

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Six months ended March 31, 2022 and 2021

Unaudited – prepared by management

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – expressed in Canadian dollars)

| | March 31, 2022 | September 30, 2021 |
|---|----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 11,750,177 | \$ 2,314,564 |
| Receivables (Note 5) | 1,146,526 | 1,178,057 |
| Prepaid expenses (Note 6) | 322,640 | 41,395 |
| | 13,219,343 | 3,534,016 |
| Restricted cash (Note 7) | 572,859 | 572,859 |
| Equipment (Note 8) | 339,622 | 414,518 |
| Exploration and evaluation assets (Note 9) | 7,704,694 | 8,282,356 |
| Total Assets | \$ 21,836,518 | \$ 12,803,749 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 41,479 | \$ 296,792 |
| Due to related parties (Note 10) | 37,688 | 202,039 |
| Lease liabilities (Note 11) | 21,189 | 45,273 |
| Rental deposit (Note 9(c)) | - | 50,000 |
| Flow-through share premium liability (Note 12(b)) | 1,711,796 | 402,931 |
| | 1,812,152 | 997,035 |
| Reclamation obligation (Note 9) | 176,075 | 176,075 |
| Total Liabilities | 1,988,227 | 1,173,110 |
| Shareholders' equity: | | |
| Share capital (Note 12(b)) | 64,246,358 | 54,547,497 |
| Reserves (Note 12(d)) | 9,983,240 | 9,270,900 |
| Deficit | (54,381,307) | (52,187,758) |
| | 19,848,291 | 11,630,639 |
| Total Liabilities and Shareholders' Equity | \$ 21,836,518 | \$ 12,803,749 |

Nature of operations and going concern (Note 1)

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

Approved on behalf of the Board:

“Cale Moodie” _____ Director

“Gary Thompson” _____ Director

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – expressed in Canadian dollars)

| | Three months ended | | Six months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Mar 31, 2022 | Mar 31, 2021 | Mar 31, 2022 | Mar 31, 2021 |
| Expenses: | | | | |
| Amortization (Note 8) | \$ 39,310 | \$ 22,888 | \$ 78,444 | \$ 45,777 |
| Conference and exhibition | 23,855 | 15,973 | 26,033 | 25,649 |
| Directors' fees (Note 10) | 15,750 | 15,500 | 31,500 | 29,000 |
| Exploration and evaluation expenditures (Note 9) | 538,899 | 1,605,297 | 918,759 | 3,038,293 |
| Insurance | 10,475 | 7,103 | 27,933 | 14,206 |
| Interest and bank charges | 1,778 | 1,029 | 2,981 | 2,787 |
| Investor relations | 78,064 | 88,037 | 204,141 | 197,502 |
| Listing and filing fees | 39,893 | 49,981 | 42,327 | 53,667 |
| Management fees (Note 10) | 164,829 | 97,600 | 354,432 | 159,616 |
| Office and sundry | 59,673 | 35,223 | 125,428 | 83,618 |
| Professional services (Note 10) | 144,309 | 62,661 | 218,282 | 109,317 |
| Rent | 9,139 | 8,831 | 17,969 | 17,661 |
| Salaries and employee benefits (Note 10) | 121,190 | 94,383 | 214,782 | 172,442 |
| Share-based payments (Note 10, 12(d)) | - | 909,707 | - | 909,707 |
| Travel and meals | 10,980 | 765 | 12,786 | 2,159 |
| | (1,258,144) | (3,014,978) | (2,275,797) | (4,861,401) |
| Interest income | 105 | 13,425 | 934 | 22,499 |
| Lease accretion (Note 11) | (627) | (1,763) | (1,553) | (3,786) |
| Reduction of flow-through premium liability (Note 12(b)) | 64,612 | 396,936 | 82,867 | 475,313 |
| | 64,090 | 408,598 | 82,248 | 494,026 |
| Loss and comprehensive loss for the period | \$ (1,194,054) | \$ (2,606,380) | \$ (2,193,549) | \$ (4,367,375) |
| Loss per share - basic and diluted | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.02) |
| Weighted average number of shares outstanding | 257,773,951 | 197,811,224 | 234,298,686 | 191,350,700 |

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

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited – expressed in Canadian dollars, except share amounts)

| | Number of shares | Share capital | Share-based payments reserve | Deficit | Total equity |
|---|---------------------|----------------------|------------------------------------|------------------------|--------------------|
| September 30, 2020 | 171,754,847 | \$ 47,893,291 | \$ 8,336,289 | \$ (42,768,551) | 13,461,029 |
| Common shares issued for mineral properties | 1,200,000 | 420,000 | - | - | 420,000 |
| Common shares issued for cash | 8,510,638 | 2,000,000 | - | - | 2,000,000 |
| Flow through shares issued for cash | 13,792,002 | 4,965,121 | - | - | 4,965,121 |
| Flow through premium liability | - | (1,110,360) | - | - | (1,110,360) |
| Share-based payments | - | - | 909,707 | - | 909,707 |
| Stock options exercised | 140,000 | 37,818 | (16,818) | - | 21,000 |
| Warrants exercised | 2,413,737 | 642,393 | (29,716) | - | 612,677 |
| Share issuance costs | - | (300,766) | 71,438 | - | (229,328) |
| Loss for the period | - | - | - | (4,367,375) | (4,367,375) |
| March 31, 2021 | 197,811,224 | 54,547,497 | 9,270,900 | (47,135,926) | 16,682,471 |
| Loss for the period | - | - | - | (5,051,832) | (5,051,832) |
| September 30, 2021 | 197,811,224 | 54,547,497 | 9,270,900 | (52,187,758) | 11,630,639 |
| Common shares issued for cash | 15,132,110 | 2,723,780 | - | - | 2,723,780 |
| Flow through shares issued for cash | 33,741,000 | 6,748,200 | - | - | 6,748,200 |
| Charity flow through shares issued for cash | 11,029,414 | 2,702,206 | - | - | 2,702,206 |
| Flow through premium liability | - | (1,391,732) | - | - | (1,391,732) |
| Residual value of warrants issued | - | (599,025) | 599,025 | - | - |
| Stock options exercised | 5,000 | 1,462 | (712) | - | 750 |
| Warrants exercised | 57,925 | 14,981 | (6,292) | - | 8,689 |
| Share issuance costs | - | (501,011) | 120,319 | - | (380,692) |
| Loss for the period | - | - | - | (2,193,549) | (2,193,549) |
| March 31, 2022 | 257,776,673 | \$ 64,246,358 | \$ 9,983,240 | \$ (54,381,307) | 19,848,291 |

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

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – expressed in Canadian dollars)

| | Six months ended | |
|---|------------------|----------------|
| | Mar 31, 2022 | Mar 31, 2021 |
| Cash flows used in operating activities: | | |
| Loss for the period | \$ (2,193,549) | \$ (4,367,375) |
| Items not affecting cash: | | |
| Amortization | 78,444 | 45,777 |
| Recognition of flow-through premium liability | (82,867) | (475,313) |
| Lease accretion | 1,553 | 3,786 |
| Share-based payments | - | 909,707 |
| Changes in non-cash working capital: | | |
| Receivables | 31,531 | 93,817 |
| Prepaid expenses | (281,245) | 23,507 |
| Accounts payable and accrued liabilities | (255,313) | (303,814) |
| Due to related parties | (164,351) | (145,075) |
| Rental deposit | (50,000) | - |
| | (2,915,797) | (4,214,983) |
| Cash flows used in investing activities: | | |
| Mineral property acquisition costs | (85,026) | (1,339,729) |
| Disposition of exploration and evaluation assets | 27,000 | - |
| Purchase of equipment | (3,548) | - |
| Option payments received | 635,688 | 635,000 |
| Reclamation bonds posted as restricted cash | - | (42,000) |
| | 574,114 | (746,729) |
| Cash flows from financing activities: | | |
| Shares issued for cash | 12,174,186 | 6,965,121 |
| Stock options exercised | 750 | 21,000 |
| Warrants exercised | 8,689 | 612,677 |
| Payments towards lease liabilities | (25,637) | (24,687) |
| Share issuance costs | (380,692) | (228,578) |
| | 11,777,296 | 7,345,533 |
| Change in cash | 9,435,613 | 2,383,821 |
| Cash, beginning of the period | 2,314,564 | 5,233,148 |
| Cash, end of the period | \$ 11,750,177 | \$ 7,616,969 |
| Supplemental non-cash financing information: | | |
| Shares issued for mineral properties | \$ - | \$ 420,000 |
| Finders warrants issued | \$ 120,319 | \$ 71,438 |
| Flow-through premium liability on issuance of flow-through shares | \$ 1,391,732 | \$ 1,110,360 |
| Amounts transferred to share capital on exercise of options | \$ 712 | \$ 16,818 |
| Amounts transferred to share capital on exercise of warrants | \$ 6,292 | \$ 29,716 |
| Residual value of warrants issued | \$ 599,025 | \$ - |

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

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2022 and 2021

(Unaudited – expressed in Canadian dollars)

1. Nature of operations and going concern:

Brixton Metals Corporation (“Brixton” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on September 28, 2009. The Company is an exploration stage company and engages principally in the acquisition, exploration, and evaluation of mineral properties. The Company’s head office address is Suite 551 – 409 Granville Street, Vancouver, BC, V6C 1T2, Canada. The Company is listed on the TSX Venture Exchange (“TSX-V”) and trades under the symbol BBB.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders, and other investors and/or achieve operating profitability and generate positive cash flows. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and evaluation activities.

During the six months ended March 31, 2022, the Company completed additional financings and estimates it has sufficient funds to operate for the ensuing 12 months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. In addition, on February 24, 2022, Russia invaded the country of Ukraine. This has created additional supply chain issues, market instability and volatility, and increased inflation. The Company cannot predict the duration or magnitude of the adverse results of this conflict and its effects on the Company’s business or ability to raise funds.

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

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2022 and 2021

(Unaudited – expressed in Canadian dollars)

2. Significant accounting policies:

(a) Statement of compliance:

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2021.

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed consolidated interim financial statements were authorized for issuance by the Board on May 30, 2022.

(b) Basis of consolidation:

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

(c) Critical accounting judgments and estimates:

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

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of exploration and evaluation assets; provision for environmental rehabilitation; inputs used in the valuation of share-based payments and accrual of refundable tax credits.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2022 and 2021

(Unaudited – expressed in Canadian dollars)

2. Significant accounting policies (continued):

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

Estimates (continued)

Share-based payments:

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

Exploration and evaluation assets:

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

Environmental rehabilitation obligation:

The Company recognizes statutory, contractual, or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

Accrual of refundable mining tax credits

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

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Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2022 and 2021

(Unaudited – expressed in Canadian dollars)

2. Significant accounting policies (continued):

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

Judgments

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

Lease term of contracts with renewal options:

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, including the consideration of all relevant factors that create an economic incentive to exercise the renewal option.

Going concern:

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

3. Accounting standards issued for adoption in future periods:

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the audited consolidated financial statements for the year ended September 30, 2021.

4. Capital management:

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

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

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

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Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2022 and 2021

(Unaudited – expressed in Canadian dollars)

5. Receivables:

| | March 31, 2022 | September 30, 2021 |
|--|---------------------|-----------------------|
| Amounts due from Government of Canada pursuant to GST input tax credits | \$ 50,787 | \$ 120,307 |
| Amounts due from Government of BC pursuant to BC Mining Exploration tax credit | 1,057,238 | 1,057,238 |
| Other | 38,501 | 512 |
| Total | \$ 1,146,526 | \$ 1,178,057 |

6. Prepaid expenses:

| | March 31, 2022 | September 30, 2021 |
|--|-------------------|-----------------------|
| Prepaid insurance | \$ 13,967 | \$ - |
| Prepaid consultants | 233,363 | - |
| Prepaid expenses | 54,975 | 33,739 |
| Prepaid expenses and advances to related parties (Note 10) | 12,679 | - |
| Deposits | 7,656 | 7,656 |
| Total | \$ 322,640 | \$ 41,395 |

7. Restricted cash:

At March 31, 2022, the Company had a total of \$572,859 (September 30, 2021 - \$572,859) in bonds, comprising \$386,751 (September 30, 2021 - \$386,751) held with the Government of British Columbia for potential reclamation costs on its Thorn and Yellowjacket (Atlin) projects in British Columbia and \$186,108 (September 30, 2021 - \$186,108) held with the State of Montana for potential reclamation costs on its Hog Heaven project in Montana, USA (Note 9). These bonds are refundable at such time the Company completes the required exploration activities and receives approval from the regulating authorities.

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Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2022 and 2021

(Unaudited – expressed in Canadian dollars)

8. Equipment:

| | Building | Computer equipment | Vehicles | Right-of-Use Asset | Total |
|---------------------------------|------------|--------------------|-----------|--------------------|------------|
| Cost | | | | | |
| Balance, September 30, 2020 | \$ 198,315 | \$ 28,869 | \$ 57,675 | \$ 125,441 | \$ 410,300 |
| Additions | 295,632 | - | - | - | 295,632 |
| Disposals | - | - | - | - | - |
| Balance, September 30, 2021 | \$ 493,947 | \$ 28,869 | \$ 57,675 | \$ 125,441 | \$ 705,932 |
| Additions | - | 3,548 | - | - | 3,548 |
| Disposals | - | - | - | - | - |
| Balance, March 31, 2022 | \$ 493,947 | \$ 32,417 | \$ 57,675 | \$ 125,441 | \$ 709,480 |
| Accumulated Amortization | | | | | |
| Balance, September 30, 2020 | \$ 59,495 | \$ 21,579 | \$ 44,043 | \$ 43,632 | \$ 168,749 |
| Amortization expense | 73,510 | 1,435 | 4,088 | 43,632 | 122,665 |
| Balance, September 30, 2021 | \$ 133,005 | \$ 23,014 | \$ 48,131 | \$ 87,264 | \$ 291,414 |
| Amortization expense | 54,141 | 1,056 | 1,431 | 21,816 | 78,444 |
| Balance, March 31, 2022 | \$ 187,146 | \$ 24,070 | \$ 49,562 | \$ 109,080 | \$ 369,858 |
| Net Book Value | | | | | |
| Balance, September 30, 2021 | \$ 360,942 | \$ 5,855 | \$ 9,544 | \$ 38,177 | \$ 414,518 |
| Balance, March 31, 2022 | \$ 306,801 | \$ 8,347 | \$ 8,113 | \$ 16,361 | \$ 339,622 |

9. Exploration and evaluation assets:

Balance consists of:

| | March 31, 2022 | September 30, 2021 |
|--------------------------|---------------------|---------------------|
| Thorn, BC, Canada | \$ 4,799,957 | \$ 4,720,308 |
| Langis, Ontario, Canada | 483,189 | 480,958 |
| Atlin, BC, Canada | 1,223,853 | 1,248,853 |
| Hog Heaven, Montana, USA | 1,197,695 | 1,832,237 |
| Total | \$ 7,704,694 | \$ 8,282,356 |

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and to the best of its knowledge title to the assets is in good standing.

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Six months ended March 31, 2022 and 2021

(Unaudited – expressed in Canadian dollars)

9. Exploration and evaluation assets (continued):

(a) Thorn, BC, Canada:

During fiscal 2013, the Company completed the acquisition of a 100% interest in the Thorn mineral property, located in the Sutlahine River area in northwestern British Columbia. The property is subject to underlying net smelter returns royalties (“NSR”) ranging from nil to 3.5% with certain NSR buy-down rights. In addition, the Company is to issue 250,000 shares or make a one-time cash payment of \$1,000,000 upon commercial production.

During fiscal 2020, the Company acquired certain additional claims as part of the project.

IMGM Project

On February 15, 2022, the Company entered into a purchase agreement to acquire a 100% interest in the IMG M Project for consideration of \$70,000 (paid). The IMG M Project is subject to a 1.5% NSR, of which the Company may purchase 1% for \$1,000,000.

During the period ended March 31, 2022, the Company also paid \$5,000 to acquire additional claims located within the claim block of the IMG M Project.

Trapper Project

During fiscal 2020, the Company acquired a 100% interest in the Trapper Project and terminated NSR’s and other economic interests held by third parties by paying \$65,000 and issuing 113,924 common shares at a value of \$42,152.

Metla Project

On August 24, 2020, the Company entered into a purchase agreement to acquire a 100% interest in the Metla mineral claim group for consideration of 1,200,000 common Brixton shares (issued during the year ended September 30, 2021 with a fair value of \$420,000) and \$42,000 in cash (paid). The Metla claims will be subject to a 1% NSR.

Taku River Tlingit First Nations Agreement

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

Reclamation Obligation

As at March 31, 2022, the Company has recognized a reclamation obligation of \$29,000 (September 30, 2021 - \$29,000). The undiscounted amount of estimated cash flows was estimated at \$52,000. The liability was estimated using an expected life of 25 years and a net risk-free discount rate of 1.98%.

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(Unaudited – expressed in Canadian dollars)

9. Exploration and evaluation assets (continued):

(b) Langis, Ontario, Canada:

During fiscal 2016, the Company acquired a 100% interest in the Langis silver mine located in the Cobalt silver mining camp of Northeastern Ontario. The property is subject to underlying NSR ranging from nil to 2% with certain NSR buy-down rights.

During fiscal 2016 and 2017, the Company acquired additional mineral rights related to the Langis property and the Hudson Bay silver mine in the Cobalt silver mining camp of Ontario.

Timiskaming First Nations Agreement

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

Reclamation Obligation

As at March 31, 2022, the Company has recognized a reclamation obligation of \$30,007 (September 30, 2021 - \$30,007). The undiscounted amount of estimated cash flows was estimated at \$56,000. The liability was estimated using an expected life of 26 years and a net risk-free discount rate of 1.98%.

(c) Atlin, BC, Canada:

During fiscal 2029, the Company completed the acquisition of a 100% interest in the Eagle property located in Atlin, British Columbia. The property is subject to a 2% NSR, of which the Company may purchase 1% for \$500,000.

During fiscal 2018, the Company acquired a 100% interest in certain mineral claims including the McKee, Otter, Yellowjacket and Spruce group of properties located in the Atlin mining district in British Columbia. The properties are subject to an NSR ranging from 1% to 1.5% with certain NSR buy-down rights.

During fiscal 2021, the Company sold a 100% interest in certain non-core mineral claims for consideration of \$60,000 (received).

During fiscal 2021, the Company entered into an agreement to rent out the Atlin camp location to a third party. The Company recognized \$24,383 in rental income and received a deposit of \$50,000, which was returned during the six months ended March 31, 2022.

The Company also has paid a total of \$172,051 for bonds held with the Government of British Columbia in connection with potential reclamation costs on the Yellowjacket property, which have been recorded as restricted cash at September 30, 2021 and March 31, 2022 (Note 7).

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(Unaudited – expressed in Canadian dollars)

9. Exploration and evaluation assets (continued):

(c) Atlin, BC, Canada (continued):

Pacific Bay LOI – Earn-in

On March 24, 2022, the Company entered into a letter of intent (“LOI”) with Pacific Bay Minerals Ltd. (“Pacific Bay”), subject to definitive agreement, for Pacific Bay acquire a 100% interest in the Atlin project. Under the terms of the LOI, Pacific Bay may acquire a 51% interest in the Atlin project for consideration of \$1,725,000 in cash, the issuance of 5,000,000 Pacific Bay common shares, and incurring \$3,500,000 in exploration expenditures on or before the fourth anniversary of the closing of the agreement. A further 49% interest may be acquired for consideration of \$1,500,000 in cash, the issuance of 5,000,000 Pacific Bay common shares, and incurring \$3,500,000 in exploration expenditures on or before the seventh anniversary of the closing of the agreement. The Company received \$25,000 on signing of the LOI during the period ended March 31, 2022.

If Pacific Bay exercises the 51% earn-in and elects to not exercise the additional 49% earn-in, Pacific Bay and the Company will enter into a joint venture, whereby the interest in the property will revert to 49% in favour of Pacific Bay and 51% in favour of the Company, with each party then participating in programs and budgets according to their pro rata interests. If Pacific Bay completes the option and acquires 100% of the property, the Company will retain a 2% NSR, with 1% of the NSR purchasable at any time by Pacific Bay for \$2,500,000.

Reclamation Obligation

As at March 31, 2022, the Company has recognized a reclamation obligation of \$80,983 (September 30, 2021 - \$80,983). The undiscounted amount of estimated cash flows was estimated at \$89,553. The liability was estimated using an expected life of 7 years and a net risk-free rate of 1.98%.

(d) Hog Heaven, Montana, USA:

During fiscal 2017, the Company acquired a 100% interest in the Hog Heaven project in Montana, USA. The property is subject to a 3.0% NSR. During the year ended September 30, 2021, the Company paid \$1,321,420 (US\$1,000,000) to acquire 1.5% of the 3.0% NSR.

As at March 31, 2022, the Company has recognized a reclamation obligation of \$36,085 (September 30, 2021 - \$36,085). The undiscounted amount of estimated cash flows was estimated at \$67,000. The liability was estimated using an expected life of 26 years and a net risk-free discount rate of 1.98%.

The Company has paid \$159,313 for bonds held with the State of Montana in connection with potential reclamation costs on the Hog Heaven property, which have been recorded as restricted cash at September 30, 2021 and March 31, 2022 (Note 7).

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(Unaudited – expressed in Canadian dollars)

9. Exploration and evaluation assets (continued):

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

Earn-in Agreement

During fiscal 2021, the Company entered into a definitive earn-in agreement (the "Earn-in Agreement") with IE Montana Holdings Ltd. ("IEM").

IEM has the right to earn a 51% interest in the Hog Heaven Project by making a total of US\$4,500,000 in cash payments and incurring US\$15,000,000 in exploration expenditures. Further, IEM may earn an additional 24% interest (for a total of a 75% interest) in the Hog Heaven Project by incurring an additional US\$25,000,000 in exploration expenditures, as follows:

- Stage 1 Cash Payments: US\$500,000 (received \$635,000 during the year ended September 30, 2021) by IEM on signing a definitive earn-in agreement, US\$500,000 due in each of the following four years (received \$635,688 during the six months ended March 31, 2022), and US\$1,000,000 due in each of the fifth and six years (for a total of US\$4,500,000 in cash payments).
- Stage 1 Earn-In: IEM shall fund aggregate expenditures of US\$15,000,000 ("Stage 1 Earn-In Expenditures") to earn a 51% interest in Brixton USA Corporation (the "Joint Venture Company"), with no less than US\$3,000,000 of the Stage 1 Earn-In Expenditures being incurred by the second anniversary date of the Earn-in Agreement.
- Stage 2 Earn-In: IEM has the right to increase its interest in the Joint Venture Company to 75% by funding an additional US\$25,000,000 in expenditures ("Stage 2 Earn-In Expenditures"), by incurring minimum expenditures of US\$10,000,000 by the ninth anniversary date and incurring an additional US\$15,000,000 in expenditures before the eleventh anniversary date;

IEM shall control and direct all exploration, development and other related activities during the earn-in periods at the Hog Heaven Project.

From the date the Stage 2 Earn-In is complete until the date that the Joint Venture Company makes a decision to commence the development and construction of an operating mine at the Hog Heaven Project, each of Brixton and IEM shall fund the activities and operations of the Joint Venture Company pro rata as to their percentage interest in the Joint Venture Company, except that, if requested by Brixton, IEM shall fund Brixton's pro rata portion of the costs of the activities and operations of the Joint Venture Company but Brixton's pro rata portion of the costs shall accrue in a notional account with interest calculated at the annual rate equal to the US Federal Reserve Secured Overnight Financing Rate + 7% ("Brixton Deferred and Accrued Costs").

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9. Exploration and evaluation assets (continued):

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

Earn-in Agreement (continued)

At the date a construction decision is made, the Brixton Deferred and Accrued Costs shall become due and payable to IEM, and shall be paid within 12 months of the date a construction decision is made, failing which Brixton shall be subject to dilution pursuant to a standard dilution calculation. If a party's interest in the Joint Venture Company is diluted below 10% percent, then the shares of the Joint Venture Company held by such party shall be cancelled and its shareholding interest converted into a 2.0% NSR.

IEM is not obligated to make or fund any expenditures under the Earn-in Agreement and may cease making payments at any time. If IEM completes the Stage 1 Earn-In but elects not to proceed with the Stage 2 Earn-In, IEM will transfer to the Company a 2% interest in the Joint Venture Company, such that the interests are 49% IEM and 51% Brixton, and the Company shall retain a right of first offer to purchase all of IEM's interest.

(e) Expenditures:

| | Thorn Property BC, Canada | Langis Property ON, Canada | Atlin Property BC, Canada | Hog Heaven Property Montana, USA | Total |
|---------------------------------|--|---|--|---|---------------------|
| Six months ended March 31, 2022 | | | | | |
| Analysis | \$ 137,761 | \$ - | \$ 4,467 | \$ - | \$ 142,228 |
| Camp and general | 144,034 | 23,450 | 79,001 | 33 | 246,518 |
| Community relations | 44,805 | 26,127 | - | - | 70,932 |
| Field supplies and rentals | 154,711 | 4,631 | 30 | - | 159,372 |
| Field transportation | 4,433 | 13,110 | - | 96 | 17,639 |
| Geological consulting | 70,361 | 14,520 | 7,848 | - | 92,729 |
| Geophysics and metallurgy | 20,000 | 99,313 | - | - | 119,313 |
| Maps, orthos, and reports | 75,540 | - | - | - | 75,540 |
| Permitting | 944 | - | 900 | 202 | 2,046 |
| Recoveries | - | - | - | (7,558) | (7,558) |
| Total for the period | \$ 652,589 | \$ 181,151 | \$ 92,246 | \$ (7,227) | \$ 918,759 |
| Six months ended March 31, 2021 | | | | | |
| Analysis | \$ 197,266 | \$ 234,190 | \$ 2,593 | \$ 3,974 | \$ 438,023 |
| Camp and general | 144,326 | 185,126 | 21,924 | 26,109 | 377,485 |
| Community relations | 35,375 | 32,434 | - | - | 67,809 |
| Drilling | 113,356 | 1,275,952 | - | - | 1,389,308 |
| Field supplies and rentals | 188,966 | 44,265 | - | - | 233,231 |
| Field transportation | 103,581 | 9,049 | - | - | 112,630 |
| Finders fees | - | - | - | 50,000 | 50,000 |
| Geological consulting | 179,782 | 156,757 | 413 | 15,647 | 352,599 |
| Geophysics and metallurgy | - | - | 7,350 | - | 7,350 |
| Maps, orthos, and reports | 21 | - | - | - | 21 |
| Permitting | 9,837 | - | - | - | 9,837 |
| Total for the period | \$ 972,510 | \$ 1,937,773 | \$ 32,280 | \$ 95,730 | \$ 3,038,293 |

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10. Related party transactions:

During the six months ended March 31, 2022, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

| | March 31, 2022 | March 31, 2021 |
|---|-------------------|-------------------|
| Management fees, salaries and professional services | \$ 202,650 | \$ 197,794 |
| Director fees | 31,500 | 29,000 |
| Share-based payments | - | 519,833 |
| Total | \$ 234,150 | \$ 746,627 |

Key management is defined as directors and officers of the Company. Management fees include \$72,450 (2021 - \$70,678) paid or accrued to a company controlled by Director and Officer, and \$130,200 (2021 - \$127,116) paid to another company controlled by a Director and Officer. Director fees include payments to three independent directors.

As at March 31, 2022, the Company owed \$37,688 (September 30, 2021 - \$202,039) to directors, officers, and companies with a director in common. Amounts due to related parties are non-interest bearing, with no fixed terms of repayments. During the six months ended March 31, 2022, a spouse of a director received \$46,135 (2021 - \$48,715) for administrative services (included in salaries and employee benefits) and \$nil (2021 - \$51,983) for share-based compensation. Amounts prepaid to directors and officers are disclosed in Note 6.

11. Lease liabilities:

The Company entered into an office lease agreement during 2017 that was extended to August 14, 2022, for total undiscounted payments from the date of adoption of \$142,033. Using an annual discount rate of 10%, the Company initially recognized additions to lease liabilities and right-of-use assets of \$125,441.

The following is a reconciliation of the changes in the lease liabilities:

| | March 31, 2022 | September 30, 2021 |
|------------------------------------|-------------------|-----------------------|
| Opening balance | \$ 45,273 | \$ 88,462 |
| Additions | - | - |
| Lease accretion | 1,553 | 6,501 |
| Payments | (25,637) | (49,690) |
| Lease liabilities | 21,189 | 45,273 |
| Lease liabilities, current portion | (21,189) | (45,273) |
| | \$ - | \$ - |

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

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12. Share capital:

(a) Authorized share capital:

Unlimited common shares without par value.

(b) Issued and outstanding common shares:

(i) Share issuances:

2022 Private placements

On December 8, 2021, the Company closed the first tranche of a non-brokered private placement of units and flow-through units of the Company for gross proceeds of \$6,789,100, by issuing:

- 12,005,000 units at a price of \$0.18 per unit, each unit comprising one common share and one common share purchase warrant, entitling the holder to acquire one additional common share at a price of \$0.26 for a period of 36 months from the date of closing; and
- 23,591,000 flow-through units at a price of \$0.20 per flow-through unit, each flow-through unit comprising one flow-through common share and one-half of a common share purchase warrant, entitling the holder to acquire one additional common share at a price of \$0.26 for until December 8, 2023. The Company recognized a flow-through premium liability of \$471,820, of which \$14,406 was recognized as a recovery on flow-through premium liability during the six months ended March 31, 2022. As at March 31, 2022, the Company's remaining required flow-through expenditures from this issuance on its properties are \$4,230,279.

In connection with the first tranche, the Company paid finders' fees of \$99,252 and issued an aggregate of 503,460 finder's warrants, valued at \$39,737. Each finder's warrant is exercisable for one common share of the Company at an exercise price of \$0.18 until December 8, 2023.

On December 16, 2021, the Company closed the second and final tranche of a non-brokered private placement of units, flow-through units, and charity flow-through units of the Company for gross proceeds of \$5,295,086, by issuing:

- 3,127,110 units at a price of \$0.18 per unit, each unit comprising one common share and one common share purchase warrant, entitling the holder to acquire one additional common share at a price of \$0.26 until December 16, 2025;
- 10,150,000 flow-through units at a price of \$0.20 per flow-through unit, each flow-through unit comprising one flow-through common share and one-half of a common share purchase warrant, entitling the holder to acquire one additional common share at a price of \$0.26 until December 16, 2024; and
- 11,029,414 charity flow-through units at a price of \$0.245 per flow-through unit, each flow-through unit comprising one flow-through common share and one common share purchase warrant, entitling the holder to acquire one additional common share at a price of \$0.26 until December 16, 2025.

BRIXTON METALS CORPORATION

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(Unaudited – expressed in Canadian dollars)

12. Share capital (continued):

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

(i) Share issuances (continued):

2022 Private placements (continued)

The Company recognized a flow-through premium liability on the 10,150,000 flow-through units of \$203,000, of which \$nil was recognized as a recovery on flow-through premium liability during the six months ended March 31, 2022. As at March 31, 2022, the Company's remaining required flow-through expenditures from this issuance on its properties are \$2,030,000.

The Company recognized a flow-through premium liability on the 11,029,414 charity flow-through units of \$716,912, of which \$nil was recognized as a recovery on flow-through premium liability during the six months ended March 31, 2022. As at March 31, 2022, the Company's remaining required flow-through expenditures from this issuance on its properties from this issuance are \$2,702,206.

In connection with the second tranche, the Company paid finders' fees of \$46,632 and issued an aggregate of 1,022,237 finder's warrants, valued at \$80,582. Each finder's warrant is exercisable for one common share of the Company at an exercise price of \$0.18 until December 16, 2024.

The Company valued the warrants included as part of the units issued at \$599,025 based on the residual value method.

2021 Private placements

On November 3, 2020, the Company closed a private placement by issuing 8,510,638 common share units at a price of \$0.235 for gross proceeds of \$2,000,000. Each unit was comprised of one common share of the Company and one common share purchase warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.35 until November 3, 2023.

On November 19, 2020, the Company closed a non-brokered private placement of flow-through common shares for gross proceeds of \$4,461,121, by issuing 12,392,002 flow-through shares at a price of \$0.36 each. In connection with the offering, the Company paid finders' fees of \$137,421 and issued an aggregate of 381,724 finder's warrants valued at \$59,657. Each finder's warrant is exercisable for one common share of the Company at an exercise price of \$0.36 until November 18, 2022. In addition to finders' fees, the Company incurred additional closing costs of \$11,499 in connection with the offering.

The Company recognized a flow-through premium liability of \$991,360, of which the \$698,232 and \$3,848 were recognized as recoveries on flow-through premium liability during the year ended September 30, 2021, and the six months ended March 31, 2022, respectively.

As at March 31, 2022, the Company's remaining required flow-through expenditures from this issuance on its properties are \$1,165,739.

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(Unaudited – expressed in Canadian dollars)

12. Share capital (continued):

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

(i) Share issuances (continued):

2021 Private placements (continued)

On December 18, 2020, the Company closed a non-brokered private placement of flow-through common shares for gross proceeds of \$504,000, by issuing 1,400,000 flow-through shares at a price of \$0.36 each. In connection with the offering, the Company paid finders' fees of \$30,240 and issued an aggregate of 84,000 finder's warrants valued at \$11,792. Each finder's warrant is exercisable for one common share of the Company at an exercise price of \$0.36 until December 18, 2022. In addition to finders' fees, the Company incurred additional closing costs of \$50,168 in connection with the offering.

The Company recognized a flow-through premium liability of \$119,000, of which \$9,197 and \$nil were recognized as recoveries on flow-through premium liability during the year ended September 30, 2021 and six months ended March 31, 2022, respectively. As at March 31, 2022, the Company's remaining required flow-through expenditures on its properties are \$465,048.

(c) Warrants:

As at March 31, 2022, the following warrants were outstanding:

| Expiry date | Weighted average exercise price | Number of warrants | Weighted average remaining contractual life in years |
|--------------------|--|---------------------------|---|
| 9-Aug-22 | \$ 0.25 | 1,919,462 | 0.36 |
| 12-Aug-23 | \$ 0.35 | 12,689,000 | 1.37 |
| 12-Aug-22 | \$ 0.25 | 770,364 | 0.37 |
| 3-Nov-23 | \$ 0.35 | 8,510,638 | 1.59 |
| 19-Nov-22 | \$ 0.36 | 381,724 | 0.64 |
| 18-Dec-22 | \$ 0.36 | 84,000 | 0.72 |
| 7-Dec-24 | \$ 0.26 | 12,005,000 | 2.69 |
| 7-Dec-23 | \$ 0.26 | 11,795,500 | 1.69 |
| 7-Dec-23 | \$ 0.18 | 503,460 | 1.69 |
| 15-Dec-24 | \$ 0.26 | 3,127,110 | 2.71 |
| 15-Dec-23 | \$ 0.26 | 5,075,000 | 1.71 |
| 15-Dec-24 | \$ 0.26 | 11,029,414 | 2.71 |
| 15-Dec-23 | \$ 0.18 | 1,022,237 | 1.71 |
| | \$ 0.29 | 68,912,909 | 1.95 |

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12. Share capital (continued):

(c) Warrants (continued):

| | Number of warrants | | Weighted average exercise price |
|-----------------------------|-----------------------|----|------------------------------------|
| Balance, September 30, 2020 | 41,014,556 | \$ | 0.30 |
| Granted | 8,976,362 | | 0.35 |
| Exercised | (2,413,737) | | 0.25 |
| Expired | (22,733,449) | | 0.28 |
| Balance, September 30, 2021 | 24,843,732 | \$ | 0.34 |
| Granted | 44,557,721 | | 0.26 |
| Exercised | (57,925) | | 0.15 |
| Expired | (430,619) | | 0.24 |
| Balance, March 31, 2022 | 68,912,909 | \$ | 0.29 |

The fair values of the finders' warrants are estimated using the Black-Scholes option pricing model. The weighted average fair value per finders' warrant granted during the six months ended March 31, 2022, was \$0.08 (2021 - \$0.15). The weighted average assumptions used in the calculation of fair value are as follows:

| | March 31, 2022 | March 31, 2021 |
|--------------------------|----------------|----------------|
| Risk-free interest rate | 1.01% | 0.26% |
| Expected volatility | 89.6% | 111.88% |
| Expected life of options | 2.00 years | 2.00 years |
| Expected dividend yield | Nil | Nil |
| Forfeiture rate | Nil | Nil |

(d) Share-based payments:

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

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12. Share capital (continued):

(d) Share-based payments (continued):

The following tables reflect the continuity of stock options for the six months ended March 31, 2022 and year ended September 30, 2021:

| Number outstanding Sept 30, 2021 | Granted | Exercised | Cancelled | Number outstanding Mar 31, 2022 | Weighted average exercise price per share | Expiry date | Weighted average remaining contractual life in years |
|----------------------------------|---------|-----------|---------------|---------------------------------|---|--------------------|--|
| 35,000 | - | - | - | 35,000 | \$ 0.14 | April 7, 2025 | 3.02 |
| 1,950,000 | - | - | - | 1,950,000 | \$ 0.70 | September 12, 2026 | 4.45 |
| 975,000 | - | - | - | 975,000 | \$ 0.50 | April 3, 2027 | 5.01 |
| 125,000 | - | - | - | 125,000 | \$ 0.50 | June 21, 2027 | 5.23 |
| 1,575,000 | - | - | 15,000 | 1,560,000 | \$ 0.30 | January 8, 2028 | 5.78 |
| 100,000 | - | - | - | 100,000 | \$ 0.21 | August 1, 2028 | 6.34 |
| 1,564,000 | - | 5,000 | 60,000 | 1,499,000 | \$ 0.15 | December 17, 2028 | 6.72 |
| 3,500,000 | - | - | 200,000 | 3,300,000 | \$ 0.30 | August 27, 2029 | 7.41 |
| 2,250,000 | - | - | 150,000 | 2,100,000 | \$ 0.17 | May 5, 2030 | 8.10 |
| 3,400,000 | - | - | 350,000 | 3,050,000 | \$ 0.26 | February 3, 2031 | 8.85 |
| 15,474,000 | - | 5,000 | 775,000 | 14,694,000 | \$ 0.32 | | 6.98 |
| | | | (Exercisable) | 14,694,000 | \$ 0.32 | | |

| Number outstanding Sept 30, 2020 | Granted | Exercised | Cancelled | Number outstanding Sept 30, 2021 | Weighted average exercise price per share | Expiry date | Weighted average remaining contractual life in years |
|----------------------------------|-----------|-----------|---------------|----------------------------------|---|--------------------|--|
| 35,000 | - | - | - | 35,000 | \$ 0.14 | April 7, 2025 | 3.52 |
| 2,500,000 | - | - | 550,000 | 1,950,000 | \$ 0.70 | September 12, 2026 | 4.95 |
| 1,175,000 | - | - | 200,000 | 975,000 | \$ 0.50 | April 3, 2027 | 5.51 |
| 175,000 | - | - | 50,000 | 125,000 | \$ 0.50 | June 21, 2027 | 5.73 |
| 1,875,000 | - | - | 300,000 | 1,575,000 | \$ 0.30 | January 8, 2028 | 6.28 |
| 100,000 | - | - | - | 100,000 | \$ 0.21 | August 1, 2028 | 6.84 |
| 1,704,000 | - | 140,000 | - | 1,564,000 | \$ 0.15 | December 17, 2028 | 7.22 |
| 3,900,000 | - | - | 400,000 | 3,500,000 | \$ 0.30 | August 27, 2029 | 7.91 |
| 2,250,000 | - | - | - | 2,250,000 | \$ 0.17 | May 5, 2030 | 8.60 |
| - | 3,500,000 | - | 100,000 | 3,400,000 | \$ 0.26 | February 3, 2031 | 9.35 |
| 13,714,000 | 3,500,000 | 140,000 | 1,600,000 | 15,474,000 | \$ 0.32 | | 7.53 |
| | | | (Exercisable) | 15,474,000 | \$ 0.32 | | |

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

| | Number of shares |
|--|------------------|
| Issued and outstanding at March 31, 2022 | 257,776,673 |
| Reserved for warrants (Note 12(c)) | 68,912,909 |
| Reserved for options (Note 12(d)) | 14,694,000 |
| Shares reserved for issuance (fully diluted) at March 31, 2022 | 341,383,582 |

13. Segmented information:

As at March 31, 2022 the Company currently operates in one segment being the acquisition and exploration and evaluation of resource assets located in British Columbia and Ontario, Canada, and Montana, USA, as described in Note 9.

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14. Financial instruments and risk management:

Financial instruments

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

Financial risk factors

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

(a) Credit risk:

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's receivables consist of amounts due from a Canadian government agency, and cash and restricted cash are held with a large and stable Canadian chartered bank. Management believes that credit risk related to these amounts is nominal.

(b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they fall due. As of March 31, 2022, the Company had cash of \$11,750,177 to settle current liabilities of \$1,812,152. The Company has sufficient cash to settle current liabilities.

(c) Market risk:

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

(i) Interest rate risk:

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

(ii) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at March 31, 2022, the Company had approximately US\$1,040,000 in net monetary assets denominated in US dollars. The Company has determined that a 10% increase or decrease in the US dollar against the Canadian dollar on these instruments, as at March 31, 2022, would result in approximately \$131,000 change to comprehensive loss for the period.

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14. Financial instruments and risk management (continued):

Financial risk factors (continued)

(c) Market risk (continued):

(iii) Price risk:

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

15. Subsequent event:

On May 6, 2022, the Company announced that it had entered into a definitive agreement with Pacific Bay for Pacific Bay acquire a 100% interest in the Atlin project (Note 9(c)). The outside date of the closing is June 18, 2022, which shall include a minimum of \$500,000 financing, completion of a National Instrument 43-101 technical report by Pacific Bay, and regulatory approvals.