

**BRIXTON METALS CORPORATION**

**Management Discussion and Analysis**

**For the Year Ended September 30, 2012**

**Containing information up to and including  
January 25, 2013**

**Notice**

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Brixton Metal Corp's (the "Company" or "Corporation") financial statements. The information provided herein should be read in conjunction with the consolidated audited Financial Statements for the year ended September 30, 2012. The following comments may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond management control.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review Company statutory filings on [www.sedar.com](http://www.sedar.com) and to review general information.

All currency amounts are in Canadian dollars unless otherwise noted.

**Description of Business**

The Company is an exploration stage company and engages principally in the exploration and development of mineral properties in Canada. Brixton became a public entity through a transaction whereby Marksmen Capital Inc.(a capital pool company trading on the TSX-V) acquired all of the issued and outstanding common shares of Brixton in exchange for the issuance of 1.8 common shares of Marksmen for each common share of Brixton. This transaction was completed on December 7, 2010 and constituted a reverse takeover transaction pursuant to the terms of the TSX-Venture Exchange.

**Caution Regarding Forward Looking Statements**

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties;
- the timing of decisions regarding the strategy and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the timing and cost of planned exploration programs of the Company, and the timing of the receipt of results there from;

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- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the timing and pricing of proposed financings if applicable;
- the anticipated completion of financings;
- the anticipated receipt of regulatory approval/acceptance of financings;
- the anticipated use of the proceeds from the financings;
- the potential to verify and potentially expand upon the historical resources;
- the potential for the expansion of the known mineralized zones;
- the potential for the amenability of mineralization to respond to proven technologies and methods for recovery of ore;

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to negotiate successfully for the acquisition of interests in mineral properties, the determination of applicable governmental agencies not to issue the exploration concessions applied for by the Company or excessive delay by the applicable governmental agencies in connection with any such issuances, the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the prices for precious metals;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs;
- conditions in the financial markets generally, and with respect to the prospects for junior exploration companies specifically;

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- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favorable terms;
- the Company's ability to attract and retain key staff, and to retain consultants to provide the specialized information and skills involved in understanding the precious metal exploration, mining, processing and marketing businesses;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with government agencies and regulators and its underlying property vendors/options; and
- metallurgy and recovery characteristics of the Company's mineral properties are reflective of the deposit as a whole.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation to update these forward looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

**Caution Regarding Adjacent or Similar Mineral Properties**

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's exploration and evaluation assets.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's exploration and evaluation assets.

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**Selected annual information**

	Year ended September 30, 2012	Year ended September 30, 2011	Year ended September 30, 2010
Loss for year	\$(2,648,800)	\$(4,637,003)	\$(568,495)
Write-off of mineral properties	(340,286)	Nil	186,135
Loss per Share (Basic and Diluted)	\$0.05	\$0.19	\$0.12
Total Assets	2,328,637	2,102,485	385,742
Total Long- term Liabilities	Nil	Nil	Nil
Number of shares outstanding	63,009,094	44,685,015	7,245,989

**Highlights for the year ended September 30, 2012 and up to January 25, 2013**

- On January 5, 2012 the Company announced that it would allow its option to acquire a 100-per-cent interest in its Kahiltna property, or Cristo claims in Alaska to lapse. All acquisition costs related to this property have been written off.
- On April 26, 2012, the Company closed a private placement consisting of 5,365,000 units at a price of \$0.14 and 1,559,059 flow-through shares at a price of \$0.17 per flow through share for total gross proceeds of \$1,016,140.
- On September 26, 2012, the Company closed a private placement consisting of 7,916,953 units at a price of \$0.13 per unit and 2,581,667 flow-through shares at a price of \$0.15 per unit for total gross proceeds of \$1,416,454.
- On November 5, 2012, the Company also announced the appointment of Mr. Sorin Posescu as vice-president of geology. Mr. Posescu was previously a consulting geologist for the Company since 2010.
- On December 21, 2012 the Company closed a non-brokered private placement financing. Pursuant to the private placement, the Company issued 6,609,500 flow-through shares at a price of 20 cents per flow-through share for aggregate gross proceeds of approximately \$1,321,900.
- On January 7, 2013 the Company entered into a non-binding letter agreement to acquire a 100-per-cent interest in the Thorn property from Rimfire, a subsidiary of Kiska. Brixton has agreed to pay to Kiska \$1.5-million in cash and issue seven million shares in its capital stock to acquire the Thorn property. This acquisition is subject to completion of a definitive agreement.

## **Results of Operations**

For the year ended September 30, 2012 the Company had a net loss of \$2,648,800 or \$0.05 per share compared to a net loss of \$4,637,003 or \$0.19 per share for the year ended September 30, 2011. The following discussion explains the variations in the key components of these numbers. For details on the results of work on, and other activities in connection with, the Company's exploration and evaluation assets during the current period, see "Exploration Highlights".

### **Year ended September 30, 2012 compared with year ended September 30, 2011**

During the year ended September 30, 2012, the Company incurred a loss of \$2,648,800 (2011 - \$4,637,003).

- Geological exploration costs were \$1,562,673 in the year ended September 30, 2012 compared to \$2,185,018 in the comparative period. This difference is due to the scale of operations into the fall of 2011 on the Thorn property combined with Alaskan exploration in 2011 when none was performed in 2012.
- Share-based payments decreased \$186,490 to \$184,005 compared to \$370,495 in the prior period due to more issuances and vesting in the prior year.
- Salaries and employee benefits decreased from \$195,015 in 2011 to \$140,937 for the year ended September 30, 2012 due to the fact that in the prior year there was both a CEO and President on payroll whereas there was only one individual in that role for 2012.
- Professional services were down \$24,649 over the prior year due to decreases in legal costs associated with property contract negotiations.
- Investor relations were down from \$146,587 to \$87,131 due to cost cutting measures in light of a more challenging capital market environment.

### **Three months ended September 30, 2012 compared with three months ended September 30, 2011**

During the three month period ended September 30, 2012, the Company incurred a loss of \$515,883 (2011 - \$1,742,391).

- Geological exploration costs were \$351,123 in the three months ended September 30, 2012 compared to \$1,595,512 in the comparative period. This is higher in the comparative period as there were two properties which were incurring costs and a larger exploration budget as opposed to 2012 where work was only being performed on the Thorn project.
- Share-based payments decreased \$18,415 to \$49,179 compared to \$67,594 in the prior period due to more issuances and vesting in the prior year.
- Salaries and employee benefits decreased from \$78,981 in 2011 to \$2,034 for the 3 months ended September 30, 2012 due to the salaries being allocated to properties during the quarter as all salaried employees were focused on project related work.
- Professional services were up \$8,202 over the prior year period due to increases in legal activity and property negotiations associated with the dropping of the Alaskan properties.

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- Investor relations decreased from \$24,202 in 2011 to \$15,765 due to cost cutting measures in light of a more challenging capital market environment.

**Summary of Quarterly Results**

	Quarter Ended September 30, 2012	Quarter Ended June 30, 2012	Quarter Ended March 31, 2012	Quarter Ended December 31, 2011
Loss for period	\$515,883	\$283,118	\$378,461	\$1,470,798
Loss per Share (Basic and Diluted)	\$0.005	\$0.005	\$0.01	\$0.03
Total Assets	2,328,637	1,403,408	725,410	920,309
Total Long-term Liabilities	Nil	Nil	Nil	Nil
Number of shares outstanding	63,009,094	52,510,474	45,586,415	44,785,015
Cash Dividends Declared	Nil	Nil	Nil	Nil

	Quarter Ended September 30, 2011	Quarter Ended June 30, 2011	Quarter Ended March 31, 2011	Quarter Ended December 31, 2010
Loss for period	\$1,742,391	\$491,880	\$514,385	\$1,888,347
Loss per Share (Basic and Diluted)	\$0.04	\$0.02	\$0.02	\$0.11
Total Assets	2,102,485	1,513,105	1,777,174	1,295,691
Total Long-term Liabilities	Nil	Nil	Nil	Nil
Number of shares outstanding	44,685,015	28,012,778	26,547,778	22,307,778
Cash Dividends Declared	Nil	Nil	Nil	Nil

**Mineral property costs**

The tables below sets out the quarterly resource property costs, both acquisition and exploration, incurred for the past eight quarters (does not include general exploration costs):

	Quarter Ended September 30, 2012	Quarter Ended June 30, 2012	Quarter Ended March 31, 2012	Quarter Ended December 31, 2011
Thorn - BC	\$338,577	\$102,866	\$156,239	\$965,345
Kahiltna - AK	-	-	-	450
Total	\$338,577	\$102,866	\$156,239	\$965,795

	Quarter Ended September 30, 2011	Quarter Ended June 30, 2011	Quarter Ended March 31, 2011	Quarter Ended December 31, 2010
Thorn - BC	\$1,615,579	\$258,251	\$37,393	\$62,023
Kahiltna - AK	287,434	79,284	65,592	303,919

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Total	\$1,903,013	\$337,535	\$102,985	\$365,942
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The following analysis discusses the variations in the Company's quarterly results but, as with most junior mineral exploration companies, the results of operations (including net losses) are not the main factor in establishing the financial health of the Company. Of additional significance are the exploration and evaluation assets in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variations seen over the quarters are primarily a result of the level of activity of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties. There are no general trends regarding the Company's quarterly results, and the Company's business of mineral exploration is currently seasonal, as it can work on the Thorn property on a strict summer/fall basis. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. The write-off of exploration and evaluation assets can have a material effect on quarterly results as and when they occur, as it did in the quarter ended December 31, 2011 with the write-off of Alaskan assets. The other major factor which can cause a material variation in net loss on a quarterly basis is the grant of stock options due to the resulting stock-based compensation charges which can be significant when they arise. General operating costs other than the specific items noted above tend to be quite similar from period to period.

**Liquidity and Capital Resources**

To date the Company has financed its operations through the sale of its common shares. As at September 30, 2012 the company has \$2,099,897 in current assets and \$509,415 in current liabilities. Prepaid expenses decreased by \$663,507 during the period ended September 30, 2012 over the prior year due entirely to the expensing of the drilling deposits paid in advance to vendor to secure equipment and resources on the Thorn Property. The receivable balance is composed of amounts receivable the Government of Canada and Government of British Columbia.

The Company has no source of revenue, income or cash flow. It is wholly dependent upon raising monies through the sale of its Common Shares to finance its business operations. Over the next 12 months the Company will need additional capital to finance its property exploration and cover general and administration costs.

The Company will require additional funds to support its working capital requirements or for other purposes and will seek to raise additional funds through public or private equity funding, bank debt financing or from other sources. There can be no assurances that this capital will be available in amounts or on terms acceptable to the Company, or at all.

**Use of Proceeds**

***Reconciliation of Use of Proceeds from a Private Placement in December 2010***

In December 2010, the Company raised \$1.1 million through the sale of securities of the Company. The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
To advance the Company's properties and for general and administrative purposes.	In early June 2011, the Company commenced its exploration program at the Thorn property. During the period ended September 30, 2011, all payments on the properties of the Company were kept up-to-date and approximately \$735k was spent on general and administrative costs over the last year.
<b>Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones</b>	No material variances have been identified. Proceeds have been used as intended and to further exploration of the two flagship properties while meeting administrative requirements.

***Reconciliation of Use of Proceeds from a Private Placement in April 2011***

In March/April 2011, the Company raised net \$1.1 million through the sale of securities of the Company. The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
To advance the Company's properties and for general and administrative purposes.	In early June 2011, the Company commenced its exploration program at the Thorn property and on June 30 2011, the Company paid \$70,000 in connection with a payment due under the option agreement for the Kahilt property. The remaining funds \$1M have been spent on further work on the Kahilt property, Thorn exploration and general operating costs.
<b>Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones</b>	No material variances have been identified. Proceeds have been used as intended and to further exploration of the two flagship properties while meeting administrative requirements.

***Reconciliation of Use of Proceeds from a Private Placement in August 2011***

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In August 2011, the Company raised \$2.7 million through the sale of securities of the Company. The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
To advance the Company's properties and for general and administrative purposes.	As at March 31, 2012 the Company had spent \$2.9M on its Thorn property and dropped its Alaskan property. The bulk of the funds raised were used for drilling on the Thorn property with some additional amounts reserved for G&A going forward.
<b>Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones</b>	The Company exceeded budget on its anticipated drill program at the Thorn property by \$300k, using some of the funds for G&A to fund this overshoot was deemed acceptable by the Company. Sufficient funds remain in G&A to take the Company through another 12 months of operating costs.

***Reconciliation of Use of Proceeds from Private Placements in April and September of 2012***

In April 2012, the Company raised \$1.0 million through the sale of securities of the Company. On September 26, 2012 the Company raised an additional \$1.4M. The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
To advance the Company's properties and for general and administrative purposes.	As at January 28, 2013 the Company had spent approximately \$4.1M on its Thorn property and dropped its Alaskan property. The bulk of the funds raised were used for drilling on the Thorn property with some additional amounts reserved for G&A going forward.
<b>Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones</b>	The Company is under budget and has completed its 2012 phase one and two drill programs. The remaining funds will be put towards G&A and the 2013 drill program.

**Mineral Property Overview**

***Thorn Property, British Columbia***

The 2012 diamond drill program on the Thorn property consisted of 26 drill holes for a total of 2,889.67m of NQ core.

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Exploration Highlights 2012 and up to January 28, 2013

- The 2012 diamond drill program on the Thorn property consisted of 26 drill holes for a total of 2,889.67 m of NQ core.
- The interpreted apparent width of the Oban zone was increased up to 140m, depth to 325m and strike of 130m during the 2012 drill program.
- THN12-65 from surface intersected 12.90m of 769.42 g/t AgEq (512.66 g/t Ag, 1.72 g/t Au, 4.24% Pb and 1.54% Zn) within a broader interval of 83.90m of 296.50 g/t AgEq (161.81 g/t Ag, 1.03 g/t Au, 1.29% Pb and 1.49% Zn).
- THN12-84 intercepted 123.00m of 402.52 g/t AgEq (190.68 g/t Ag, 1.19 g/t Au, 3.25% Zn, 1.74% Pb and 0.06% Cu) within broader intervals of 201.00m of 303.64 g/t AgEq and 310.00m of 223.52 g/t AgEq.
- THN12-85 (30m of 0.48 g/t Au, 30.90 g/t Ag, 1.18 % Cu) combined with hole THN11-57 (18.58m of 4.1 g/t Au, 0.93% Cu and 103 g/t Ag) show a zonation in metal content with increasing copper grades at depth.
- A total of 362 soil samples and 1 rock sample were collected from the Amarillo creek area in 2012, which identified a Northeast trending anomaly.

In June 2010, Brixton Metals Corporation entered into a two phase option agreement for the Thorn property with Rimfire Minerals Corporation (a wholly owned subsidiary of Kiska Metals Corporation). Brixton may acquire 51% interest by making total cash payments of \$200,000 and issuing 400,000 shares and incur \$5 million in exploration expenditures over 5 years. Upon completion of the earn-in by Brixton, Rimfire may elect to form a JV at the 49/51 stage. If no JV is elected by Rimfire then Brixton may acquire 65% by incurring an additional \$10 million of expenditures. Upon completion of the 65% earn-in by Brixton, Rimfire may elect to form a pro-rata JV at 35/65 or take dilution thereafter, subject to underlying net smelter royalties that vary from 1.0 to 3.5%. On January 7, 2013 Brixton and Rimfire/Kiska announced a Letter of Intent whereby Brixton may acquire 100% interest in the Thorn subject to underlying royalties for consideration of \$1.5 million cash and the issuance of 7 million common shares of Brixton to Kiska.

**Quality Control and Quality Assurance** protocols were designed by Brixton Metals and the analysis was conducted independently by GeoSpark Consulting of Vancouver. Quality control samples were inserted into the sample stream at approximate intervals of one standard, one blank and one duplicate per 20 core samples. They consisted of a blank, standard and duplicate material inserted into the sample stream at varying intervals. The blank samples were composed of red lava rock. The standard material included CDN-ME-18 and CDN-FCM-6 from CDN Resource Laboratories Ltd. of Langley, British Columbia.

**Significant Acquisitions and Significant Dispositions**

During the year ended September 30, 2012, all costs relating to the Alaskan property were written off.

## **Risk Factors**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), the following risk factors, among others, will apply:

**Resource Exploration and Development is Generally a Speculative Business:** Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. **There is no known resource, and there are no known reserves, on any of the Company's properties. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.** Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even if it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

**Fluctuation of Metal Prices:** Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

**Recent market events and conditions:** From 2007 into 2010, the U.S. credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the

general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appear to have improved slightly in 2010-2011, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

**General economic conditions:** The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of precious and base metal prices may impact the Company's potential future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs
- the devaluation and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities

These factors could have a material adverse effect on the Company's financial condition and results of operations.

**Share Price Volatility.** During the past year, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. **As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.**

Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

**Financing Risks:** The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

**Insufficient Financial Resources:** The Company does not presently have sufficient financial resources to undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

**Dilution to the Company's existing shareholders:** The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

**Increased costs:** Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

**Mining Industry is Intensely Competitive:** The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

**Permits and Licenses:** The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such

licenses and permits that the Company does obtain could have a material adverse effect on the Company.

**Government Regulation:** Any exploration, development or mining operations carried on by the Company, will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

**Environmental Restrictions:** The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement. Fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

**Foreign Countries and Political Risk:** All of the mineral properties held by the Company are located in the US and Canada, where mineral exploration and mining activities may be affected in varying degrees by changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

**Dependence Upon Others and Key Personnel:** The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

**Surface Rights and Access:** Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the applicable courts can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no

impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on exploration and mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction. The Company has not, to date, experienced any problems in gaining access to any of its properties.

**Title Matters:** Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

**Acquisition of Mineral Concessions under Agreements:** The agreements pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to make all payments and complete all expenditure obligations under all of its various property acquisition agreements over their full term. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

**Exploration and Mining Risks:** Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

**Regulatory Requirements:** The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

**Limited Experience with Development-Stage Mining Operations:** The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

**Uncertainty of Resource Estimates/Reserves:** Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The resource estimates contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold, silver, copper, iron or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition. **The Company has not established the presence of any resources or any proven or probable reserves at any of its mineral properties. There can be no assurance that subsequent testing or future studies will establish any resources or proven or probable reserves at the Company's properties. The failure to establish proven**

**or probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.**

**No Assurance of Profitability:** The Company has no history of earnings and, due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favorable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

**Uninsured or Uninsurable Risks:** Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

**Enforcement of Civil Liabilities:** As some of the assets of the Company and its subsidiaries were located in the United States, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company and its subsidiaries.

**The Company may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in the Company's common shares that are U.S. taxpayers:** Investors in the Company's common shares that are U.S. taxpayers should be aware that the Company expects it will in the current year be, a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If the Company is or becomes a PFIC, generally any gain recognized on the sale of the Company's common shares and any "excess distributions" (as specifically defined) paid on such common shares must be ratably allocated to each day in a U.S. taxpayer's holding period for the common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to the Company generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Company's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping

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requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a “mark-to-market election” if the Company is a PFIC and the Company’s common shares are “marketable stock” (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer’s adjusted tax basis in the common shares.

Due to the extreme complexity of the PFIC rules and the potentially materially adverse consequence to a shareholder that is a U.S. taxpayer of the Company being a PFIC, it is critical that each shareholder that is a U.S. taxpayer consult with that shareholder’s U.S. tax adviser before undertaking any transactions in the Company’s common shares.

**Off-Balance Sheet Arrangements**

The Corporation does not have any off-balance sheet arrangements.

**Proposed Transactions**

There are no proposed transactions as at September 30, 2012 and to the date of this MDA other than the letter of intent with Kiska for the purchase of the Thorn property.

**Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning the Company’s general and administrative expenses and resource property costs is provided in the Company’s Statement of Operations and Deficit and Schedule of Resource Property Expenditures contained in its consolidated financial statements for the period ended September 30, 2012 that is available on the Company’s website at [www.brixtonmetals.com](http://www.brixtonmetals.com) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

**Disclosure of Outstanding Share Data**

Brixton’s authorized capital is unlimited common shares without par value and unlimited preferred shares without par value. As at January 25, 2013, the following common shares are outstanding:

	<b># of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Issued and Outstanding Common Shares	69,738,594		
Stock Options	900,000	0.25	December 9, 2015
	1,220,000	0.11	September 6, 2021
	600,000	0.165	January 24, 2014
	70,000	0.165	January 24, 2022
	1,300,000	0.11	June 1, 2022
	200,000	0.175	December 4, 2022
Warrants	288,000	0.25	March 31, 2013
	2,144,000	0.40	March 31, 2013
	117,200	0.20	April 14, 2013
	732,500	0.30	April 14, 2013
	13,771,118	0.25	August 11, 2013

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	290,599	0.15	August 11, 2013
	580,223	0.19	August 11, 2013
	2,682,500	0.24	April 26, 2014
	8,277,219	0.23	September 26, 2014
Fully Diluted at January 25, 2013	102,911,953		

**Transactions with Related Parties**

The Company has entered into certain transactions with related parties during the year ended September 30, 2012 and to the date of this MD&A. All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

A description of these related party transactions is as follows:

<b>Name of Director/Officer</b>	<b>Position</b>	<b>Category</b>	<b>Amount Paid/Accrued</b>
Gary Thompson	Director, President & CEO	Salary	\$158,334
Cale J. Moodie	Director, CFO	Consulting Fees <sup>(1)</sup>	\$72,000
Toby Hughes	Vice-President, Exploration	Consulting Fees <sup>(2)</sup>	\$40,625
Glen Kayll	Director	Consulting Fees <sup>(3)</sup>	\$18,000
Jim Defer	Director	Director Fees	\$4,000
George Salamis	Director	Director Fees <sup>(4)</sup>	\$12,000

1. Amounts paid to Spartan Pacific Financial Ltd., a company controlled by Mr. Moodie, for accounting related services.
2. Consulting fees for services were paid to Antidiluvial Consulting, a company controlled by Mr. Hughes, for geological services.
3. Consulting fees for services were paid to Willow Park Financial, a company controlled by Mr. Kayll, for director fees.
4. Consulting fees for services were paid to Spartan Consulting Inc., a company controlled by Mr. Salamis, for director fees.

Share based payments to key management personnel amount to \$160,584 (2011- 273,719).

**Contractual Obligations**

The Corporation presently has no contractual obligations other than an Escrow Agreement, property lease for office space and payments to keep properties in good standing as outlined in notes 9 and 11 of the consolidated financial statements.

### **Accounting Policies and Estimates**

Significant judgments are used in the Company's assessment of its ability to continue as a going concern which is described in note 1 of the financial statements. Significant accounting estimates are used in the determination of fair value and value in use for purposes of the recoverability of the carrying value of mineral properties, determination of reclamation obligations, valuation of share-based payments, and the valuation of deferred income taxes. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. Actual results may differ from these estimates.

#### *Impairment*

At the end of each reporting period the carrying amounts of the Company's long lived assets, including mineral property interests, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined 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.

#### *Share-based Payments*

The factors affecting share-based payments include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of Company shares and financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with Black-Scholes modeling, however future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the share-based payments and hence, results of operations, there is no impact on the Company's financial condition or liquidity.

#### *Transition to and Initial Adoption of International Financial Reporting Standards ("IFRS")*

The financial statements have been prepared in accordance with IFRS, including IFRS 1, First-Time Adoption of IFRS ("IFRS 1").

Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”). The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies as set out in note 2 of the financial statements have been applied consistently to all periods presented in these financial statements. Comparative information as at October 1, 2010 and for the year ended September 30, 2011 has also been adjusted from amounts previously reported under GAAP.

#### *Impact of IFRS on Our Organization*

The conversion to IFRS impacts the way the Company presents its financial results. The Company has fully prepared and trained its employees and directors to ensure an appropriate understanding of IFRS during the transition process. The impact of the conversion to IFRS on the Company’s accounting systems has been minimal as the Company is still in the exploration phase. The Company has assessed the impacts of adopting IFRS on our contractual arrangements, and has not identified any material compliance issues. The Company has considered the impacts that the transition will have on our internal planning process and compensation arrangements and has not identified any significant impacts.

#### *First Time Adoption of IFRS*

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. The Company did not elect to take any optional exemptions on transition from Canadian GAAP to IFRS.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company’s financial position, financial performance and cash flows is set out in note 16 of the consolidated financial statements and also discussed below:

(a) Share-based payments

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

(b) Exploration and evaluation costs

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

(c) Flow-through shares

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

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

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

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

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

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

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

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

IFRS requires the Company to fair value the equity instruments given up in the amalgamation in order to value the unidentified assets received as part of the

amalgamation. The fair value of the equity instrument given represents the value of the unidentifiable asset, namely, the listing fee.

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

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

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

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

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

#### *New Standards Not Yet Adopted*

Standards and interpretations issued but not yet effective applicable to the Company:

- IFRS 13, Fair Value Measurement
- Amendments to IFRS 7, Financial Instruments: Disclosures
- Amendment to IAS 12, Income Taxes
- IFRS 11, Joint Arrangements
- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements

The Company is evaluating the impact that these standards will have on the financial statements.

#### **Disclosure of Management Compensation**

In accordance with the requirements of Section 19.5 of TSXV Policy 3.1, the Company provides the following disclosure with respect to the compensation of its directors and officers during the period:

1. During the year ended September 30, 2012, the Company entered into an arrangement made with the independent directors of the Company, whereby the directors are paid/accrue \$1,000 per month for their services as directors. The Company also entered

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into an employment contract with the CEO and a contract for services with a Company controlled by the CFO both which outline severance arrangements and change of control clauses.

2. During the year ended September 30, 2012, directors and officers of the Company were paid (or accrued) the following amounts, directly or indirectly, for their services as directors and officers or in any other capacity by the Company and its subsidiaries:

<b>Name of Director/Officer</b>	<b>Position</b>	<b>Category</b>	<b>Amount Paid/Accrued</b>
Gary Thompson	Director, President & CEO	Salary	\$158,334
Cale J. Moodie	Director, CFO	Consulting Fees <sup>(1)</sup>	\$72,000
Toby Hughes	Vice-President, Exploration	Consulting Fees <sup>(2)</sup>	\$40,625
Glen Kayll	Director	Consulting Fees <sup>(3)</sup>	\$18,000
Jim Defer	Director	Director Fees	\$4,000
George Salamis	Director	Director Fees <sup>(4)</sup>	\$12,000

5. Amounts paid to Spartan Pacific Financial Ltd., a company controlled by Mr. Moodie, for accounting related services.
6. Consulting fees for services were paid to Antidiluvial Consulting, a company controlled by Mr. Hughes, for geological services.
7. Consulting fees for services were paid to Willow Park Financial, a company controlled by Mr. Kayll, for director fees.
8. Consulting fees for services were paid to Spartan Consulting Inc., a company controlled by Mr. Salamis, for director fees.

**Recent Developments and Outlook**

The Company expects to obtain financing in the future primarily through further equity and/or debt financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its exploration and evaluation assets.

**Financial Instruments and Risk Management**

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

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

### **Financial risk factors**

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

a) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's receivables consist of amounts due from a Canadian government agency and cash and restricted cash is held with large and stable Canadian chartered banks.

b) Liquidity risk

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

c) Market risk

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

*Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

*Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in United States Dollars. The Company's exposure to foreign currency is detailed in note 15 of the consolidated financial statements.

*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.

**Approval**

The Board of Directors of Brixton has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

**Additional Information**

Additional information relating to Brixton is on SEDAR at [www.sedar.com](http://www.sedar.com).

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*Senior VP Geology*

George Salamis  
*Director*

Jim Defer CA, CBV  
*Director*

**LISTINGS**

TSX Venture Exchange: **BBB**

**CAPITALIZATION**

(as at January 25, 2013)

Shares Authorized: Unlimited

Shares Issued: 69,738,594

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