into tranches and recorded over each specific vesting term resulting in accelerated recognition of expense.

(b) Exploration and evaluation costs

On transition to IFRS the Company changed its accounting policy for the treatment of exploration and evaluation expenditures to a policy of expensing all exploration expenditures as incurred. Costs incurred on mineral properties prior to the legal right to explore are also expensed. Costs to acquire exploration and evaluation assets are capitalized.

(c) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the full proceeds received from issuance of the flow-through shares were recorded to share capital. Under IFRS, the premium paid for flow-through shares in excess of the market value of common shares with no flow-through feature is credited to a deferred liability account. As eligible expenditures are incurred, the deferred gain is amortized into earnings for the period.

As a result, during the year ended September 30, 2011, the Company reversed the \$104,025 income tax recovery recorded under Canadian GAAP as a result of flow-through shares in the Statement of Comprehensive Loss and reversed the offsetting \$104,025 direct charge to share capital in the Statement of Shareholders' Equity recorded under Canadian GAAP. A flow-through share premium liability of \$31,100 was recorded at September 30, 2011 as the premium of flow through funds raised above market pricing. This amount was fully amortized to the Consolidated Statement of Comprehensive Loss during the year ended September 30, 2012.

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16. Transition to IFRS (continued):

(d) Amalgamation with Marksmen Capital Inc. on December 7, 2010

On amalgamation, Marksmen issued shares to private Brixton Corp. shareholders on a 1.8-to-1 basis in accordance with the terms of the amalgamation agreement. Marksmen issued 1.8 common shares from its treasury to acquire 7,579,322 outstanding common shares of Brixton Corp., which resulted in the former shareholders of Brixton Corp. owning approximately 65% of the outstanding shares of Marksmen. Brixton shareholders received 13,642,778 common shares in exchange for all the issued and outstanding common shares of Marksmen.

Under Canadian GAAP, the substance of this transaction was a capital transaction and accounted for as a reverse takeover, which does not constitute a business combination in accordance with EIC-10 Reverse Takeover Accounting of the CICA Handbook.

As a result of the amalgamation, private Brixton was considered to have acquired the assets and liabilities of Marksmen. The fair value of the net assets and liabilities of Marksmen are as follows:

Cash	\$	18,901
Prepays		268
Accounts payable and accrued liabilities		(742)
Net assets acquired	\$	18,427

Under Canadian GAAP, the net assets were charged to the current assets and liabilities of Brixton. Marksmen's retained earnings, share capital and contributed surplus were eliminated upon consolidation. All the transaction costs in relation to the amalgamation were charged to the income statement.

IFRS requires the Company to fair value the equity instruments given up in the amalgamation in order to value the unidentified assets received as part of the amalgamation. The fair value of the equity instrument given represents the value of the unidentifiable asset, namely, the listing fee.

The listing fee does not meet the definition of an asset under IFRS therefore the cost is expensed at the date of the amalgamation.

The Company's private placement financing at \$0.25 per unit was concurrent to the amalgamation. Therefore, the Black Scholes model was used to value the warrant component with the residual value attributed to the common share component fair value.

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16. Transition to IFRS (continued):

The fair value of the warrants was determined using the Black Scholes model based on the following parameters:

Risk-free interest rate	1.63%
Expected volatility	92%
Expected life of options	2 years
Expected dividend yield	Nil
Fair value per warrant	\$0.06

The unit price of \$0.25, less the value attributed to the warrant per the Black Scholes model, \$0.06, results in \$0.19 attributable to the common share component. The 7,579,322 shares given up have been valued at \$0.19 per share for a total estimated fair value of \$1,440,070. The Company also recorded the fair value of options issued to Marksmen option holders of \$40,020. In total \$1,480,090, was recorded as a listing fee expense on amalgamation with the net assets at December 7, 2010, the transaction date.

(e) Reconciliation to previously reported financial statements:

A reconciliation of the above noted changes is included in the following Statements of Financial Position and Statements of Comprehensive Loss for the dates noted below.

- Reconciliation of Assets, Liabilities and Equity - October 1, 2010 and September 30, 2011
- Reconciliation of Comprehensive Loss - year ended September 30, 2011
- As there is no impact on the operating, investing and financing activities totals, a comparative Statement of Cash Flows is not required.

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16. Transition to IFRS (continued):

Reconciliation of Assets, Liabilities and Equity

	Note	October 1, 2010			September 30, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets							
Current assets:							
Cash and cash equivalents		\$ 267,767	\$ -	\$ 267,767	\$ 679,102	\$ -	\$ 679,102
HST receivable		17,740	-	17,740	291,903	-	291,903
Prepaid expenses		5,305	-	5,305	681,348	-	681,348
		290,812	-	290,812	1,652,353	-	1,652,353
Restricted cash		-	-	-	30,000	-	30,000
Exploration and evaluation assets	16(b)	312,603	(266,093)	46,510	2,709,475	(2,294,188)	415,287
Equipment		1,910	-	1,910	4,845	-	4,845
		\$ 605,325	\$ (266,093)	\$ 339,232	\$ 4,396,673	\$ (2,294,188)	\$ 2,102,485
Liabilities and Shareholders' Equity							
Current liabilities:							
Accounts payable and accrued liabilities		\$ 237,413	\$ -	\$ 237,413	\$ 119,062	\$ -	\$ 119,062
Due to related parties		21,064	-	21,064	17,016	-	17,016
Flow-through share premium liability	16(d)	-	-	-	-	31,100	31,100
		258,477	-	258,477	136,078	31,100	167,178
Shareholders' equity:							
Share capital		649,250	-	649,250	5,177,049	1,380,648	6,557,697
Reserves	16(a)	-	-	-	475,379	107,729	583,108
Deficit	16(a)-(d)	(302,402)	(266,093)	(568,495)	(1,391,833)	(3,813,665)	(5,205,498)
		346,848	(266,093)	80,755	4,260,595	(2,325,288)	1,935,307
		\$ 605,325	\$ (266,093)	\$ 339,232	\$ 4,396,673	\$ (2,294,188)	\$ 2,102,485

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16. Transition to IFRS (continued):

Reconciliation of Comprehensive Loss

	Note	Year ended September 30, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses:				
Amortization		1,192	\$ -	\$ 1,192
Conference and exhibition		18,152	-	18,152
Consultant fees		77,000		77,000
Geological exploration	16(b)	156,923	2,028,095	2,185,018
Insurance		8,968		8,968
Interest and bank charges		1,943		1,943
Investor relations		146,587		146,587
Listing and filing fees		40,295		40,295
Office and sundry		51,618	-	51,618
Professional services		143,842	-	143,842
Rent		27,829		27,829
Salaries and employee benefits		195,015	-	195,015
Share-based payments	16(a)	302,786	67,709	370,495
Travel and meals		22,269	-	22,269
		(1,194,419)	(2,095,804)	(3,290,223)
Other income (expenses):				
Recognition of flow through premium liability	16(d)	-	132,347	132,347
Foreign exchange gain (loss)		3,190	-	3,190
Listing fee on amalgamation	16(d)	-	(1,480,090)	(1,480,090)
Write-off of property acquisition costs		-	-	-
Loss before income taxes		(1,191,229)	(3,443,547)	(4,634,776)
Income tax recovery (expense)		101,798	(104,025)	(2,227)
Loss and comprehensive loss for the period		(1,089,431)	(3,547,572)	(4,637,003)
Deficit, beginning of year	16(a)-(d)	(302,402)	(266,093)	(568,495)
Deficit, end of year		(1,391,833)	\$ (3,813,665)	\$ (5,205,498)

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17. Subsequent events:

- (a) On December 4, 2012 the Company issued 200,000 stock options vesting over a one-year period, to purchase common shares of the Company exercisable at a price of 17.5 cents until 10 years from the date of grant.
- (b) On December 21, 2012 the Company closed a non-brokered private placement financing. Pursuant to the private placement, the Company issued 6,609,500 flow-through shares at a price of 20 cents per flow-through share for aggregate gross proceeds of approximately \$1,321,900.
- (c) On January 7, 2013 the Company entered into a non-binding letter agreement to acquire a 100-per-cent interest in the Thorn property from Rimfire, a subsidiary of Kiska. The Company has agreed to pay to Kiska \$1,500,000 in cash and issue 7,000,000 common shares in its capital stock to acquire the Thorn property. This acquisition is subject to completion of a definitive agreement.

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18. Supplemental Schedule of Geological Exploration Expenditures and Acquisition Costs

	Year ended September 30, 2012			Year ended September 30, 2011		
	Acquisition and periodic option payments	Exploration	Total	Acquisition and periodic option payments	Exploration	Total
Thorn, BC, Canada:						
Analysis	\$ -	\$ 35,223	\$ 35,223	\$ -	\$ -	\$ -
Camp and general	-	255,087	255,087	-	23,528	23,528
Drilling	-	203,444	203,444	-	-	-
Field supplies and rentals	-	31,112	31,112	-	395	395
Geological consulting	-	1,121,597	1,121,597	-	1,764,223	1,764,223
Geophysics and metallurgy	-	15,606	15,606	-	4,711	4,711
B.C. mineral tax refund	-	(171,000)	(171,000)	-	(25,287)	(25,287)
Maps, orthos, and reports	-	-	-	-	7,062	7,062
Option payment	71,958	-	71,958	50,000	-	50,000
Permits and licenses	-	-	-	-	-	-
Staking and claims fees	-	-	-	-	-	-
	71,958	1,491,069	1,563,027	50,000	1,774,632	1,824,632
Kahiltna, Alaska, USA:						
Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Camp and general	-	-	-	-	1,481	1,481
Geological consulting	-	450	450	-	143,951	143,951
Maps, orthos, and reports	-	-	-	-	-	-
Option payment	-	-	-	318,777	-	318,777
Staking and claims fees	-	-	-	-	108,031	108,031
	-	450	450	318,777	253,463	572,240
General Exploration:						
Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Field transportation	-	10,881	10,881	-	-	-
Field supplies and rentals	-	825	825	-	-	-
Finders fees	-	-	-	-	-	-
Geological consulting	-	59,448	59,448	-	-	-
Option payment	-	-	-	-	156,923	156,923
Staking and claims fees	-	-	-	-	-	-
	-	71,154	71,154	-	156,923	156,923
Costs for the year	71,958	1,562,673	1,634,631	368,777	2,185,018	2,553,795
Opening balance	415,287	-	415,287	46,510	-	46,510
Property write-offs	(340,286)	-	(340,286)	-	-	-
Year end cumulative balance	\$ 146,959	\$ 1,562,673	\$ 1,709,632	\$ 415,287	\$ 2,185,018	\$ 2,600,305