Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Three months ended December 31, 2018 and 2017

Unaudited – prepared by management

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements, they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

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

		December 31, 2018		September 30, 2018
Assets				
Current assets:				
Cash	$	3,444,145	$	1,383,153
Receivables (Note 5)		87,516		80,033
Prepaid expenses (Note 6)		126,641		107,930
		3,658,302		**1,571,116**
Equipment (Note 8)		94,611		102,283
Restricted cash (Note 7)		426,364		426,364
Exploration and evaluation assets (Note 9)		5,666,834		5,635,285
Total Assets	$	**9,846,111**	$	**7,735,048**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	297,574	$	204,584
Due to related parties (Note 10)		7,000		4,000
Flow-through share premium liability (Note 12(b))		204,244		-
		508,818		**208,584**
Reclamation obligation (Note 9)		176,075		176,075
Total Liabilities		**684,893**		**384,659**
Shareholders' equity:				
Share capital (Note 12(b))		32,369,622		29,444,856
Obligation to issue shares (Note 16)		-		15,000
Reserves (Note 12(d))		5,905,992		5,487,859
Deficit		(29,114,396)		(27,597,326)
		9,161,218		**7,350,389**
Total Liabilities and Shareholders' Equity	$	**9,846,111**	$	**7,735,048**

Nature of operations and going concern (Note 1)
Subsequent event (Note 15)

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	
	Dec 31, 2018	**Dec 31, 2017**
Expenses:		
Amortization (Note 8)	$ 7,672	$ 3,478
Conference and exhibition	14,021	35,554
Directors' fees (Note 10)	9,000	6,000
Exploration and evaluation expenditures (Note 9)	863,180	215,858
Insurance	5,290	3,244
Interest and bank charges	906	1,166
Investor relations	92,953	43,387
Listing and filing fees	13,425	898
Management fees (Note 10)	100,002	92,502
Office and sundry	16,839	42,173
Professional services (Note 10)	53,611	35,832
Rent	18,767	23,033
Salaries and employee benefits (Note 10)	26,028	14,007
Share-based payments (Note 10, 12(d))	330,791	5,130
Travel and meals	4,778	41,334
	(1,557,263)	**(563,596)**
Interest income	3,543	5,054
Reduction of flow-through premium liability (Note 12(b))	36,650	-
	40,193	**5,054**
Loss and comprehensive loss for the period	**(1,517,070)**	**(558,542)**
Loss per share - basic and diluted	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding	75,300,968	52,728,842

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	Obligation to issue shares	Subscriptions received in advance	Share-based payments reserve	Deficit	Total equity
September 30, 2017	46,498,366	$ 24,477,011	$ -	$ 1,179,000	$ 4,449,429	$ (22,479,318)	**$ 7,626,122**
Common shares issued for cash	5,232,036	1,674,252	-	(1,179,000)	-	-	**495,252**
Flow through shares issued for cash	12,005,000	3,001,250	-	-	-	-	**3,001,250**
Share-based payments	-	-	-	-	5,130	-	**5,130**
Warrants exercised	52,000	7,800	-	-	-	-	**7,800**
Share issuance costs	-	(579,996)	-	-	223,584	-	**(356,412)**
Loss for the period	-	-	-	-		(558,542)	**(558,542)**
December 31, 2017	**63,787,402**	**28,580,317**	**-**	**-**	**4,678,143**	**(23,037,860)**	**10,220,600**
Common shares issued for mineral properties	5,085,000	1,090,500	-	-	-	-	**1,090,500**
Common shares issued for cash	-	(183,121)	-	-	183,121	-	**-**
Share-based payments	-	-	-	-	626,595	-	**626,595**
Warrants exercised	190,000	28,500	15,000	-	-	-	**43,500**
Share issuance costs	-	(71,340)	-	-	-	-	**(71,340)**
Loss for the period	-	-	-	-	-	(4,559,466)	**(4,559,466)**
September 30, 2018	**69,062,402**	**29,444,856**	**15,000**	**-**	**5,487,859**	**(27,597,326)**	**7,350,389**
Common shares issued for cash	4,905,899	735,885	-	-	-	-	**735,885**
Flow through shares issued for cash	12,044,680	2,047,596	-	-	-	-	**2,047,596**
Flow through premium liability	-	(240,894)	-	-	-	-	**(240,894)**
Share-based payments	-	-	-	-	330,791	-	**330,791**
Warrants exercised	4,194,000	630,733	(15,000)	-	(1,633)	-	**614,100**
Share issuance costs	-	(248,554)	-	-	88,975	-	**(159,579)**
Loss for the period	-	-	-	-	-	(1,517,070)	**(1,517,070)**
December 31, 2018	**90,206,981**	**$ 32,369,622**	**$ -**	**$ -**	**$ 5,905,992**	**$ (29,114,396)**	**$ 9,161,218**

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)

	Three months ended Dec 31, 2018	Three months ended Dec 31, 2017
Cash flows used in operating activities:		
Loss for the period	$ (1,517,070)	$ (558,542)
Items not affecting cash:		
Amortization	7,672	3,478
Recognition of flow-through premium liability	(36,650)	-
Share-based payments	330,791	5,130
Changes in non-cash working capital:		
Receivables	(7,483)	106,630
Prepaid expenses	(18,711)	(47,908)
Accounts payable and accrued liabilities	92,990	(19,940)
Due to related parties	3,000	(2,935)
	(1,145,461)	(514,087)
Cash flows used in investing activities:		
Mineral property acquisition costs	(31,549)	(159,313)
	(31,549)	(159,313)
Cash flows from financing activities:		
Shares issued for cash	2,783,481	3,496,502
Warrants exercised	614,100	7,800
Share issuance costs	(159,579)	(356,412)
	3,238,002	3,147,890
Change in cash	2,060,992	2,474,490
Cash, beginning of the period	1,383,153	2,664,018
Cash, end of the period	$ 3,444,145	$ 5,138,508
Supplemental non-cash financing information:		
Agent warrants issued	$ 98,740	$ 223,584
Agent warrants expired	$ (9,765)	$ -
Flow-through premium liability on issuance of flow-through shares	$ 240,894	$ -
Amounts transferred to share capital on exercise of warrants	$ 1,633	$ -

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

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 Company has a history of losses with no operating revenue and incurred a loss of $1,517,070 for the three months ended December 31, 2018 (2017 - $558,542). As at December 31, 2018, the Company has an accumulated deficit of $29,114,396, cash of $3,444,145 and working capital of $3,149,484. 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 and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

During the period ended December 31, 2018, the Company completed a financing of gross proceeds of approximately $2,783,480 and intends to use those funds to further develop and explore its Thorn, Langis, Atlin, and Hog Heaven projects and to support general and administrative expenses. The Company estimates it has sufficient funds to operate for the ensuing 12 months.

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.

2. Basis of presentation:

(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").

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed consolidated interim financial statements were authorized for issuance by the Board on February XX, 2019.

2. Basis of presentation (continued):

(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 in 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.

<u>Estimates</u>

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; accrual of refundable tax credits; and provision for deferred income tax.

Share-based payments:

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

2. Basis of presentation (continued):

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

Estimates (continued)

Exploration and evaluation assets:

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

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.

Deferred income tax:

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

2. Basis of presentation (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:

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. Significant accounting policies:

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, 2018, except for the following:

IFRS 9 *Financial instruments*

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

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

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

3. Significant accounting policies (continued):

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the three months ended December 31, 2018:

- IFRS 15 — New revenue standard outlining a five-step framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. [(i)]
- IFRS 16 — New leases standard that replaces IAS 17 for recognition, measurement, presentation and disclosure of leases for lessees and lessors. [(ii)]

[(ii)] Effective for annual periods beginning on or after January 1, 2019.

The Company anticipates that the application of IFRS 15 will not have a material impact on the results and financial position of the Company. The Company is evaluating the effect of IFRS 16.

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.

(Unaudited – expressed in Canadian dollars)

5. Receivables:

	December 31, 2018	September 30, 2018
Amounts due from Government of Canada pursuant to GST input tax credits	$ 75,981	$ 68,498
Amounts due from Government of BC pursuant BC Mining Exploration tax credit	11,023	11,023
Amounts receivable	-	-
Other	512	512
Total	$ 87,516	$ 80,033

6. Prepaid expenses:

	December 31, 2018	September 30, 2018
Prepaid insurance	$ 11,672	$ 16,961
Prepaid software	-	-
Prepaid expenses and advances to related parties (Note 10)	43,313	43,313
Other prepaid expenses	71,656	47,656
Total	$ 126,641	$ 107,930

7. Restricted cash:

At December 31, 2018, the Company had a total of $426,364 (September 30, 2018 - $426,364) in bonds, comprising $267,051 (September 30, 2018 - $267,051) held with the Government of British Columbia for potential reclamation costs on its Thorn and Yellowjacket (Atlin) projects in British Columbia and $159,313 (September 30, 2018 - $159,313) held with the State of Montana for potential reclamation costs on its Hog Heaven project in Montana, USA. These bonds are refundable at such time the Company completes the required exploration activities and receives approval from the regulating authorities.

(Unaudited – expressed in Canadian dollars)

8. Equipment:

	Mining equipment	Computer equipment	Vehicles	Total
Cost				
Balance, September 30, 2017	$ -	$ 23,723	$ 57,675	$ 81,398
Additions	69,825	-	-	69,825
Balance, September 30, 2018	$ 69,825	$ 23,723	$ 57,675	$ 151,223
Additions	-	-	-	-
Balance, December 31, 2018	$ 69,825	$ 23,723	$ 57,675	$ 151,223
Accumulated Amortization				
Balance, September 30, 2017	$ -	$ 17,096	$ 17,933	$ 35,029
Amortization expense	-	1,988	11,923	13,911
Balance, September 30, 2018	$ -	$ 19,084	$ 29,856	$ 48,940
Amortization expense	5,237	348	2,087	7,672
Balance, December 31, 2018	$ 5,237	$ 19,432	$ 31,943	$ 56,612
Net Book Value				
Balance, September 30, 2018	$ 69,825	$ 4,639	$ 27,819	$ 102,283
Balance, December 31, 2018	$ 64,588	$ 4,291	$ 25,732	$ 94,611

9. Exploration and evaluation assets:

Balance consists of:

	December 31, 2018	September 30, 2018
Thorn, BC, Canada	$ 3,005,030	$ 3,005,030
Langis, Ontario, Canada	475,261	422,261
Atlin, BC, Canada	1,131,680	1,157,980
Hog Heaven, Montana, USA	1,054,863	1,050,014
Total	$ 5,666,834	$ 5,635,285

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

9. Exploration and evaluation assets (continued):

(a) Thorn, BC, Canada:

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

On July 19, 2013, the Company entered into an exploration agreement with the Taku River Tlingit First Nation ("TRTFN"), under which TRTFN will consent to exploration activities and support the development of the Thorn project, in exchange for the Company paying an annual community contribution of 1.25% based on the Company's annual exploration budget, reviewing annual work planning with TRTFN prior to each ensuing season, as well as providing opportunities for local employment, training and contracting related to the project.

For the three months ended December 31, 2018, the Company has recognized a reclamation obligation of $29,000. The undiscounted amount of estimated cash flows was estimated at $52,000. The liability was estimated using an expected life of 28 years and a net risk-free discount rate of 2%.

(b) Langis, Ontario, Canada:

On February 2, 2016, the Company acquired a 100% interest in the Langis silver mine located in the Cobalt silver mining camp of Northeastern Ontario from Canagco Mining Corp. ("Canagco") for consideration of 3,242,500 common shares valued at $226,975 and a cash payment of $55,000. The Company also paid a finder's fee of $6,887 and 106,351 common shares valued at $9,572. Canagco will retain a 2% NSR.

On April 13, 2016, the Company acquired additional mineral rights related to the Langis property in exchange for consideration of $5,000 and 250,000 common shares (valued at $107,500). The vendors will retain NSR's of 2% and 1%, of which the Company may purchase 1.5% for $750,000 (0.5% for $250,000 each) and 0.5% prior to commercial production for $250,000, respectively.

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

On July 7, 2016, the Company entered into an agreement with John Pollock whereby the Company acquired additional mining rights in the Langis property through the issuance of 10,000 common shares (valued at $8,300) and a cash payment of $3,000, subject to a 2% NSR, of which the entire NSR can be repurchased for $250,000 for each 0.5%.

9. Exploration and evaluation assets (continued):

(b) Langis, Ontario, Canada (continued):

During the period ended June 30, 2017, the Company completed an agreement with Agnico Eagle Mines Ltd. ("Agnico Eagle") and acquired a 100% interest over certain additional property adjacent to the Langis property for consideration of cash paid of $200,000. Agnico Eagle retains a 2% NSR, of which the Company may purchase 1% for $500,000.

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

For the three months ended December 31, 2018, the Company has recognized a reclamation obligation of $30,007. The undiscounted amount of estimated cash flows was estimated at $56,000. The liability was estimated using an expected life of 29 years and a net risk-free discount rate of 2%.

Timiskaming First Nation agreement

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

(c) Atlin, BC, Canada:

On January 25, 2017, the Company entered into an option agreement with two third parties to acquire a 100% interest in the Eagle property located in Atlin, British Columbia, for consideration of $65,000 ($40,500 paid) and the issuance of 115,000 common shares (45,000 shares issued valued at $18,300, 30,000 shares issued subsequent to December 31, 2018 valued at $4,500), payable over a three year period. The vendors will retain a 2% NSR, of which the Company may purchase 1% for $500,000.

On March 14, 2017, the Company entered into an agreement and acquired a 100% interest in additional mineral claims located in Atlin, British Columbia, by paying $13,000 and issuing 20,000 common shares (valued at $10,600). The claims are subject to underlying NSRs of 0.5% and 0.2%.

9. Exploration and evaluation assets (continued):

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

During fiscal 2018, the Company entered into a series of separate asset purchase and sale agreements to acquire a 100% interest in certain mineral claims including the McKee, Otter, Yellowjacket and Spruce group of properties located in the Atlin mining district in British Columbia. In consideration, the Company paid $70,000 and issued 5,060,000 common shares, valued at $1,082,000. As part of the acquisition, the Company acquired equipment valued at $69,825. The claims comprising the McKee and Otter properties are subject to a 1% NSR, of which the Company may purchase 0.5% for $250,000. The claims comprising the Spruce property are subject to a 1% NSR, which the Company may purchase for $1,250,000 at any time up to 90 days following commercial production. The claims comprising the Yellowjacket property are subject to a 1.5% NSR, of which the Company may purchase for $1,650,000 at any time up to 90 days following commercial production.

During fiscal 2018, the Company also acquired a total of $172,051 in bonds held with the Government of British Columbia in connection with potential reclamation costs on the Yellowjacket property, which have been recorded as restricted cash at September 30, 2018 and December 31, 2018.

On December 22, 2018, the Company entered into an asset purchase and sale agreement to acquire a 100% interest in certain mineral claims in the Atlin mining district in British Columbia. In consideration, the Company paid $2,500 (paid) and issued 30,000 common shares (issued subsequent to December 31, 2018, valued at $4,500).

For the three months ended December 31, 2018, the Company has recognized a reclamation obligation of $80,983. The undiscounted amount of estimated cash flows was estimated at $89,553. The liability was estimated using an expected life of 10 years and a net risk-free rate of 0.5%.

(d) Hog Heaven, Montana, USA:

On June 21, 2017, the Company acquired, through an agreement with Pan American Silver Corp. (“Pan American”), a 100% interest in the Hog Heaven project in Montana, USA, through the issuance of 2,687,091 common shares (valued at $994,224). Pan American retains a 3.0% NSR on the Hog Heaven project.

For the three months ended December 31, 2018, the Company has recognized a reclamation obligation of $36,085. The undiscounted amount of estimated cash flows was estimated at $67,000. The liability was estimated using an expected life of 29 years and a net risk-free discount rate of 2.1%.

During the year ended September 30, 2018, the Company paid a total of $159,313 in bonds held with the State of Montana in connection with potential reclamation costs on the Hog Heaven property, which have been recorded as restricted cash at September 30, 2018 and December 31, 2018.

(Unaudited – expressed in Canadian dollars)

9. Exploration and evaluation assets (continued):

During the three months ended December 31, 2018, the Company incurred the following exploration expenditures:

	Thorn Property BC, Canada	Langis Property ON, Canada	Atlin Property BC, Canada	Hog Heaven Property Montana, USA	General Exploration	Total
Three months ended December 31, 2018						
Analysis	$ -	$ 73,805	$ 7,939	$ 2,978	$ -	$ **84,722**
Camp and general	5,265	66,769	73,242	279	173	**145,728**
Community relations	-	271,057	-	-	-	**271,057**
Drilling	-	18,196	116,101	8,030	-	**142,327**
Field supplies and rentals	2,675	2,767	650	170	-	**6,262**
Field transportation	71,189	35,935	60,216	3,092	463	**170,895**
Geological consulting	-	32,243	600	-	-	**32,843**
Geophysics and metallurgy	-	-	74	-	-	**74**
Maps, orthos, and reports	-	-	-	42	-	**42**
Staking and claims fees	-	-	9,230	-	-	**9,230**
Total for the period	**$ 79,129**	**$ 500,772**	**$ 268,052**	**$ 14,591**	**$ 636**	**$ 863,180**

	Thorn Property BC, Canada	Langis Property ON, Canada	Atlin Property BC, Canada	Hog Heaven Property Montana, USA	General Exploration	Total
Three months ended December 31, 2017						
Analysis	$ 2,994	$ 1,500	$ 8,016	$ 1,825	$ -	$ **14,335**
Camp and general	2,794	6,523	11,255	84,070	324	**104,966**
Community relations	4,990	-	-	-	-	**4,990**
Drilling	1,530	-	-	-	-	**1,530**
Field supplies and rentals	1,903	-	-	3,046	-	**4,949**
Field transportation	-	-	-	631	-	**631**
Geological consulting	11,942	17,221	7,681	35,513	-	**72,357**
Geophysics and metallurgy	-	-	7,000	-	-	**7,000**
Maps, orthos, and reports	-	593	-	861	-	**1,454**
Permitting	-	-	-	3,646	-	**3,646**
Total for the period	**$ 26,153**	**$ 25,837**	**$ 33,952**	**$ 129,592**	**$ 324**	**$ 215,858**

10. Related party transactions:

During the three months ended December 31, 2018, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	December 31, 2018	December 31, 2017
Management fees, salaries and professional services	$ 123,752	$ 123,752
Director fees	9,000	6,000
Share-based payments	239,332	-
Total	$ 372,084	$ 129,752

(Unaudited – expressed in Canadian dollars)

10. Related party transactions (continued):

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

As at December 31, 2018, the Company had $7,000 (September 30, 2018 - $4,000) due to directors, officers, and companies with a director in common. Amounts due to related parties are non-interest bearing, with no fixed terms of repayments.

Amounts prepaid to directors and officers are disclosed in note 6.

11. Commitments:

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

2019	$	31,331
2020	$	36,556

12. Share capital:

(a) Authorized share capital:

Unlimited common shares without par value.

(b) Issued and outstanding common shares:

(*i*) Share issuances:

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

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

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

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

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

12. Share capital (continued):

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

(*i*) Share issuances (continued):

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

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

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

Private placements

On December 19, 2018, the Company completed a non-brokered private placement of total gross proceeds of $2,783,480. The Company issued 4,905,899 units at a price of $0.15 per unit for gross proceeds of $735,885, each unit consisting of one common share of the Company and one share purchase warrant exercisable at $0.25 per share for a period of two years. The warrants are subject to an acceleration clause. The Company also issued 12,044,680 flow-through shares at a price of $0.17 per flow-through share. In connection with the private placement, the Company paid commissions comprising total cash fees of $153,284 and issued an aggregate of 909,045 finders' warrants, each finders' warrant exercisable at a price of $0.15 per share for a period of three years and also subject to the same acceleration clause as contained in the warrants included in the aforementioned units. The Company recognized a flow-through premium liability of $240,894, of which $36,650 has been recognized as a recovery on flow-through premium liability during the three months ended December 31, 2018.

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

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

(Unaudited – expressed in Canadian dollars)

12. Share capital (continued):

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

(*i*) Share issuances (continued):

Private placements (continued)

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

(c) Warrants:

As at December 31, 2018, the following warrants were outstanding:

Expiry date		Weighted average exercise price	Number of warrants	Weighted average remaining contractual life in years
4-Apr-19	$	0.70	2,776,800	0.26
4-Apr-20	$	0.50	266,120	1.26
17-Oct-20	$	0.48	2,616,017	1.80
17-Oct-20	$	0.32	316,323	1.80
6-Dec-19	$	0.25	435,750	0.93
27-Dec-19	$	0.25	398,440	0.99
19-Dec-20	$	0.25	4,905,899	1.97
19-Dec-21	$	0.15	909,045	2.97
	$	0.35	12,624,394	1.54

	Number of warrants		Weighted average exercise price
Balance, September 30, 2017	19,610,675	$	0.49
Granted during the period	3,766,530		0.42
Exercised during the period	(242,000)		0.15
Expired during the period	(9,893,755)		0.65
Balance, September 30, 2018	13,241,450	$	0.35
Granted during the period	5,814,944		0.23
Exercised during the period	(4,194,000)		0.15
Expired during the period	(2,238,000)		0.15
Balance, December 31, 2018	12,624,394	$	0.40

(Unaudited – expressed in Canadian dollars)

12. Share capital (continued):

(c) Warrants (continued):

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 three months ended December 31, 2018 was $0.11 (2017 - $0.19). The following weighted average assumptions used in the calculation of fair value are as follows:

	December 31, 2018	December 31, 2017
Risk-free interest rate	1.88%	1.53%
Expected volatility	116.45%	133.21%
Expected life of options	3.00 years	2.27 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

(d) Share-based payments:

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

The following tables reflects the continuity of stock options for the three months ended December 31, 2018 and the year ended September 30, 2018:

Number outstanding Sept 30, 2018	Granted	Exercised / cancelled	Number outstanding Dec 31, 2018	Weighted average exercise price per share	Expiry date	Weighted average remaining contractual life in years
35,000	-	-	35,000	$ 0.14	April 7, 2025	6.27
2,600,000	-	-	2,600,000	$ 0.70	Sept 12, 2026	7.70
1,325,000	-	-	1,325,000	$ 0.50	April 3, 2027	8.26
175,000	-	-	175,000	$ 0.50	June 21, 2027	8.48
2,015,000	-	-	2,015,000	$ 0.30	January 8, 2028	9.03
100,000	-	-	100,000	$ 0.21	August 1, 2028	9.59
-	2,322,000	-	2,322,000	$ 0.15	Dec 17, 2028	9.97
6,250,000	2,322,000	-	8,572,000	$ 0.41		8.75
		(Exercisable)	8,572,000	$ 0.41		

(Unaudited – expressed in Canadian dollars)

12. Share capital (continued):

(d) Share-based payments (continued):

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

The fair value of stock options granted used to calculate compensation expense for both employees and non-employees is estimated using the Black-Scholes option pricing model. The weighted average fair value per option granted during the three months ended December 31, 2018 was $0.14 (2017 - $nil). During the three months ended December 31, 2018, the Company recognized $330,791 (2017 - $5,130) in share-based payments expense for the fair value of the vested portion of stock options granted during the period and/or in prior periods.

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

	December 31, 2018	December 31, 2017
Risk-free interest rate	2.02%	N/A
Expected volatility	148.21%	N/A
Expected life of options	10.0 years	N/A
Expected dividend yield	Nil	N/A

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

	Number of shares
Issued and outstanding at December 31, 2018	90,206,981
Reserved for warrants (note 12(c))	12,624,394
Reserved for options (note 12(d))	8,572,000
Shares reserved for issuance (fully diluted) at December 31, 2018	111,403,375

13. Segmented information:

As at December 31, 2018 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.

14. Financial instruments and risk management:

Financial instruments

IFRS 13, *Fair value measurements* ("IFRS 13"), 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 has no financial assets or financial liabilities measured at fair value in the statement of financial position as at December 31, 2018. The carrying value of cash, receivables, accounts payable and accrued liabilities, and due to related parties, 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 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 December 31, 2018, the Company had cash of $3,444,145 to settle current liabilities of $508,818. 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.

14. Financial instruments and risk management (continued):

Financial risk factors (continued)

(c) Market risk (continued):

(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:

The Company is not exposed to foreign currency risk as it holds no cash, accounts receivable, nor accounts payable and accrued liabilities that are denominated in United States dollars or other foreign currencies.

(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:

Property purchase

On February 5, 2019, the Company entered into a purchase and sale agreement to acquire certain mineral claims located in the Atlin mining district for consideration of $1,000 in cash and the issuance of 10,000 common shares.