

Consolidated Financial Statements
(Expressed in Canadian dollars)

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Years ended September 30, 2019 and 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Brixton Metals Corporation

Opinion

We have audited the accompanying consolidated financial statements of Brixton Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

January 21, 2020

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2019	September 30, 2018
Assets		
Current assets:		
Cash	\$ 5,842,871	\$ 1,383,153
Receivables (Note 5)	593,361	80,033
Prepaid expenses (Note 6)	116,380	107,930
	6,552,612	1,571,116
Restricted cash (Note 7)	465,364	426,364
Equipment (Note 8)	227,230	102,283
Exploration and evaluation assets (Note 9)	6,003,324	5,635,285
Total Assets	\$ 13,248,530	\$ 7,735,048
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 877,066	\$ 204,584
Due to related parties (Note 10)	181,178	4,000
	1,058,244	208,584
Reclamation obligation (Note 9)	176,075	176,075
Total Liabilities	1,234,319	384,659
Shareholders' equity:		
Share capital (Note 12(b))	39,541,846	29,444,856
Obligation to issue shares (Note 12)	-	15,000
Reserves (Note 12(d))	7,782,579	5,487,859
Deficit	(35,310,214)	(27,597,326)
	12,014,211	7,350,389
Total Liabilities and Shareholders' Equity	\$ 13,248,530	\$ 7,735,048

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:

“Cale Moodie” _____ Director

“Gary Thompson” _____ Director

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Years ended	
	Sept 30, 2019	Sept 30, 2018
Expenses:		
Amortization (Note 8)	\$ 18,736	\$ 13,911
Conference and exhibition	112,135	83,133
Directors' fees (Note 10)	48,000	26,000
Exploration and evaluation expenditures (Note 9)	4,681,939	2,898,474
Insurance	21,799	14,426
Interest and bank charges	18,601	21,796
Investor relations	348,563	327,035
Listing and filing fees	64,500	34,790
Management fees (Note 10)	421,265	387,008
Office and sundry	111,347	152,120
Professional services (Note 10)	235,974	216,036
Rent	76,079	79,946
Salaries and employee benefits (Note 10)	125,697	94,977
Share-based payments (Note 10, 12(d))	1,759,611	631,725
Travel and meals	52,086	165,625
	(8,096,332)	(5,147,002)
Gain on sale of equipment	39,218	-
Interest income	37,743	28,994
Reduction of flow-through premium liability (Note 12(b))	306,483	-
	383,444	28,994
Loss and comprehensive loss for the year	(7,712,888)	(5,118,008)
Loss per share - basic and diluted	\$ (0.08)	\$ (0.08)
Weighted average number of shares outstanding	92,804,535	61,587,765

The accompanying notes are an integral part of these consolidated financial statements.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except share amounts)

	Number of shares	Share capital	Obligation to issue shares	Subscriptions received in advance	Share-based payments reserve	Deficit	Total equity
September 30, 2017	46,498,366	\$ 24,477,011	\$ -	\$ 1,179,000	\$ 4,449,429	\$ (22,479,318)	\$ 7,626,122
Common shares issued for mineral properties	5,085,000	1,090,500	-	-	-	-	1,090,500
Common shares issued for cash	5,232,036	1,491,131	-	(1,179,000)	183,121	-	495,252
Flow through shares issued for cash	12,005,000	3,001,250	-	-	-	-	3,001,250
Share-based payments	-	-	-	-	631,725	-	631,725
Warrants exercised	242,000	36,300	15,000	-	-	-	51,300
Share issuance costs	-	(651,336)	-	-	223,584	-	(427,752)
Loss for the year	-	-	-	-	-	(5,118,008)	(5,118,008)
September 30, 2018	69,062,402	29,444,856	15,000	-	5,487,859	(27,597,326)	7,350,389
Common shares issued for mineral properties	70,000	10,850	-	-	-	-	10,850
Common shares issued for cash	46,227,655	8,173,801	-	-	-	-	8,173,801
Flow through shares issued for cash	13,684,407	2,408,336	-	-	-	-	2,408,336
Flow through premium liability	-	(306,483)	-	-	-	-	(306,483)
Share-based payments	-	-	-	-	1,759,611	-	1,759,611
Stock options exercised	90,000	26,321	-	-	(12,821)	-	13,500
Warrants exercised	5,674,027	1,033,812	(15,000)	-	(103,029)	-	915,783
Share issuance costs	-	(1,249,647)	-	-	650,959	-	(598,688)
Loss for the year	-	-	-	-	-	(7,712,888)	(7,712,888)
September 30, 2019	134,808,491	\$ 39,541,846	\$ -	\$ -	\$ 7,782,579	\$ (35,310,214)	\$ 12,014,211

The accompanying notes are an integral part of these consolidated financial statements.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended	
	Sept 30, 2019	Sept 30, 2018
Cash flows used in operating activities:		
Loss for the year	\$ (7,712,888)	\$ (5,118,008)
Items not affecting cash:		
Amortization	18,736	24,345
Recognition of flow-through premium liability	(306,483)	-
Gain on sale of equipment	(39,218)	-
Share-based payments	1,759,611	1,240,929
	<u>(6,280,242)</u>	<u>(3,852,734)</u>
Changes in non-cash working capital:		
Receivables	(513,328)	342,396
Prepaid expenses	(8,450)	(28,216)
Accounts payable and accrued liabilities	626,772	53,284
Due to related parties	177,178	(2,870)
	<u>(5,998,070)</u>	<u>(3,488,140)</u>
Cash flows used in investing activities:		
Mineral property acquisition costs	(357,189)	(359,905)
Purchase of equipment	(152,605)	-
Sale of equipment	93,850	-
Reclamation bonds posted as restricted cash	(39,000)	(159,313)
	<u>(454,944)</u>	<u>(519,218)</u>
Cash flows from financing activities:		
Shares issued for cash	10,582,137	6,993,004
Stock options exercised	13,500	-
Warrants exercised	915,783	87,600
Share issuance costs	(598,688)	(854,662)
	<u>10,912,732</u>	<u>6,225,942</u>
Change in cash	4,459,718	2,218,584
Cash, beginning of the year	1,383,153	2,664,018
Cash, end of the year	<u>\$ 5,842,871</u>	<u>\$ 4,882,602</u>
Supplemental non-cash financing information:		
Shares issued for mineral properties	\$ 10,850	\$ 1,161,000
Finders warrants issued	\$ 650,959	\$ 447,168
Residual value of warrants	\$ -	\$ 183,121
Equipment in accounts payable	\$ 45,710	\$ -
Flow-through premium liability on issuance of flow-through shares	\$ 306,483	\$ -
Amounts transferred to share capital on exercise of stock options	\$ 12,821	\$ -
Amounts transferred to share capital on exercise of warrants	\$ 103,029	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(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 evaluation of mineral properties. The Company’s head office address is Suite 551 – 409 Granville Street, Vancouver, BC, V6C 1T2, Canada. The Company is listed on the TSX Venture Exchange (“TSX-V”) and trades under the symbol BBB.

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.

The Company has a history of losses with no operating revenue and incurred a loss of \$7,712,888 for the year ended September 30, 2019 (2018 - \$5,118,008). As at September 30, 2019, the Company has an accumulated deficit of \$35,310,214, cash of \$5,842,871 and working capital of \$5,494,368. 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 achieve operating profitability and generate positive cash flows. 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 evaluation activities.

During the period ended September 30, 2019, the Company completed financings of total gross proceeds of approximately \$10,582,137. Subsequent to September 30, 2019, the Company also completed a financing of gross proceeds of approximately \$1,697,080. The Company estimates it has sufficient funds to operate for the ensuing 12 months.

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.

2. Significant accounting policies:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Unless otherwise stated, amounts are expressed in Canadian dollars.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(expressed in Canadian dollars)

2. Significant accounting policies (continued):

(a) Statement of compliance (continued):

These consolidated financial statements were authorized for issuance by the Board on January 21, 2020.

(b) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Brixton USA Corporation ("Brixton USA"). The financial statements of Brixton USA are included in the consolidated financial statements from the date on which control was transferred to the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany accounts and transactions have been eliminated on consolidation.

(c) Exploration and evaluation assets:

The Company is in the process of exploring its exploration and evaluation asset and has not yet determined whether the property contains ore reserves that are economically recoverable.

Exploration and evaluation costs are recognized in profit or loss. Costs incurred before and after the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss until such time the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, after which 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 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 receipts in excess of capitalized costs recognized in profit or loss. Upon achieving production, 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.

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 accrued. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(expressed in Canadian dollars)

2. Significant accounting policies (continued):

(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 equipment on the following basis:

Asset	Basis	Annual Rate
Computer equipment	Declining balance	30%
Automotive equipment	Declining balance	30%
Mining equipment/Building	Declining balance	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.

(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.

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.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(expressed in Canadian dollars)

2. Significant accounting policies (continued):

(e) Impairment (continued):

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.

(g) Income taxes:

Current tax is the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes 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 purposes. 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 substantively enacted at 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.

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(expressed in Canadian dollars)

2. Significant accounting policies (continued):

(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.

(i) Financial instruments:

On July 1, 2018, the Company adopted IFRS 9 – *Financial Instruments* (“IFRS 9”) which replaced IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company’s financial assets on the transition date. The Company’s financial assets previously carried as loans and receivables are now classified as amortized cost. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new “expected credit loss” impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of receivables on the transition date.

Financial assets:

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(expressed in Canadian dollars)

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company does not have any financial assets designated as FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit or loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and receivables are recorded at amortized cost.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities and amounts due to related parties.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(expressed in Canadian dollars)

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Fair value hierarchy (continued)

- Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and
- Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(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 year. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

(k) Flow-through shares:

The Company may 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 on a proportionate basis and recognizes the amount in profit or loss.

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
Years ended September 30, 2019 and 2018
(expressed in Canadian dollars)

2. Significant accounting policies (continued):

(l) Critical accounting judgments and estimates:

The preparation of these consolidated 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

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 review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of exploration and evaluation assets; provision for environmental rehabilitation; inputs used in the valuation of share-based payments and accrual of refundable tax credits.

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.

Exploration and evaluation assets:

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.

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2. Significant accounting policies (continued):

(l) Critical accounting judgments and estimates (continued):

Estimates (continued)

Environmental rehabilitation obligation:

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.

Accrual of refundable mining tax credits

The provincial government of BC provides for a refundable tax on net qualified mining exploration expenditures incurred in BC. The credit is calculated as 20% of qualified mining exploration expenses. Management has estimated and accrued the likely refundable amount arising from expenditures incurred.

Judgments

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

Going concern:

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

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3. Accounting standards issued for adoption in future periods:

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended September 30, 2019:

- IFRS 16 New leases standard that replaces IAS 17 for recognition, measurement, presentation and disclosure of leases for lessees and lessors. ⁽ⁱⁱ⁾

The Company anticipates that the application of IFRS 16 will not have a material impact on the results and financial position of the Company.

4. 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, stock options and share purchase warrants. The Company manages the capital structure and makes adjustments to it in 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 strategy on a 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 demand guaranteed deposits, all held with major financial institutions.

5. Receivables:

	Sept 30, 2019	Sept 30, 2018
Amounts due from Government of Canada pursuant to GST input tax credits	\$ 214,844	\$ 68,498
Amounts due from Government of BC pursuant to BC Mining Exploration tax credit	372,000	11,023
Other	6,352	512
Total	\$ 593,196	\$ 80,033

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6. Prepaid expenses:

	Sept 30, 2019	Sept 30, 2018
Prepaid insurance	\$ 20,387	\$ 16,961
Prepaid expenses and advances to related parties (Note 10)	-	43,313
Other prepaid expenses	95,993	47,656
Total	\$ 116,380	\$ 107,930

7. Restricted cash:

At September 30, 2019, the Company had a total of \$465,364 (2018 - \$426,364) in bonds, comprising \$306,051 (2018 - \$267,051) held with the Government of British Columbia for potential reclamation costs on its Thorn and Yellowjacket (Atlin) projects in British Columbia and \$159,313 (2018 - \$159,313) held with the State of Montana for potential reclamation costs on its Hog Heaven project in Montana, USA. These bonds are refundable at such time the Company completes the required exploration activities and receives approval from the regulating authorities.

8. Equipment:

	Building	Mining equipment	Computer equipment	Vehicles	Total
Cost					
Balance, September 30, 2017	\$ -	\$ -	\$ 23,723	\$ 57,675	\$ 81,398
Additions	-	69,825	-	-	69,825
Balance, September 30, 2018	\$ -	\$ 69,825	\$ 23,723	\$ 57,675	\$ 151,223
Additions	198,315	-	-	-	198,315
Disposals	-	(60,075)	-	-	(60,075)
Balance, September 30, 2019	\$ 198,315	\$ 8,850	\$ 23,723	\$ 57,675	\$ 288,563
Accumulated Amortization					
Balance, September 30, 2017	\$ -	\$ -	\$ 17,096	\$ 17,933	\$ 35,029
Amortization expense	-	-	1,988	11,923	13,911
Balance, September 30, 2018	\$ -	\$ -	\$ 19,084	\$ 29,856	\$ 48,940
Disposals	-	(6,343)	-	-	(6,343)
Amortization expense	-	8,999	1,392	8,345	18,736
Balance, September 30, 2019	\$ -	\$ 2,656	\$ 20,476	\$ 38,201	\$ 61,333
Net Book Value					
Balance, September 30, 2018	\$ -	\$ 69,825	\$ 4,639	\$ 27,819	\$ 102,283
Balance, September 30, 2019	\$ 198,315	\$ 6,194	\$ 3,247	\$ 19,474	\$ 227,230

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9. Exploration and evaluation assets:

Balance consists of:

	September 30, 2019	September 30, 2018
Thorn, BC, Canada	\$ 3,162,905	\$ 3,005,030
Langis, Ontario, Canada	482,991	422,261
Atlin, BC, Canada	1,280,803	1,157,980
Hog Heaven, Montana, USA	1,076,625	1,050,014
Total	\$ 6,003,324	\$ 5,635,285

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 February 26, 2013, the Company completed the acquisition of a 100% interest in the Thorn mineral property, located in the Sutlahine River area in northwestern British Columbia, from Rimfire Minerals Corporation for consideration of \$1,500,000 cash and the issuance of 7,000,000 common shares (valued at \$1,260,000). The property is subject to underlying net smelter returns royalties ("NSR") ranging from nil to 3.5% with certain NSR buy-down rights. In addition to the royalties the Company must satisfy underlying obligations to an underlying agreement in respect of the property with Cangold Limited which requires the Company to issue 250,000 shares or make a one-time cash payment of \$1,000,000 upon commercial production.

Taku River Tlingit First Nations Agreement

On July 19, 2013, the Company entered into an exploration agreement with the Taku River Tlingit First Nation ("TRTFN") under which TRTFN will consent to exploration activities and support the development of the Thorn project. In exchange, the Company shall pay an annual community contribution fee of 1.25% based on the Company's annual exploration budget and provide opportunities for local employment, training and contracting related to the project.

For the year ended September 30, 2019, the Company has recognized a reclamation obligation of \$29,000 (2018 - \$29,000). The undiscounted amount of estimated cash flows was estimated at \$52,000. The liability was estimated using an expected life of 27 years and a net risk-free discount rate of 2%.

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9. Exploration and evaluation assets (continued):

(b) Langis, Ontario, Canada:

On February 2, 2016, the Company acquired a 100% interest in the Langis silver mine located in the Cobalt silver mining camp of Northeastern Ontario from Canagco Mining Corp. ("Canagco") for consideration of 3,242,500 common shares (valued at \$226,975) and a cash payment of \$55,000. The Company also paid a finder's fee of \$6,887 and 106,351 common shares valued at \$9,572. The property is subject to underlying NSR ranging from nil to 2.0% of net smelter returns with certain NSR buy-down rights.

On April 13, 2016, the Company acquired additional mineral rights related to the Langis property in exchange for consideration of \$5,000 and 250,000 common shares (valued at \$107,500). The property is subject to 2% NSR with certain NSR buy-down rights.

On April 19, 2016, the Company acquired a 100% interest in the past-producing Hudson Bay silver mine in the Cobalt silver mining camp of Ontario through the issuance of 27,300 common shares (valued at \$27,300) and a cash payment of \$1,000.

On July 7, 2016, the Company entered into an agreement with a vendor whereby the Company acquired additional mining rights in the Langis property through the issuance of 10,000 common shares (valued at \$8,300) and a cash payment of \$3,000. The property is subject to 2% NSR with certain NSR buy-down rights.

During fiscal 2017, the Company completed an agreement with Agnico Eagle Mines Ltd. ("Agnico Eagle") and acquired a 100% interest over certain additional property adjacent to the Langis property for consideration of cash paid of \$200,000. Agnico Eagle retains a 2% NSR, of which the Company may purchase 1% for \$500,000.

On June 7, 2017, the Company entered into an agreement with First Cobalt Corp. ("First Cobalt") to sell a 100% interest in certain of the Company's non-core mineral claims located in the Cobalt silver mining camp in Ontario for consideration of \$325,000 cash (received). The Company paid a \$16,250 finder's fee in connection with this transaction.

For the year ended September 30, 2019, the Company has recognized a reclamation obligation of \$30,007 (2018 - \$30,007). The undiscounted amount of estimated cash flows was estimated at \$56,000. The liability was estimated using an expected life of 28 years and a net risk-free discount rate of 2%.

Timiskaming First Nations Agreement

On May 2, 2016, the Company entered into an exploration agreement with Timiskaming First Nation ("TFN"), under which TFN will consent to exploration activities and support the development of the Company's Langis project and other cobalt lands, in exchange for the Company paying an annual community contribution of 1.25% based on the Company's annual exploration budget and providing opportunities for local employment, training and contracting related to the project.

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9. Exploration and evaluation assets (continued):

(c) Atlin, BC, Canada:

On January 25, 2017, the Company entered into an option agreement with two third parties to acquire a 100% interest in the Eagle property located in Atlin, British Columbia, for consideration of \$65,000 (\$40,000 paid) and the issuance of 115,000 common shares (total 75,000 shares issued valued at \$22,800), payable over a three year period. The vendors will retain a 2% NSR, of which the Company may purchase 1% for \$500,000.

On March 14, 2017, the Company entered into an agreement and acquired a 100% interest in additional mineral claims located in Atlin, British Columbia, by paying \$13,000 and issuing 20,000 common shares (valued at \$10,600). The property is subject to an NSR ranging from 0.2% to 0.5% with certain NSR buy-down rights.

During fiscal 2018, the Company entered into a series of separate asset purchase and sale agreements to acquire a 100% interest in certain mineral claims including the McKee, Otter, Yellowjacket and Spruce group of properties located in the Atlin mining district in British Columbia. In consideration, the Company paid \$70,000 and issued 5,060,000 common shares, valued at \$1,082,000. As part of the acquisition, the Company acquired equipment valued at \$69,825. The properties are subject to an NSR ranging from 1% to 1.5% with certain NSR buy-down rights.

During fiscal 2018, the Company also acquired a total of \$172,051 in bonds held with the Government of British Columbia in connection with potential reclamation costs on the Yellowjacket property, which have been recorded as restricted cash at September 30, 2018 and September 30, 2019.

During fiscal 2019, the Company entered into an asset purchase and sale agreement to acquire a 100% interest in certain mineral claims in the Atlin mining district in British Columbia. In consideration, the Company paid \$3,500 (paid) and issued 40,000 common shares (valued at \$6,350).

For the year ended September 30, 2019, the Company has recognized a reclamation obligation of \$80,983 (2018 - \$80,983). The undiscounted amount of estimated cash flows was estimated at \$89,553. The liability was estimated using an expected life of 9 years and a net risk-free rate of 0.5%.

(d) Hog Heaven, Montana, USA:

On June 21, 2017, the Company acquired, through an agreement with Pan American Silver Corp. ("Pan American"), a 100% interest in the Hog Heaven project in Montana, USA, through the issuance of 2,687,091 common shares (valued at \$994,224). The property is subject to a 3.0% NSR.

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9. Exploration and evaluation assets (continued):

(d) Hog Heaven, Montana, USA (continued):

For the year ended September 30, 2019, the Company has recognized a reclamation obligation of \$36,085 (2018 - \$36,085). The undiscounted amount of estimated cash flows was estimated at \$67,000. The liability was estimated using an expected life of 28 years and a net risk-free discount rate of 2.1%.

During the year ended September 30, 2018, the Company paid a total of \$159,313 in bonds held with the State of Montana in connection with potential reclamation costs on the Hog Heaven property, which have been recorded as restricted cash at September 30, 2018 and September 30, 2019.

During the year ended September 30, 2019, the Company incurred the following exploration expenditures:

	Thorn Property BC, Canada	Langis Property ON, Canada	Atlin Property BC, Canada	Hog Heaven Property Montana, USA	General Exploration	Total
Year ended September 30, 2019						
Analysis	\$ 32,428	\$ 80,932	\$ 117,778	\$ 5,838	\$ -	\$ 236,976
Camp and general	161,276	87,356	282,131	1,541	582	532,886
Community relations	56,250	15,410	18,750	-	2,674	93,084
Drilling	1,057,690	271,057	227,837	-	-	1,556,584
Field supplies and rentals	185,594	22,727	276,983	8,030	-	493,334
Field transportation	876,532	2,840	29,522	170	-	909,064
Geological consulting	446,896	52,534	208,251	13,790	2,473	723,944
Geophysics and metallurgy	340,051	32,243	125,210	-	-	497,504
Maps, orthos, and reports	2,741	-	1,274	5,084	-	9,099
Permitting	-	-	1,288	176	-	1,464
Government grants	(367,841)	(175)	(3,984)	-	-	(372,000)
Total for the year	\$ 2,791,617	\$ 564,924	\$ 1,285,040	\$ 34,629	\$ 5,729	\$ 4,681,939
Year ended September 30, 2018						
Analysis	\$ 16,498	\$ 359,509	\$ 8,016	\$ 9,253	\$ -	\$ 393,276
Camp and general	11,522	213,060	112,290	166,308	7,288	510,468
Community relations	4,990	12,525	100	-	-	17,615
Drilling	-	944,121	-	-	-	944,121
Field supplies and rentals	10,893	54,256	31,407	94,774	-	191,330
Field transportation	55,350	18,597	72,376	1,800	-	148,123
Geological consulting	69,470	197,776	128,115	140,354	-	535,715
Geophysics and metallurgy	(7,944)	-	42,000	128,221	-	162,277
Maps, orthos, and reports	200	593	-	1,198	-	1,991
Permitting	-	-	-	3,788	-	3,788
Staking and claims fees	-	-	793	-	-	793
Government grants	(4,232)	-	(6,791)	-	-	(11,023)
Total for the year	\$ 156,747	\$ 1,800,437	\$ 388,306	\$ 545,696	\$ 7,288	\$ 2,898,474

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10. Related party transactions:

During the year ended September 30, 2019, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Sept 30, 2019	Sept 30, 2018
Management fees, salaries and professional services	\$ 511,503	\$ 495,008
Director fees	48,000	26,000
Share-based payments	1,236,183	509,966
Total	\$ 1,795,686	\$ 1,030,974

Key management is defined as directors and officers of the Company.

As at September 30, 2019, the Company had \$181,178 (2018 - \$4,000) 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. A spouse of a director received \$48,710 for administrative services and received share-based compensation of \$75,000. Amounts prepaid to directors and officers are disclosed in note 6.

11. Commitments:

The Company is obligated under its operating lease agreement for the rental of its corporate office in Vancouver. Minimum lease payments in the remaining year is as follows:

2020	\$ 36,556
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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:

2019 Transactions

On August 23, 2019, the Company issued 90,000 common shares upon the exercise of stock options at a price of \$0.15 per share for total gross proceeds of \$13,500.

On February 11, 2019, the Company issued 10,000 common shares as consideration for the acquisition of the Wilson mineral claims located in the Atlin mining district, valued at \$1,850 (Note 9(c)).

On January 3, 2019, the Company issued a total of 60,000 common shares as consideration for the acquisition of mineral claims located in the Atlin mining district, valued at \$9,000 (Note 9(c)).

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12. Share capital (continued):

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

(i) Share issuances (continued):

On October 11, 2018, the Company completed the acceleration of 7,717,200 share purchase warrants, including 467,200 finder's warrants, issued pursuant to a private placement of units that closed in April 2016. Prior to the acceleration, a total of 1,285,200 warrants had been exercised, with 6,432,000 warrants remaining. On completion of the acceleration, the Company issued 4,194,000 common shares upon the exercise of warrants at a price of \$0.15 per share for gross proceeds of \$629,100 of which \$15,000 was received in fiscal 2018, and the remaining 2,238,000 warrants were cancelled.

During fiscal 2019, the Company issued 5,764,027 common shares upon the exercise of warrants, including 687,237 finders' warrants, for total gross proceeds of \$1,020,130.

2018 Transactions

On September 5, 2018, the Company issued 4,300,000 common shares as consideration for the acquisition of the Yellowjacket and Spruce properties located in the Atlin mining district, valued at \$924,500 (Note 9(c)).

On September 5, 2018, the Company issued 200,000 common shares as consideration for the acquisition of a 1% NSR on the Yellowjacket property, valued at \$43,000 (Note 9(c)).

On August 20, 2018, the Company issued 250,000 common shares as consideration for the acquisition of mineral claims located in the Atlin mining district, valued at \$52,500 (Note 9(c)).

On June 6, 2018, the Company issued 260,000 common shares as consideration for the acquisition of mineral claims located in the Atlin mining district, valued at \$52,000 (Note 9(c)).

On April 11, 2018, the Company issued 50,000 common shares as consideration for the acquisition of mineral claims located in the Atlin mining district, valued at \$10,000 (Note 9(c)).

On January 11, 2018, the Company issued 25,000 common shares as consideration for the Atlin option agreement (Eagle property), valued at \$8,500 (Note 9(c)).

During fiscal 2018, the Company issued 242,000 common shares upon the exercise of warrants for total gross proceeds of \$36,300.

Private placements

On August 9, 2019, the Company completed a non-brokered private placement of total gross proceeds of \$7,798,656. The Company issued 41,321,756 units at a price of \$0.18 per share for gross proceeds of \$7,437,916, each unit consisting of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of two years. The Company also issued 1,639,727 flow-through shares at a price of \$0.22 per flow-through share. In connection with the private placement, the Company paid commissions comprising total cash fees of \$369,519 and issued an aggregate of 2,028,396 finders' warrants, each finders' warrant exercisable at a price of \$0.25 per share for a period of three years. The Company recognized

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12. Share capital (continued):

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

(i) Share issuances (continued):

Private placements (continued)

a flow-through premium liability of \$65,589, which was fully recognized as a recovery on flow-through premium liability during the year ended September 30, 2019.

On December 19, 2018, the Company completed a non-brokered private placement of total gross proceeds of \$2,783,480. The Company issued 4,905,899 units at a price of \$0.15 per unit for gross proceeds of \$735,885, each unit consisting of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of two years. The warrants are subject to an acceleration clause. The Company also issued 12,044,680 flow-through shares at a price of \$0.17 per flow-through share. In connection with the private placement, the Company paid commissions comprising total cash fees of \$153,284 and issued an aggregate of 918,495 finders' warrants, each finders' warrant exercisable at a price of \$0.15 per share for a period of three years and also subject to the same acceleration clause as contained in the warrants included in the aforementioned units. The Company recognized a flow-through premium liability of \$240,894, which was fully recognized as a recovery on flow-through premium liability during the year ended September 30, 2019.

On October 17, 2017, the Company closed a private placement, issuing 5,232,036 units at a price of \$0.32 per unit for total gross proceeds of \$1,674,252. Each unit consisted of one common share and one-half of one common share purchase warrant, exercisable at a price of \$0.48 per share for three years. In connection with the private placement, the Company paid finder's fees totaling \$101,224 cash and issued 316,323 finder's warrants valued at \$71,191, exercisable at \$0.32 per share for three years. As at September 30, 2017, the Company had received \$1,179,000 in advance subscriptions in relation to this private placement.

On December 6, 2017, the Company closed the first tranche of a flow-through financing, issuing 6,313,000 flow-through shares at a price of \$0.25 per flow-through share for total gross proceeds of \$1,578,250. In connection with the flow-through financing, the Company paid finder's fees totaling \$108,938 cash and issued 435,750 finder's warrants valued at \$76,281, exercisable for common shares at \$0.25 per share for two years.

On December 27, 2017, the Company closed the second and final tranche of a flow-through financing, issuing 5,692,000 flow-through shares at a price of \$0.25 per flow-through share for total gross proceeds of \$1,423,000. In connection with the flow-through financing, the Company paid finder's fees totaling \$99,610 cash and issued 398,440 finder's warrants valued at \$76,112, exercisable for common shares at \$0.25 per share for two years.

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12. Share capital (continued):

(c) Warrants:

As at September 30, 2019, the following warrants were outstanding:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining contractual life in years
4-Apr-20	\$ 0.50	266,120	0.51
17-Oct-20	\$ 0.48	2,616,017	1.05
17-Oct-20	\$ 0.32	316,323	1.05
6-Dec-19	\$ 0.25	385,000	0.18
27-Dec-19	\$ 0.25	302,400	0.24
18-Dec-21	\$ 0.25	4,255,899	2.22
18-Dec-21	\$ 0.15	235,258	2.22
9-Aug-21	\$ 0.25	20,660,878	1.86
9-Aug-22	\$ 0.25	2,028,396	2.86
	\$ 0.27	31,066,291	1.85

	Number of warrants	Weighted average exercise price
Balance, September 30, 2017	19,610,675	\$ 0.49
Granted during the year	3,766,530	0.42
Exercised during the year	(242,000)	0.15
Expired during the year	(9,893,755)	0.65
Balance, September 30, 2018	13,241,450	\$ 0.35
Granted during the year	28,513,668	0.25
Exercised during the year	(5,674,027)	0.16
Expired during the year	(5,014,800)	0.45
Balance, September 30, 2019	31,066,291	\$ 0.27

The fair values of the finders' warrants are estimated using the Black-Scholes option pricing model. The weighted average fair value per finders' warrant granted during the year ended September 30, 2019 was \$0.22 (2018 - \$0.19). The following weighted average assumptions used in the calculation of fair value are as follows:

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12. Share capital (continued):

(c) Warrants (continued):

	September 30, 2019	September 30, 2018
Risk-free interest rate	1.58%	1.53%
Expected volatility	103.96%	133.21%
Expected life of options	3.00 years	2.27 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

(d) Share-based payments:

The Board of Directors of the Company has approved a stock plan (the "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 reflects the continuity of stock options for the years ended September 30, 2019 and 2018:

Number outstanding Sept 30, 2018	Granted	Exercised	Cancelled	Number outstanding Sept 30, 2019	Weighted average exercise price per share	Expiry date	Weighted average remaining contractual life in years
35,000	-	-	-	35,000	\$ 0.14	April 7, 2025	5.52
2,600,000	-	-	-	2,600,000	\$ 0.70	Sept 12, 2026	6.96
1,325,000	-	-	-	1,325,000	\$ 0.50	April 3, 2027	7.51
175,000	-	-	-	175,000	\$ 0.50	June 21, 2027	7.73
2,015,000	-	-	15,000	2,000,000	\$ 0.30	January 8, 2028	8.28
100,000	-	-	-	100,000	\$ 0.21	August 1, 2028	8.84
-	2,322,000	90,000	48,000	2,274,000	\$ 0.15	Dec 17, 2028	9.22
-	4,300,000	-	-	4,300,000	\$ 0.30	August 27, 2029	9.92
6,250,000	6,622,000	90,000	63,000	12,809,000	\$ 0.38		8.64
			(Exercisable)	12,809,000	\$ 0.38		

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12. Share capital (continued):

(d) Share-based payments (continued):

Number outstanding Sept 30, 2017	Granted	Exercised / cancelled	Number outstanding Sept 30, 2018	Weighted average exercise price per share	Expiry date	Weighted average remaining contractual life in years
35,000	-	-	35,000	\$ 0.14	April 7, 2025	6.52
2,600,000	-	-	2,600,000	\$ 0.70	Sept 12, 2026	7.96
1,325,000	-	-	1,325,000	\$ 0.50	April 3, 2027	8.51
175,000	-	-	175,000	\$ 0.50	June 21, 2027	8.73
-	2,015,000	-	2,015,000	\$ 0.30	January 8, 2028	9.28
-	100,000	-	100,000	\$ 0.21	August 1, 2028	9.84
4,135,000	2,115,000	-	6,250,000	\$ 0.51		8.54
		(Exercisable)	6,250,000	\$ 0.51		

The fair value of stock options granted used to calculate compensation expense for both employees and non-employees is estimated using the Black-Scholes option pricing model. The weighted average fair value per option granted during the year ended September 30, 2019 was \$0.27 (2018 - \$0.29). During the year ended September 30, 2019, the Company recognized \$1,759,611 (2018 - \$631,725) in share-based payments expense for the fair value of the vested portion of stock options granted during the period and/or in prior periods.

The following weighted-average assumptions were used as inputs to the Black-Scholes model:

	September 30, 2019	September 30, 2018
Risk-free interest rate	1.46%	2.10%
Expected volatility	143.60%	157.05%
Expected life of options	10.0 years	10.0 years
Expected dividend yield	Nil	Nil

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

	Number of shares
Issued and outstanding at September 30, 2019	134,808,491
Reserved for warrants (note 12(c))	31,066,291
Reserved for options (note 12(d))	12,719,000
Shares reserved for issuance (fully diluted) at September 30, 2019	178,593,782

13. Segmented information:

As at September 30, 2019 the Company currently operates in one segment being the acquisition and exploration and evaluation of resource assets located in British Columbia and Ontario, Canada, and Montana, USA, as described in note 9.

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14. Income taxes:

- (a) As at September 30, 2019, 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:

	2019	2018
Tax losses carried forward	\$ 11,931,153	\$ 10,200,558
Allowable capital loss	378,019	378,019
Reclamation obligation	176,065	176,075
Financing costs	1,025,417	837,141
Other	83,715	104,197
Mineral property	4,884,247	2,849,326
Deductible temporary differences	\$ 18,478,616	\$ 14,545,316

The Company's tax losses expire in various years between 2030 and 2039.

- (b) The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory tax rates of 27.00% (2018 – 26.75%) as follows:

	2019	2018
Statutory tax rate	27.00%	26.75%
Expected tax expense (recovery)	\$ (2,082,480)	\$ (1,369,067)
Share-based compensation and other items	321,173	87,345
Share issuance costs	(161,646)	(114,423)
Flow-through shares	857,727	609,028
Non-recognition of tax assets	1,065,226	787,117
Income tax expense	\$ -	\$ -

The deferred income tax rate is the rate that is estimated to be applicable when the timing differences reverse.

15. Financial instruments and risk management:

Financial instruments

The Company's cash is classified at amortized cost. The carrying values of receivables and accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short terms to maturity.

Financial risk factors

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

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15. Financial instruments and risk management (continued):

Financial risk factors (continued)

(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 consist of amounts due from a Canadian government agency, and cash and restricted cash are held with a large and stable Canadian chartered bank. Management believes that credit risk related to these amounts is nominal.

(b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they fall due. As of September 30, 2019, the Company had cash of \$5,842,871 to settle current liabilities of \$1,058,244. The Company has sufficient cash to settle current liabilities.

(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. The Company is nominally exposed to interest rate risk.

(ii) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at September 30, 2019, the Company had nominal cash on hand and payables denominated in US dollars.

(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.

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16. Subsequent events:

On November 7, 2019, the Company issued a total of 7,700 common shares upon the exercise of warrants for total gross proceeds of \$1,155.

On November 27, 2019, the Company completed a non-brokered private placement of total gross proceeds of \$1,697,080. The Company issued 100,000 common shares at a price of \$0.20 per share for gross proceeds of \$20,000 and issued 6,987,833 flow-through shares at a price of \$0.24 per flow-through share for gross proceeds of \$1,677,080. On December 13, 2019, the Company closed a second tranche of the November 27 private placement for gross proceeds of \$512,324. This consisted of 1,926,350 flow-through shares at \$0.24 per share and 250,000 common shares at \$0.20 per share. In connection with the private placement, the Company paid commissions comprising total cash fees of \$149,478 and issued an aggregate of 388,033 finders' warrants, each finders' warrant exercisable at a price of \$0.24 per share for a period of two years.

On January 7, 2020, the Company issued 350,000 shares to Surge Exploration Inc. for 100% title on certain claims located in northwest British Columbia as part of the Thorn project.

On January 7, 2020, the Company amended an agreement in respect to the Eagle property on the Atlin project. This change amended third year payments of \$25,000 and 40,000 common shares to 165,000 common shares. On January 14, 2020 the issuance was made of 165,000 common shares resulting in the Company receiving 100% title on these claims.