Financial Statements
(Stated in Canadian Dollars)

# Marksmen Capital Inc.

September 30, 2010

Grant Thornton

# Auditors' Report

**Grant Thornton LLP**
979 Alloy Drive
Thunder Bay, ON
P7B5Z8

T (807) 345-6571
F (807) 345-0032
www.GrantThornton.ca

To the Shareholders of

Marksmen Capital Inc.

We have audited the balance sheets of Marksmen Capital Inc. as at September 30, 2010 and 2009 and the statements of earnings, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Thunder Bay, Canada
January 25, 2011

Chartered Accountants
Licensed Public Accountants

**Marksmen Capital Inc.**
(Incorporated under the laws of British Columbia)

# BALANCE SHEET

As at September 30
(Stated in Canadian Dollars)

| | 2010 | 2009 |
|---|---|---|
| | $ | $ |
| **ASSETS** | | |
| Current | | |
| Cash and cash equivalents | **-** | 44,838 |
| Prepaid expenses | **2,508** | 268 |
| Investment *[note 3]* | **82,660** | 100,511 |
| | **85,168** | 145,617 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Bank indebtedness | **31,134** | - |
| Accounts payable and accrued liabilities | **25,804** | 9,830 |
| Total current liabilities | **56,938** | 9,830 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital | | |
| Issued | | |
| Common shares *[note 4]* | **265,656** | 265,656 |
| Share purchase warrants *[note 5]* | **-** | 10,724 |
| Contributed surplus *[note 7]* | **41,464** | 30,740 |
| Deficit | **(278,890)** | (171,333) |
| Total shareholders' equity | **28,230** | 135,787 |
| | **85,168** | 145,617 |

*See accompanying notes to the financial statements*

On behalf of the Board:

*"Cale Moodie"* Director

*"Gary Thompson"* Director

**Marksmen Capital Inc.**
(Incorporated under the laws of British Columbia)

# STATEMENT OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

Year ended September 30
(Stated in Canadian Dollars)

| | **2010** | 2009 |
|---|---|---|
| | $ | $ |
| **REVENUE** | | |
| Investment income | **2,446** | 511 |
| **EXPENSES** | | |
| Corporate accounting | **7,607** | 7,731 |
| Corporate secretarial | **8,380** | 5,924 |
| Filing services | **4,368** | 5,132 |
| General consulting | **-** | 12,693 |
| Listing fees | **9,413** | 7,712 |
| Professional fees | **71,545** | 13,577 |
| Transfer agent fees | **8,690** | 8,625 |
| | **110,003** | 61,394 |
| **Loss and comprehensive loss for the year** | **(107,557)** | (60,883) |
| Deficit, beginning of the year | **(171,333)** | (110,450) |
| **Deficit, end of the year** | **(278,890)** | (171,333) |
| Basic and diluted loss per share *[note 8]* | **(0.03)** | (0.02) |

*See accompanying notes to the financial statements*

**Marksmen Capital Inc.**
(Incorporated under the laws of British Columbia)

# STATEMENT OF CASH FLOWS

Year ended September 30, 2010
(Stated in Canadian Dollars)

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Loss and comprehensive loss for year | **(107,557)** | (60,883) |
| Changes in non-cash working capital: | **13,734** | (14,663) |
| **Cash used in operating activities** | **(93,823)** | (75,546) |
| **INVESTMENT ACTIVITIES** | | |
| Purchase of investments, net | **-** | (100,000) |
| Redemption of investments, net | **17,851** | - |
| **Cash used in investment activities** | **17,851** | (100,000) |
| **Increase (decrease) in cash and cash equivalents during the year** | **(75,972)** | (175,546) |
| Cash and cash equivalents, beginning of the year | **44,838** | 220,384 |
| **Cash and cash equivalents, end of the year** | **(31,134)** | 44,838 |

*See accompanying notes to the financial statements*

# NOTES TO FINANCIAL STATEMENTS

September 30, 2010 and 2009
(Stated in Canadian Dollars)

## 1. NATURE OF BUSINESS AND GOING CONCERN

Marksmen Capital Inc. (the "Corporation" or "Marksmen") was incorporated under the laws of the Province of British Columbia on March 11, 2008. The Corporation completed an initial public offering and commenced trading on the TSX Venture Exchange (the “TSX-V” or “Exchange”) on August 6, 2008 and was classified as a Capital Pool Company (“CPC”) as defined in the TSX-V Listings Policy 2.4. As a CPC, the principal business of the Corporation is to complete a Qualifying Transaction ("QT") by identifying and evaluating opportunities for the acquisition of an interest in assets or a business, and subsequently negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange.

The accompanying financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability to realize assets and discharge liabilities in the normal course of business in the foreseeable future and the ability of the Corporation to raise additional capital.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

### Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

### Revenue recognition

Interest income is recognized on an accrual basis.

### Loss per common share (LPS)

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted LPS are the same.

### Financial instruments

Financial assets are classified as held-to-maturity, loans and receivables, held-for trading or available-for-sale. The held-to-maturity classification is restricted to fixed maturity instruments that the Corporation intends and is able to hold to maturity. Assets classified as held-to-maturity or loans and receivables are accounted for at amortized cost. Held-for-trading assets are recorded at fair value with realized and unrealized gains and losses reported in net income. The remaining financial assets are classified as available-for-sale and will be recorded at fair value with

**Financial instruments**

Financial assets are classified as held-to-maturity, loans and receivables, held-for trading or available-for-sale. The held-to-maturity classification is restricted to fixed maturity instruments that the Corporation intends and is able to hold to maturity. Assets classified as held-to-maturity or loans and receivables are accounted for at amortized cost. Held-for-trading assets are recorded at fair value with realized and unrealized gains and losses reported in net income. The remaining financial assets are classified as available-for-sale and will be recorded at fair value with unrealized gains and losses reported in a new category of the balance sheet under shareholders equity called other comprehensive income.

Financial liabilities are classified as either held-for-trading or other financial liabilities. Held-for-trading liabilities are recorded at fair value with realized and unrealized gains and losses reported in net income, and the remaining financial liabilities are classified as other liabilities and accounted for at amortized cost.

At September 30, 2010 the Corporation's financial instruments consisted of cash and cash equivalents, investment and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The Corporation estimates that the fair value of these financial instruments approximate the carrying values.

The Corporation designates its cash and cash equivalents and investment as held-for-trading which are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost. The Corporation had no financial instruments available for sale during the period ending September 30, 2010. Changes in the fair value of the Corporation's cash and cash equivalents and investment are included in investment income each period.

## FUTURE ACCOUNTING CHANGES

### Convergence with International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to implement IFRS, which will replace Canadian GAAP for these types of entities.

The effective date for this change is interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of quarterly and annual amounts reported by the Corporation for the year September 30, 2011. The Corporation is in the process of developing a plan for IFRS convergence. Detailed analysis of the differences between IFRS and the Corporation's accounting policies and assessment of the various alternatives for first time adoption of IFRS are in progress. Training for key employees has begun and will continue throughout implementation. The Company is currently in the process of developing its IFRS conversion plan and evaluating the impact of the transition to IFRS. The Company will invest in resources during the transition to IFRS to facilitate a timely conversion.

**Business combinations / consolidated financial statements / non-controlling interests**

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

These standards will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted.

(Stated in Canadian Dollars)

### 3. INVESTMENT

| | **2010** | 2009 |
|---|---|---|
| | $ | $ |
| Guaranteed investment certificate | **82,660** | 100,511 |

As at September 30, 2010 investments consist of a Canadian dollar denominated guaranteed investment certificate maturing August 5, 2014 and yielding 3.27%.

### 4. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of voting common shares.

| | **Number** | **Value** |
|---|---|---|
| | # | $ |
| Balance, September 30, 2008 | 3,090,000 | 265,656 |
| Balance, September 30, 2009 | 3,090,000 | 265,656 |
| **Balance, September 30, 2010** | **3,090,000** | **265,656** |

#### Private Placement

On August 1, 2008 the Corporation issued an aggregate of 1,660,000 common shares (the "Common Shares") at a price of $0.07 per Common Share for gross proceeds of $116,200. The Common Shares were offered by way of non-brokered private placement exemptions in certain Provinces in Canada. Under the requirements of the TSX Venture Exchange the Common Shares will be held in escrow and may not be released from escrow and traded without the prior written consent of the regulatory authorities.

#### Initial Public Offering

On August 6, 2008 the Corporation completed its initial public offering ("IPO") of 1,430,000 common shares in the capital of the Corporation at a price of $0.14 per common share for gross proceeds of $200,200 (the "Proceeds"). The Corporation has paid Canaccord Capital Corporation a cash commission equal to 10% of the Proceeds plus an administration fee and related expenses of $20,000 and granted a non-transferable option (the "Agent's Option") to purchase 143,000 common shares of the Corporation equal to 10% of the number of common shares sold through the IPO. The Agent's Option is exercisable for a period of 24 months from the date of listing on the TSX Venture Exchange at a price of $0.14 per common share.

# NOTES TO FINANCIAL STATEMENTS

September 30, 2010 and 2009
(Stated in Canadian Dollars)

## 5. SHARE PURCHASE WARRANTS

The following table reflects the continuity of warrants:

| Expiry Date | Exercise Price $ | Opening Balance # | Warrants Issued # | Warrants Exercised # | Warrants Expired # | Closing Balance # |
|---|---|---|---|---|---|---|
| August 6, 2010 | 0.14 | 143,000 | - | - | 143,000 | - |

The fair value of the share purchase warrants has been estimated using the Black-Scholes option pricing model. The assumptions used for the valuation of the respective warrants were:

Dividend yield 0%, expected volatility 100%, a risk-free interest rate of 3.50% and an expected life of 24 months. Value assigned to the 143,000 share purchase warrants was $10,724.

## 6. SHARE INCENTIVE PLAN

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the continuity of stock options under the Plan:

| | Number of Stock Options # | Weighted Average Exercise Price $ |
|---|---|---|
| Balance, September 30, 2009 | **290,000** | **0.14** |
| Options granted | **-** | **-** |
| Balance, September 30, 2010 | **290,000** | **0.14** |

The following table reflects the stock options outstanding as at September 30, 2010:

| Expiry Date | Exercise Price $ | Options Outstanding # |
|---|---|---|
| August 6, 2013 | 0.14 | 290,000 |

On August 6, 2008, a total of 290,000 stock options were issued to directors, officers, key employees and certain consultants of the Corporation. All of the 290,000 options issued vested immediately.

(Stated in Canadian Dollars)

The Corporation applies the fair value method of accounting for all stock-based compensation awards and accordingly, $30,740 was recorded as compensation for the 290,000 options that vested in the year ending September 30, 2008.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 3.50%, expected life of 5 years.

### 7. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus:

| | **$** |
|---|---|
| Balance, September 30, 2008 | 30,740 |
| Balance, September 30, 2009 | 30,740 |
| Expiration of warrants | 10,724 |
| **Balance, September 30, 2010** | **41,464** |

### 8. LOSS PER SHARE

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Fully diluted loss per share is the same as basic loss per share. The effect of common share purchase options and warrants on the net loss is not reflected as to do so would be anti-dilutive.

| | **2010** | 2009 |
|---|---|---|
| Numerator: | | |
| Net loss | **(107,557)** | (61,395) |
| Denominator: | | |
| Weighted average number of common shares | **3,090,000** | 2,945,041 |
| Weighted average loss per share | **(0.03)** | (0.02) |

(Stated in Canadian Dollars)

### 9. MANAGEMENT OF CAPITAL RISK

The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern in order to pursue its business objectives and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Corporation includes the components of shareholders' equity, as well as cash and cash equivalents and investments. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and investments.

### 10. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

The Corporation had no held-to-maturity or available for sale instruments and no allowance for credit losses as at September 30, 2010 and September 30, 2009:

| | **2010** | 2009 |
|---|---|---|
| Financial Assets | | |
| *Held for trading, measured at fair value* | | |
| Cash and cash equivalents | **-** | 44,838 |
| Investment | **82,660** | 100,511 |
| | **82,660** | 145,349 |
| Financial Liabilities | | |
| *Other liabilities, measured at amortized cost using the effective interest method* | | |
| Bank indebtedness | **31,134** | - |
| Accounts payable and accrued liabilities | **25,804** | 9,830 |
| | **56,938** | 9,830 |

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Corporation manages its credit risk by holding cash equivalents through large Canadian financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

(c) Fair value

Financial instruments consist of cash and cash equivalents, investment, accounts receivable, bank indebtedness and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value, unless otherwise noted, due to the short terms to maturity.

(Stated in Canadian Dollars)

### 11. INCOME TAX EXPENSE

(a) The Company's effective tax rate differs from the amount obtained by applying statutory rate of 28.9% (2009 – 30.3%) due to the following:

| | | **2010** | | 2009 |
|---|---|---|---|---|
| Income tax recovery based on statutory rate | | **(31,057)** | | (18,417) |
| Decrease in Canadian tax rates | | **4,168** | | 3,196 |
| Valuation allowance | | **26,889** | | 15,221 |
| | $ | - | $ | - |

(b) Future income taxes arise from temporary differences in the recognition of income and expenses for financial and tax purposes. The significant components of the Company's future tax assets as at September 30 are as follows:

| | | **2010** | 2009 |
|---|---|---|---|
| Non capital loss carry forwards | $ | **69,642** | 40,223 |
| Share issue costs | | **5,061** | 7,591 |
| | | **74,703** | 47,814 |
| Valuation allowance | | **(74,703)** | (47,814) |
| Future income tax assets | $ | - | - |

(c) The Company has non-capital losses in Canada which may be applied to reduce future taxable income. At September 30, 2010, these losses expire as follows:

| | |
|---|---|
| 2028 | $ 90,000 |
| 2029 | 71,000 |
| 2030 | 118,000 |
| | $ 279,000 |

### 12. RELATED PARTIES

Included in operating expenses are amounts totaling $7,607 (2009 - $7,731) for accounting services and facilities related charges provided by 1752466 Ontario Inc., a company related to the Corporation through a common directorship. The amounts are recorded at the exchange amount agreed to by the parties.

### 13. SUBSEQUENT EVENTS

On December 7, 2010 Brixton Metals Corp., formerly Marksmen Capital Inc., received TSX Venture Exchange approval for its qualifying transaction, name change and private placement.

Effective December 7, 2010, the company's common shares will trade on the TSX Venture Exchange under the company's new name, Brixton Metals, under the trading symbol BBB.

Pursuant to an amalgamation agreement between Brixton Metals Corp. (PrivateCo), Marksmen Capital Inc. and Marksmen Acquisition Corp. (Subco), PrivateCo amalgamated with Subco, a wholly owned subsidiary of Marksmen, to form a new entity (Amalco) and Marksmen issued a total of 13,642,780 shares to the shareholders of PrivateCo on the basis of 1.8 Marksmen shares for every one PrivateCo share held. Amalco is now a wholly owned subsidiary of the company. At the closing of the amalgamation, PrivateCo and Subco combined and the business of PrivateCo, which is focused on exploring and advancing large-scale metal deposits, will be carried on by the company.

In connection with the qualifying transaction, the company issued 285,000 common shares to Zimtu Capital Corp. as a finder's fee.

Concurrent with the qualifying transaction, the company completed a private placement of a total of 2,743,000 units at a price of 25 cents per unit (consisting of one common share and one warrant) and 1,387,000 flow-through units at a price of 30 cents per flow-through unit (consisting of one flow-through share and one-half of one warrant) for total gross proceeds to the company of approximately $1,101,850. Each whole warrant is exercisable to acquire one common share of Brixton for a period of 24 months at an exercise price of 40 cents per Brixton share. The securities bear a four-month hold period. Finders' fees totalling approximately $54,008 cash 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 40 cents per share for a period of 24 months. The proceeds of the private placement will be used for advancing the company's properties and for general and administrative purposes. At the closing Brixton has 21,147,778 shares issued and outstanding.

A director of the company also subscribed for 916,667 flow-through units, representing approximately 23 per cent of total securities issued pursuant to the private placement.