

Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars)

**BRIXTON METALS CORPORATION**  
(An Exploration Stage Company)

Six months ended March 31, 2023, and 2022

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, 2023	September 30, 2022
<b>Assets</b>		
Current assets:		
Cash	\$ 4,602,861	\$ 7,542,275
Short-term investments	11,082,640	-
Receivables (Note 5)	1,731,536	1,522,510
Marketable securities (Note 6)	70,000	70,000
Prepaid expenses (Note 7)	312,349	426,105
	<b>17,799,386</b>	<b>9,560,890</b>
Restricted cash (Note 8)	459,829	676,119
Equipment (Note 9)	333,506	395,910
Exploration and evaluation assets (Note 10)	7,052,252	7,711,093
<b>Total Assets</b>	<b>\$ 25,644,973</b>	<b>\$ 18,344,012</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 523,541	\$ 1,524,460
Due to related parties (Note 11)	12,000	368,716
Lease liabilities (Note 12)	41,298	39,292
Flow-through share premium liability (Note 13(b))	56,260	788,600
	<b>633,099</b>	<b>2,721,068</b>
Lease liabilities - non-current (Note 12)	71,742	92,905
Reclamation obligation (Note 10)	338,386	338,386
<b>Total Liabilities</b>	<b>1,043,227</b>	<b>3,152,359</b>
Shareholders' equity:		
Share capital (Note 13(b))	83,753,442	69,113,737
Reserves (Note 13(d))	10,809,069	10,839,406
Deficit	(69,960,765)	(64,761,490)
	<b>24,601,746</b>	<b>15,191,653</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 25,644,973</b>	<b>\$ 18,344,012</b>

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

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, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
Expenses:				
Amortization (Note 9)	\$ 31,202	\$ 39,310	\$ 62,404	\$ 78,444
Conference and exhibition	49,249	23,855	116,417	26,033
Directors' fees (Note 11)	18,000	15,750	33,750	31,500
Exploration and evaluation expenditures (Note 10)	878,501	538,899	4,265,232	918,759
Insurance	23,556	10,475	40,128	27,933
Interest and bank charges	1,285	1,778	2,714	2,981
Investor relations	45,006	78,064	159,493	204,141
Listing and filing fees	42,442	39,893	50,835	42,327
Management fees (Note 11)	179,757	164,829	440,081	354,432
Office and sundry	217,914	59,673	319,880	125,428
Professional services (Note 11)	152,293	144,309	225,984	218,282
Rent	4,775	9,139	14,318	17,969
Salaries and employee benefits (Note 11)	179,345	121,190	310,027	214,782
Share-based payments (Note 13(d))	6,225	-	18,571	-
Travel and meals	58,358	10,980	124,819	12,786
	<b>(1,887,908)</b>	<b>(1,258,144)</b>	<b>(6,184,653)</b>	<b>(2,275,797)</b>
Unrealized gain on marketable securities (Note 6)				
	20,000	-	-	-
Interest income	183,903	105	259,043	934
Lease accretion (Note 12)	(2,883)	(627)	(6,005)	(1,553)
Reduction of flow-through premium liability (Note 13(b))	129,052	64,612	732,340	82,867
	<b>330,072</b>	<b>64,090</b>	<b>985,378</b>	<b>82,248</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (1,557,836)</b>	<b>\$ (1,194,054)</b>	<b>\$ (5,199,275)</b>	<b>\$ (2,193,549)</b>
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	380,921,166	257,773,951	357,125,581	234,298,686

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, 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	<b>257,776,673</b>	<b>64,246,358</b>	<b>9,983,240</b>	<b>(54,381,307)</b>	<b>19,848,291</b>
Common shares issued for cash	20,069,135	2,709,333	-	-	2,709,333
Flow through shares issued for cash	21,475,300	3,436,048	-	-	3,436,048
Flow through premium liability	-	(536,882)	-	-	(536,882)
Residual value of warrants issued	-	(267,150)	267,150	-	-
Share-based payments	-	-	514,888	-	514,888
Share issuance costs	-	(473,970)	74,128	-	(399,842)
Loss for the period	-	-	-	(10,380,183)	(10,380,183)
September 30, 2022	<b>299,321,108</b>	<b>69,113,737</b>	<b>10,839,406</b>	<b>(64,761,490)</b>	<b>15,191,653</b>
Common shares issued for cash	81,298,947	14,633,810	-	-	14,633,810
Share-based payments	-	-	18,571	-	18,571
Stock options exercised	330,000	102,158	(48,908)	-	53,250
Share issuance costs	-	(96,263)	-	-	(96,263)
Loss for the period	-	-	-	(5,199,275)	(5,199,275)
March 31, 2023	<b>380,950,055</b>	<b>\$ 83,753,442</b>	<b>\$ 10,809,069</b>	<b>\$ (69,960,765)</b>	<b>24,601,746</b>

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, 2023	Mar 31, 2022
Cash flows used in operating activities:		
Loss for the period	\$ (5,199,275)	\$ (2,193,549)
Items not affecting cash:		
Amortization	62,404	78,444
Recognition of flow-through premium liability	(732,340)	(82,867)
Lease accretion	6,005	1,553
Share-based payments	18,571	-
Unrealized foreign exchange loss	7,004	-
Changes in non-cash working capital:		
Receivables	(209,026)	31,531
Prepaid expenses	113,756	(281,245)
Accounts payable and accrued liabilities	(1,000,919)	(255,313)
Due to related parties	(356,716)	(164,351)
Rental deposit	-	(50,000)
	<u>(7,290,536)</u>	<u>(2,915,797)</u>
Cash flows used in investing activities:		
Mineral property acquisition costs	(9,259)	(85,026)
Disposition of exploration and evaluation assets	-	27,000
Purchase of equipment	-	(3,548)
Option payments received	668,100	635,688
Purchase of short-term investments	(11,082,640)	-
Reclamation bonds posted as restricted cash	-	-
Refund of reclamation bonds posted as restricted cash	209,286	-
	<u>(10,214,513)</u>	<u>574,114</u>
Cash flows from financing activities:		
Shares issued for cash	14,633,810	12,174,186
Stock options exercised	53,250	750
Warrants exercised	-	8,689
Payments towards lease liabilities	(25,162)	(25,637)
Share issuance costs	(96,263)	(380,692)
	<u>14,565,635</u>	<u>11,777,296</u>
Change in cash	(2,939,414)	9,435,613
Cash, beginning of the period	7,542,275	2,314,564
Cash, end of the period	<u>\$ 4,602,861</u>	<u>\$ 11,750,177</u>
Supplemental non-cash financing information:		
Finders warrants issued	\$ -	\$ 120,319
Flow-through premium liability on issuance of flow-through shares	\$ -	\$ 1,391,732
Amounts transferred to share capital on exercise of options	\$ 48,908	\$ 712
Amounts transferred to share capital on exercise of warrants	\$ -	\$ 6,292
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, 2023 and 2022

(Unaudited – expressed in Canadian dollars)

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## 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.

The Company 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.

## 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, 2022.

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2023 and 2022

(Unaudited – expressed in Canadian dollars)

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## 2. Significant accounting policies (continued):

### (a) Statement of compliance (continued):

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, 2023.

### (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.

#### *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.

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited – expressed in Canadian dollars)

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## 2. Significant accounting policies (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 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.

#### 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.



# BRIXTON METALS CORPORATION

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(Unaudited – expressed in Canadian dollars)

### 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, 2022.

### 4. Capital management:

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

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

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

### 5. Receivables:

	March 31, 2023	September 30, 2022
Amounts due from Government of Canada pursuant to GST input tax credits	\$ 354,575	\$ 380,252
Amounts due from Government of BC pursuant to BC Mining Exploration tax credit	1,108,753	1,108,753
Interest receivable	238,920	-
Other	29,288	33,505
Total	\$ 1,731,536	\$ 1,522,510

### 6. Marketable securities:

Marketable securities consist of various common shares received on the option of mineral property interests. During the year ended September 30, 2022, the Company received 1,000,000 common shares of Pacific Bay Minerals Ltd. ("Pacific Bay") at a fair value of \$60,000 (\$0.06 per share) pursuant to an option agreement in respect of the Atlin property (Note 9(c)). As at March 31, 2023, the Pacific Bay common shares had a fair value of \$70,000 (September 30, 2022 - \$70,000); accordingly, the Company has recognized an unrealized loss of \$nil (2022 - \$nil) for the six months ended March 31, 2023.

# BRIXTON METALS CORPORATION

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Six months ended March 31, 2023 and 2022

(Unaudited – expressed in Canadian dollars)

## 7. Prepaid expenses:

	March 31, 2023	September 30, 2022
Prepaid insurance	\$ 31,408	\$ 71,536
Prepaid consultants	48,600	245,738
Prepaid expenses	224,685	101,175
Deposits	7,656	7,656
<b>Total</b>	<b>\$ 312,349</b>	<b>\$ 426,105</b>

## 8. Restricted cash:

At March 31, 2023, the Company had a total of \$459,829 (September 30, 2022 - \$676,119) in bonds, comprising \$386,751 (September 30, 2022 - \$386,751) held with the Government of British Columbia for potential future reclamation costs on its Thorn and Yellowjacket (Atlin) projects in British Columbia and \$73,078 (September 30, 2022 - \$289,368) held with the State of Montana for potential future reclamation costs on its Hog Heaven project in Montana, USA (Note 10). These bonds are refundable at such time the Company completes the required exploration activities and receives approval from the regulating authorities.

## 9. Equipment:

	Building	Computer equipment	Vehicles	Right-of- Use Asset	Total
<b>Cost</b>					
Balance, September 30, 2021	\$ 493,947	\$ 28,869	\$ 57,675	\$ 125,441	\$ 705,932
Additions	<u>-</u>	<u>7,247</u>	<u>-</u>	<u>131,792</u>	<u>139,039</u>
Balance, September 30, 2022 and March 31, 2023	\$ 493,947	\$ 36,116	\$ 57,675	\$ 257,233	\$ 844,971
<b>Accumulated Amortization</b>					
Balance, September 30, 2021	\$ 133,005	\$ 23,014	\$ 48,131	\$ 87,264	\$ 291,414
Amortization expense	<u>108,283</u>	<u>2,844</u>	<u>2,863</u>	<u>43,657</u>	<u>157,647</u>
Balance, September 30, 2022	\$ 241,288	\$ 25,858	\$ 50,994	\$ 130,921	\$ 449,061
Amortization expense	<u>37,899</u>	<u>1,538</u>	<u>1,002</u>	<u>21,965</u>	<u>62,404</u>
Balance, March 31, 2023	\$ 279,187	\$ 27,396	\$ 51,996	\$ 152,886	\$ 511,465
<b>Net Book Value</b>					
Balance, September 30, 2022	\$ 252,659	\$ 10,258	\$ 6,681	\$ 126,312	\$ 395,910
Balance, March 31, 2023	\$ 214,760	\$ 8,720	\$ 5,679	\$ 104,347	\$ 333,506

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

Six months ended March 31, 2023 and 2022

(Unaudited – expressed in Canadian dollars)

## 10. Exploration and evaluation assets:

Balance consists of:

	March 31, 2023	September 30, 2022
Thorn, BC, Canada	\$ 4,940,125	\$ 4,936,056
Langis, Ontario, Canada	502,910	497,720
Atlin, BC, Canada	1,064,135	1,064,135
Hog Heaven, Montana, USA	545,082	1,213,182
Total	\$ 7,052,252	\$ 7,711,093

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

### (a) Thorn, BC, Canada:

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.

#### *IMGGM Project*

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

During the year ended September 30, 2022, the Company also paid \$5,000 to acquire additional claims located within the claim block of the IMGGM Project.

#### *Trapper Project*

During fiscal 2020, the Company acquired a 100% interest in the Trapper Project.

#### *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 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.

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(An Exploration Stage Company)

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Six months ended March 31, 2023 and 2022

(Unaudited – expressed in Canadian dollars)

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## 10. Exploration and evaluation assets (continued):

### (a) Thorn, BC, Canada (continued):

#### *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, 2023, the Company has recognized a reclamation obligation of \$164,000 (September 30, 2022 - \$164,000). The undiscounted amount of estimated cash flows was estimated at \$218,500. The liability was estimated using an expected life of 24 years and a risk-free credit-adjusted discount rate net of inflation of 1.09%.

The Company has also paid a total of \$214,700 for bonds held with the Government of British Columbia in connection with potential reclamation costs on the Thorn property, which have been recorded as restricted cash at March 31, 2023 and September 30, 2022 (Note 8).

### (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, 2023, the Company has recognized a reclamation obligation of \$41,549 (September 30, 2022 - \$41,549). The undiscounted amount of estimated cash flows was estimated at \$56,000. The liability was estimated using an expected life of 25 years and a risk-free credit-adjusted discount rate net of inflation of 1.09%.

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(Unaudited – expressed in Canadian dollars)

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## 10. Exploration and evaluation assets (continued):

(c) Atlin, BC, Canada:

During fiscal 2017, 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 year ended September 30, 2022.

The Company has also 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 March 31, 2023 and September 30, 2022 (Note 8).

### *Pacific Bay – Earn-in Agreement*

On May 6, 2022 and as amended on May 4, 2023, the Company entered into an agreement with Pacific Bay Minerals Ltd. (“Pacific Bay”) for Pacific Bay acquire a 100% interest in the Atlin project. Under the terms of the agreement, Pacific Bay may acquire a 51% interest in the Atlin project for consideration of \$1,725,000 in cash (\$125,000 received), the issuance of 5,000,000 Pacific Bay common shares (1,000,000 shares received at a value of \$60,000 during the year ended September 30, 2022, 1,000,000 shares received at a value of \$65,000 subsequent to March 31, 2023) 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.

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.

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## 10. Exploration and evaluation assets (continued):

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

### *Reclamation Obligation*

As at March 31, 2023, the Company has recognized a reclamation obligation of \$81,265 (September 30, 2022 - \$81,265). The undiscounted amount of estimated cash flows was estimated at \$89,553. The liability was estimated using an expected life of 6.5 years and a risk-free credit-adjusted discount rate net of inflation of 1.09%.

(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.

### *Reclamation Obligation*

As at March 31, 2023, the Company has recognized a reclamation obligation of \$51,572 (September 30, 2022 - \$51,572). The undiscounted amount of estimated cash flows was estimated at \$69,480. The liability was estimated using an expected life of 25 years and a risk-free credit-adjusted discount rate net of inflation of 1.09%.

The Company has paid \$73,078 (September 30, 2022 - \$289,368) 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 March 31, 2023 and September 30, 2022 (Note 8).

### *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 year ended September 30, 2022 and \$668,100 during the six months ended March 31, 2023), 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 (incurred).

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## 10. Exploration and evaluation assets (continued):

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

### *Earn-in Agreement (continued)*

- 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").

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.

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## 10. Exploration and evaluation assets (continued):

(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, 2023					
Analysis	\$ 616,754	\$ 659,748	\$ -	\$ -	\$ 1,276,502
Camp and general	312,601	147,203	9,232	245	469,281
Community relations	129,153	24,489	-	-	153,642
Drilling	327,225	375,989	-	-	703,214
Field supplies and rentals	333,765	186,364	-	77	520,206
Field transportation	376,625	27,687	-	-	404,312
Geological consulting	342,007	162,844	-	-	504,851
Geophysics and metallurgy	78,158	-	-	-	78,158
Maps, orthos, and reports	11,365	-	-	-	11,365
Permitting	-	25,000	-	34	25,034
Recoveries	-	-	-	118,667	118,667
<b>Total for the period</b>	<b>\$ 2,527,653</b>	<b>\$ 1,609,324</b>	<b>\$ 9,232</b>	<b>\$ 119,023</b>	<b>\$ 4,265,232</b>
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)
<b>Total for the period</b>	<b>\$ 652,589</b>	<b>\$ 181,151</b>	<b>\$ 92,246</b>	<b>\$ (7,227)</b>	<b>\$ 918,759</b>

## 11. Related party transactions:

During the six months ended March 31, 2023, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	March 31, 2023	March 31, 2022
Management fees, salaries and professional services	\$ 288,685	\$ 202,650
Director fees	33,750	31,500
<b>Total</b>	<b>\$ 322,435</b>	<b>\$ 234,150</b>

Key management is defined as directors and officers of the Company. Management fees include \$73,725 (2022 - \$72,450) paid or accrued to a company controlled by Director and Officer, and \$135,100 (2022 - \$130,200) paid or accrued to another company controlled by a Director and Officer. Director fees include payments to three independent directors.



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## 11. Related party transactions (continued):

As at March 31, 2023, the Company owed \$12,000 (September 30, 2022 - \$368,716) 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, 2023, a spouse of a director received \$49,431 (2022 - \$46,135) for administrative services (included in salaries and employee benefits).

## 12. 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. During the year ended September 30, 2022, the Company entered into a further extension to August 14, 2025, for total additional undiscounted payments of \$151,920. Using an annual discount rate of 10%, the Company recognized additional increases to lease liabilities and right-of-use assets of \$131,792.

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

	March 31, 2023	September 30, 2022
Opening balance	\$ 132,197	\$ 45,273
Additions	-	131,792
Lease accretion	6,005	6,326
Payments	(25,162)	(51,194)
Lease liabilities	113,040	132,197
Lease liabilities, current portion	(41,298)	(39,292)
Lease liabilities, long-term portion	\$ 71,742	\$ 92,905

## 13. Share capital:

(a) Authorized share capital:

Unlimited common shares without par value.

(b) Issued and outstanding common shares:

(i) Share issuances:

### *2023 Private placements*

On November 22, 2022, the Company closed a non-brokered private placement to an investor for gross proceeds of \$13,633,810, issuing 75,743,391 common shares of the Company at a price of \$0.18 per share, representing 19.9% of the issued and outstanding common shares of the Company on an undiluted basis. Concurrently, the Company also issued an additional 5,555,556 common shares for gross proceeds of \$1,000,000 to an existing investor that elected its right to participate, on up to a pro rata basis, in equity financings of the Company. No finder's fees were paid in connection with the private placement.

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## 13. Share capital (continued):

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

(i) Share issuances (continued):

### *2022 Private placements (December 2021)*

On December 7, 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 until December 7, 2024; 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 7, 2023. The Company recognized a flow-through premium liability of \$471,820, which was fully recognized as a recovery on flow-through premium liability during the year ended September 30, 2022.

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 7, 2023.

On December 15, 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 15, 2024;
- 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 15, 2023; 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 15, 2024.

The Company recognized a flow-through premium liability on the 10,150,000 flow-through units of \$203,000, which was fully recognized as a recovery on flow-through premium liability during the year ended September 30, 2022.

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## 13. Share capital (continued):

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

(i) Share issuances (continued):

### *2022 Private placements (December 2021) (continued)*

The Company recognized a flow-through premium liability on the 11,029,414 charity flow-through units of \$716,912, which was fully recognized as a recovery on flow-through premium liability during the year ended September 30, 2022.

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 15, 2023.

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

### *2022 Private placements (September 2022)*

On September 1, 2022, 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 \$3,513,538, by issuing:

- 574,000 units at a price of \$0.135 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 \$0.20 until September 1, 2024; and
- 21,475,300 flow-through units at a price of \$0.16 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 \$0.20 until September 1, 2024. The Company recognized a flow-through premium liability of \$536,882, of which \$33,047 was recognized as a recovery on flow-through premium liability during the year ended September 30, 2022, and \$447,575 was recognized during the six months ended March 31, 2023. As at March 31, 2023, the Company's remaining required flow-through expenditures from this issuance on its properties are \$360,063.

In connection with the first tranche, the Company paid finders' fees of \$210,812 and issued an aggregate of 1,322,958 finder's warrants, valued at \$56,046. 759,378 finder's warrants are exercisable for one common share of the Company at an exercise price of \$0.16 until September 1, 2024, and 563,580 finder's warrants are exercisable for one common share of the Company at an exercise price of \$0.16 until September 15, 2024.

The Company valued the warrants included as part of the units issued at \$169,675 based on the residual value method.

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## 13. Share capital (continued):

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

(i) Share issuances (continued):

### *2022 Private placements (September 2022) (continued)*

On September 15, 2022, the Company closed the second and final tranche of a non-brokered private placement of 19,495,135 units of the Company at a price of \$0.135 per unit for gross proceeds of \$2,631,843, 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 \$0.20 until September 15, 2024;

In connection with the second tranche, the Company paid finders' fees of \$49,806 and issued an aggregate of 357,819 finder's warrants, valued at \$18,081. Each finder's warrant is exercisable for one common share of the Company at an exercise price of \$0.135 until September 15, 2024.

The Company valued the warrants included as part of the units issued at \$97,475 based on the residual value method.

The Company recognized \$284,765 in recovery on flow-through premium liability in relation to financings completed prior to the six months ended March 31, 2023.

(c) Warrants:

As at March 31, 2023, the following warrants were outstanding:

<b>Expiry date</b>	<b>Weighted average exercise price</b>	<b>Number of warrants</b>	<b>Weighted average remaining contractual life in years</b>
12-Aug-23	\$ 0.35	12,689,000	0.37
3-Nov-23	\$ 0.35	8,510,638	0.59
7-Dec-24	\$ 0.26	12,005,000	1.69
7-Dec-23	\$ 0.26	11,795,500	0.69
7-Dec-23	\$ 0.18	503,460	0.69
15-Dec-24	\$ 0.26	14,156,524	1.71
15-Dec-23	\$ 0.26	5,075,000	0.71
15-Dec-23	\$ 0.18	1,022,237	0.71
1-Sep-24	\$ 0.20	11,311,650	1.42
1-Sep-24	\$ 0.16	759,378	1.42
15-Sep-24	\$ 0.20	19,495,135	1.46
15-Sep-24	\$ 0.16	563,580	1.46
15-Sep-24	\$ 0.135	1,077,819	1.46
	\$ 0.26	98,964,921	1.16

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## 13. Share capital (continued):

### (c) Warrants (continued):

	Number of warrants		Weighted average exercise price
Balance, September 30, 2021	24,843,732	\$	0.30
Granted	77,765,283		0.35
Exercised	(57,925)		0.25
Expired	(3,120,445)		0.28
Balance, September 30, 2022	99,430,645	\$	0.26
Expired	(465,724)		0.36
Balance, March 31, 2023	98,964,921	\$	0.26

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, 2023, was \$nil (2022 - \$0.08). The weighted average assumptions used in the calculation of fair value are as follows:

	March 31, 2023	March 31, 2022
Risk-free interest rate	N/A	1.01%
Expected volatility	N/A	89.6%
Expected life of warrants	N/A	2.00 years
Expected dividend yield	N/A	Nil
Forfeiture rate	N/A	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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## 13. Share capital (continued):

(d) Share-based payments (continued):

The following tables reflect the continuity of stock options for the six months ended March 31, 2023 and year ended September 30, 2022:

Number outstanding Sept 30, 2022	Granted	Exercised	Cancelled	Number outstanding Mar 31, 2023	Weighted average exercise price per share	Expiry date	Weighted average remaining contractual life in years
35,000	-	-	-	35,000	\$ 0.14	April 7, 2025	2.02
1,950,000	-	-	-	1,950,000	\$ 0.70	September 12, 2026	3.45
975,000	-	-	-	975,000	\$ 0.50	April 3, 2027	4.01
125,000	-	-	-	125,000	\$ 0.50	June 21, 2027	4.23
1,520,000	-	-	-	1,520,000	\$ 0.30	January 8, 2028	4.78
40,000	-	-	40,000	-	\$ 0.30	December 24, 2022	-
100,000	-	-	-	100,000	\$ 0.21	August 1, 2028	5.34
1,444,000	-	-	-	1,444,000	\$ 0.15	December 17, 2028	5.72
55,000	-	55,000	-	-	\$ 0.15	December 24, 2022	-
3,100,000	-	-	-	3,100,000	\$ 0.30	August 27, 2029	6.41
200,000	-	-	200,000	-	\$ 0.30	December 24, 2022	-
2,000,000	-	-	-	2,000,000	\$ 0.17	May 5, 2030	7.10
100,000	-	100,000	-	-	\$ 0.17	December 24, 2022	-
2,750,000	-	-	-	2,750,000	\$ 0.255	February 3, 2031	7.85
300,000	-	-	300,000	-	\$ 0.255	December 24, 2022	-
3,400,000	-	-	-	3,400,000	\$ 0.16	May 24, 2032	9.16
75,000	-	75,000	-	-	\$ 0.16	December 24, 2022	-
100,000	-	100,000	-	-	\$ 0.16	January 26, 2023	-
18,269,000	-	330,000	540,000	17,399,000	\$ 0.29		6.56
			(Exercisable)	17,299,000	\$ 0.30		

Number outstanding Sept 30, 2021	Granted	Exercised	Cancelled	Number outstanding Sept 30, 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	2.52
1,950,000	-	-	-	1,950,000	\$ 0.70	September 12, 2026	3.95
975,000	-	-	-	975,000	\$ 0.50	April 3, 2027	4.51
125,000	-	-	-	125,000	\$ 0.50	June 21, 2027	4.73
1,535,000	-	-	15,000	1,520,000	\$ 0.30	January 8, 2028	5.28
40,000	-	-	-	40,000	\$ 0.30	December 24, 2022 *	0.23
100,000	-	-	-	100,000	\$ 0.21	August 1, 2028	5.84
1,509,000	-	5,000	60,000	1,444,000	\$ 0.15	December 17, 2028	6.22
55,000	-	-	-	55,000	\$ 0.15	December 24, 2022 **	0.23
3,300,000	-	-	200,000	3,100,000	\$ 0.30	August 27, 2029	6.91
200,000	-	-	-	200,000	\$ 0.30	December 24, 2022 *	0.23
2,150,000	-	-	150,000	2,000,000	\$ 0.17	May 5, 2030	7.60
100,000	-	-	-	100,000	\$ 0.17	December 24, 2022 **	0.23
3,100,000	-	-	350,000	2,750,000	\$ 0.255	February 3, 2031	8.35
300,000	-	-	-	300,000	\$ 0.255	December 24, 2022 *	0.23
-	3,400,000	-	-	3,400,000	\$ 0.16	May 24, 2032	9.65
-	300,000	-	225,000	75,000	\$ 0.16	December 24, 2022 **	0.23
-	100,000	-	-	100,000	\$ 0.16	January 26, 2023 *	0.32
15,474,000	3,800,000	5,000	1,000,000	18,269,000	\$ 0.29		6.73
			(Exercisable)	17,969,000	\$ 0.29		

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## 13. Share capital (continued):

(d) Share-based payments (continued):

During the six months ended March 31, 2023, the Company granted nil (2022 – nil) stock options with a fair value of \$nil (2022 - \$nil) or \$nil (2022 - \$nil) per option and recorded share-based payments of \$18,571 (2022 - \$nil). The fair values of stock options granted used to calculate compensation expense for both employees and non-employees is estimated using the Black-Scholes option pricing model.

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

	Number of shares
Issued and outstanding at March 31, 2023	380,950,055
Reserved for warrants (Note 13(c))	98,964,921
Reserved for options (Note 13(d))	17,399,000
Shares reserved for issuance (fully diluted) at March 31, 2023	497,313,976

## 14. Segmented information:

As at March 31, 2023 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 10.

## 15. Financial instruments and risk management:

### *Financial instruments*

The carrying values of cash, restricted cash, short-term investments, receivables, accounts payable, accrued liabilities, lease liability, 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 cash equivalents and restricted cash are held with a large and stable Canadian chartered bank. Management believes that credit risk related to these amounts is nominal.

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## 15. Financial instruments and risk management (continued):

### *Financial risk factors (continued)*

#### (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, 2023, the Company had cash and cash equivalents of \$4,602,861 to settle current liabilities of \$633,099. 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, 2023, the Company had approximately US\$1,429,000 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, 2023, would result in approximately \$193,000 change to comprehensive loss for the period.

##### (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.

## 16. Subsequent events:

Subsequent to March 31, 2023, the Company:

- (a) Granted an aggregate of 3,202,500 stock options to directors, officers, employees and consultants at an exercise price of \$0.20 per share, exercisable for a period of 10 years.
- (b) Entered into an agreement to acquire certain mineral claims located in the Atlin mining district for consideration of \$4,000.