

Consolidated Financial Statements  
(Expressed in Canadian dollars)

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

Year ended September 30, 2023, and 2022

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Brixton Metals Corporation

### *Opinion*

We have audited the accompanying consolidated financial statements of Brixton Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")*

As described in Note 10 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$7,010,414 as of September 30, 2023. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Evaluating title to ensure mineral rights underlying the E&E Assets are in good standing.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

January 26, 2024

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)

	September 30, 2023	September 30, 2022
<b>Assets</b>		
Current assets:		
Cash	\$ 5,533,109	\$ 7,542,275
Receivables (Note 5)	3,785,431	1,522,510
Marketable securities (Note 6)	-	70,000
Prepaid expenses (Note 7)	211,951	426,105
	<b>9,530,491</b>	<b>9,560,890</b>
Restricted cash (Note 8)	503,859	676,119
Equipment (Note 9)	271,101	395,910
Exploration and evaluation assets (Note 10)	7,010,414	7,711,093
<b>Total Assets</b>	<b>\$ 17,315,865</b>	<b>\$ 18,344,012</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,820,989	\$ 1,524,460
Due to related parties (Note 11)	397,455	368,716
Lease liabilities (Note 12)	43,486	39,292
Flow-through share premium liability (Note 13(b))	-	788,600
	<b>3,261,930</b>	<b>2,721,068</b>
Lease liabilities - non-current (Note 12)	49,419	92,905
Reclamation obligation (Note 10)	357,548	338,386
<b>Total Liabilities</b>	<b>3,668,897</b>	<b>3,152,359</b>
Shareholders' equity:		
Share capital (Note 13(b))	84,052,686	69,113,737
Reserves (Note 13(d))	11,299,550	10,839,406
Deficit	(81,705,268)	(64,761,490)
	<b>13,646,968</b>	<b>15,191,653</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 17,315,865</b>	<b>\$ 18,344,012</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 17)

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

Approved on behalf of the Board:

"Cale Moodie" \_\_\_\_\_ Director

"Gary Thompson" \_\_\_\_\_ Director

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

	Year ended September 30,	
	2023	2022
Expenses:		
Amortization (Note 9)	\$ 124,809	\$ 157,647
Conference and exhibition	186,432	63,941
Directors' fees (Note 11)	69,750	63,000
Exploration and evaluation expenditures (Note 10)	13,833,464	10,489,603
Finance expense	7,109	57,224
Insurance	92,256	64,587
Interest and bank charges	5,849	5,589
Investor relations	352,805	328,699
Listing and filing fees	118,057	83,901
Management fees (Note 11)	823,586	893,650
Office and sundry	370,857	26,148
Professional services (Note 11)	474,131	582,725
Rent	30,018	32,704
Salaries and employee benefits (Note 11)	845,312	649,427
Share-based payments (Note 11 and 13(d))	579,736	514,888
Travel and meals	154,138	77,805
	<b>(18,068,309)</b>	<b>(14,091,538)</b>
Unrealized gain (loss) on marketable securities (Note 6)	-	10,000
Realized loss on marketable securities (Note 6)	(100,420)	-
Interest income	470,599	1,255
Lease accretion (Note 12)	(11,032)	(6,326)
Reduction of flow-through premium liability (Note 13(b))	788,600	1,542,945
	<b>1,147,747</b>	<b>1,547,874</b>
Loss for the year before taxes	<b>(16,920,562)</b>	<b>(12,543,664)</b>
Income taxes (Note 15)	(23,216)	(30,068)
<b>Loss and comprehensive loss for the year</b>	<b>\$ (16,943,778)</b>	<b>\$ (12,573,732)</b>
Loss per share - basic and diluted	\$ (0.05)	\$ (0.05)
Weighted average number of shares outstanding - basic and diluted	369,250,912	248,622,873

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

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity  
(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	35,201,245	5,433,113	-	-	5,433,113
Flow through shares issued for cash	55,216,300	10,184,248	-	-	10,184,248
Charity flow through shares issued for cash	11,029,414	2,702,206	-	-	2,702,206
Flow through premium liability	-	(1,928,614)	-	-	(1,928,614)
Residual value of warrants issued	-	(866,175)	866,175	-	-
Share-based payments	-	-	514,888	-	514,888
Stock options exercised	5,000	1,462	(712)	-	750
Warrants exercised	57,925	14,981	(6,292)	-	8,689
Share issuance costs	-	(974,981)	194,447	-	(780,534)
Loss for the year	-	-	-	(12,573,732)	(12,573,732)
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	-	-	579,736	-	579,736
Stock options exercised	755,000	240,527	(116,277)	-	124,250
Warrants exercised	792,000	160,875	(3,315)	-	157,560
Share issuance costs	-	(96,263)	-	-	(96,263)
Loss for the year	-	-	-	(16,943,778)	(16,943,778)
September 30, 2023	<b>382,167,055</b>	<b>\$ 84,052,686</b>	<b>\$ 11,299,550</b>	<b>\$ (81,705,268)</b>	<b>13,646,968</b>

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

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)

	Year ended September 30,	
	2023	2022
Cash flows used in operating activities:		
Loss for the year	\$ (16,943,778)	\$ (12,573,732)
Items not affecting cash:		
Amortization	124,809	157,647
Recognition of flow-through premium liability	(788,600)	(1,542,945)
Lease accretion	11,032	6,326
Share-based payments	579,736	514,888
Unrealized foreign exchange loss	7,074	-
Unrealized gain on marketable securities	-	(10,000)
Realized gain on marketable securities	100,420	-
Changes in non-cash working capital:		
Receivables	(2,262,921)	(344,453)
Prepaid expenses	214,154	(384,710)
Accounts payable and accrued liabilities	1,296,529	1,227,668
Due to related parties	28,739	166,677
Rental deposit	-	(50,000)
	(17,632,806)	(12,832,634)
Cash flows used in investing activities:		
Mineral property acquisition costs	(13,259)	(89,114)
Purchase of equipment	-	(7,247)
Option payments received	668,100	762,688
Proceeds on sale of marketable securities	34,580	-
Purchase of short-term investments	-	-
Reclamation bonds posted as restricted cash	(44,100)	(103,260)
Refund of reclamation bonds posted as restricted cash	209,286	-
	854,607	563,067
Cash flows from financing activities:		
Shares issued for cash	14,633,810	18,319,567
Stock options exercised	124,250	750
Warrants exercised	157,560	8,689
Payments towards lease liabilities	(50,324)	(51,194)
Share issuance costs	(96,263)	(780,534)
	14,769,033	17,497,278
Change in cash	(2,009,166)	5,227,711
Cash, beginning of the year	7,542,275	2,314,564
Cash, end of the year	\$ 5,533,109	\$ 7,542,275
Supplemental non-cash financing information:		
Shares received for mineral properties	\$ 65,000	\$ 60,000
Right-of-use asset recognized on lease extension	\$ -	\$ 131,792
Finders warrants issued	\$ -	\$ 194,447
Change in asset retirement obligation	\$ 19,162	\$ 162,311
Flow-through premium liability on issuance of flow-through shares	\$ -	\$ 1,928,614
Amounts transferred to share capital on exercise of options	\$ 116,277	\$ 712
Amounts transferred to share capital on exercise of warrants	\$ 3,315	\$ 6,292

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



# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements  
Years ended September 30, 2023 and 2022  
(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 consolidated 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, and on October 7, 2023, armed conflict broke out between Israel and Hamas militants. 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 consolidated 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 financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Unless otherwise stated, amounts are expressed in Canadian dollars.

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements  
Years ended September 30, 2023 and 2022  
(Expressed in Canadian dollars)

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## 2. Significant accounting policies (continued):

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

These consolidated financial statements were authorized for issuance by the Board on January 26, 2024.

### (b) Basis of consolidation:

These consolidated 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 consolidated 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) Exploration and evaluation assets:

The Company is in the process of exploring its exploration and evaluation asset and has not yet determined whether the property contains ore reserves that are economically recoverable.

Exploration and evaluation costs are recognized in profit or loss. Costs incurred before and after the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss until such time the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, after which such costs are capitalized. All costs, including option payments, related to the acquisition of exploration and evaluation assets are capitalized while all other costs are expensed as incurred. Amounts received for the sale of exploration and evaluation assets, for option payments and for exploration advances are treated as reductions of the cost of the property, with receipts in excess of capitalized costs recognized in profit or loss. Upon achieving production, costs for a producing property will be amortized on a unit-of-production method based on the estimated life of the ore reserves. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not accrued. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

# BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Notes to Consolidated Financial Statements  
Years ended September 30, 2023 and 2022  
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## 2. Significant accounting policies (continued):

### (d) Equipment:

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The Company provides for amortization on its equipment on the following basis:

Asset	Basis	Annual Rate
Computer equipment	Declining balance	30%
Vehicles	Declining balance	30%
Building	Declining balance	30%
Right of use asset	Straight line	Term of lease

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

### (e) Impairment:

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

# BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements  
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## 2. Significant accounting policies (continued):

### (e) Impairment (continued):

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### (f) Provision for closure and reclamation:

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.

### (g) Income taxes:

Current tax is the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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## 2. Significant accounting policies (continued):

### (h) Basic and diluted loss per share:

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. Since the Company has losses, the exercise of outstanding options and warrants has not been included in this calculation as it would be anti-dilutive.

### (i) Valuation of equity units issued in private placements:

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placements units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in reserves.

### (j) Financial instruments:

#### *Financial assets:*

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company's marketable securities are designated as FVTPL.

# BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements  
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(Expressed in Canadian dollars)

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## 2. Significant accounting policies (continued):

### (j) Financial instruments (continued):

#### *Financial assets (continued):*

##### Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit or loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash, restricted cash, and receivables are recorded at amortized cost.

##### Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

##### *Financial liabilities*

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, amounts due to related parties, and lease liabilities.

##### *Fair value hierarchy*

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

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## 2. Significant accounting policies (continued):

### (j) Financial instruments (continued):

#### *Fair value hierarchy (continued):*

- Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and
- Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

#### *Impairment of financial assets*

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

### (k) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if it has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

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## 2. Significant accounting policies (continued):

### (k) Leases (continued):

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

### (l) Foreign currency translation:

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.



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## 2. Significant accounting policies (continued):

### (m) Flow-through shares:

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability on a proportionate basis and recognizes the amount in profit or loss.

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

The preparation of these consolidated 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.

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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 consolidated 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.

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### 3. Accounting standards issued for adoption in future periods:

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended September 30, 2023:

*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

*Definition of Accounting Estimates (Amendments to IAS 8)* – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that the amendment to IAS 1 and IAS 8 will not have a material impact on the results and financial position of the Company.

### 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.

There were no changes in the Company’s approach to capital management during the year.

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## 5. Receivables:

	September 30, 2023	September 30, 2022
Amounts due from Government of Canada pursuant to GST input tax credits	\$ 544,107	\$ 380,252
Amounts due from Government of BC pursuant to BC Mining Exploration tax credit	3,174,076	1,108,753
Interest receivable	66,960	-
Other	288	33,505
<b>Total</b>	<b>\$ 3,785,431</b>	<b>\$ 1,522,510</b>

## 6. Marketable securities:

Marketable securities consist of various common shares received on the option of mineral property interests. During the year ended September 30, 2023, the Company received 1,000,000 (2022 – 1,000,000) common shares of Pacific Bay Minerals Ltd. (“Pacific Bay”) at a fair value of \$65,000 (\$0.065 per share) (2022 - \$60,000 or \$0.06 per share) pursuant to an option agreement in respect of the Atlin property (Note 10(c)) and sold 2,000,000 shares at a weighted average price of \$0.0173 per share for total gross proceeds of \$34,580, realizing a loss of \$100,420. As at September 30, 2023, the Pacific Bay common shares had a fair value of nil (2022 - \$70,000); accordingly, the Company has recognized an unrealized gain of nil (2022 - \$10,000) for the year ended September 30, 2023.

## 7. Prepaid expenses:

	September 30, 2023	September 30, 2022
Prepaid insurance	\$ 103,602	\$ 71,536
Prepaid consultants	-	245,738
Prepaid expenses	100,693	101,175
Deposits	7,656	7,656
<b>Total</b>	<b>\$ 211,951</b>	<b>\$ 426,105</b>

## 8. Restricted cash:

At September 30, 2023, the Company had a total of \$503,859 (2022 - \$676,119) in bonds, comprising \$430,851 (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 \$73,008 (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.

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## 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	-	7,247	-	131,792	139,039
Balance, September 30, 2022 and September 30, 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	108,283	2,844	2,863	43,657	157,647
Balance, September 30, 2022	\$ 241,288	\$ 25,858	\$ 50,994	\$ 130,921	\$ 449,061
Amortization expense	75,798	3,076	2,004	43,931	124,809
Balance, September 30, 2023	\$ 317,086	\$ 28,934	\$ 52,998	\$ 174,852	\$ 573,870
<b>Net Book Value</b>					
Balance, September 30, 2022	\$ 252,659	\$ 10,258	\$ 6,681	\$ 126,312	\$ 395,910
Balance, September 30, 2023	\$ 176,861	\$ 7,182	\$ 4,677	\$ 82,381	\$ 271,101

## 10. Exploration and evaluation assets:

Balance consists of:

	September 30, 2023	September 30, 2022
Thorn, BC, Canada	\$ 4,955,725	\$ 4,936,056
Langis, Ontario, Canada	499,255	497,720
Atlin, BC, Canada	1,007,595	1,064,135
Hog Heaven, Montana, USA	547,839	1,213,182
Total	\$ 7,010,414	\$ 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.

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

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

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

#### *IMGM Project*

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

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

#### *Trapper Project*

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

#### *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.

#### *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 September 30, 2023, the Company has recognized a reclamation obligation of \$179,600 (2022 - \$164,000). The undiscounted amount of estimated cash flows was estimated at \$274,110. The liability was estimated using an expected life of 23 years and a risk-free credit-adjusted discount rate net of inflation of 1.81%.

The Company has also paid a total of \$219,800 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 September 30, 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.

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

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

### *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 September 30, 2023, the Company has recognized a reclamation obligation of \$37,894 (2022 - \$41,549). The undiscounted amount of estimated cash flows was estimated at \$56,000. The liability was estimated using an expected life of 24 years and a risk-free credit-adjusted discount rate net of inflation of 1.81%.

(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 2023, the Company acquired certain mineral claims located in the Atlin mining district for consideration of \$4,000.

The Company has also paid a total of \$211,051 for bonds held with the Government of British Columbia in connection with potential reclamation costs on the Yellowjacket property, which have been recorded as restricted cash at September 30, 2023 and September 30, 2022 (Note 8).

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

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

### *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 could 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 during the year ended September 30, 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 could 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.

During the year ended September 30, 2023, Pacific Bay defaulted on its obligations under the earn-in agreement on the Atlin property and the agreement was terminated.

### *Reclamation Obligation*

As at September 30, 2023, the Company has recognized a reclamation obligation of \$85,725 (2022 - \$81,265). The undiscounted amount of estimated cash flows was estimated at \$89,553. The liability was estimated using an expected life of 5.5 years and a risk-free credit-adjusted discount rate net of inflation of 1.99%.

(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 fiscal 2021, the Company paid \$1,321,420 (US\$1,000,000) to acquire 1.5% of the 3.0% NSR.

### *Reclamation Obligation*

As at September 30, 2023, the Company has recognized a reclamation obligation of \$54,329 (2022 - \$51,572). The undiscounted amount of estimated cash flows was estimated at \$68,532. The liability was estimated using an expected life of 24 years and a risk-free credit-adjusted discount rate net of inflation of 1.02%.

The Company has paid \$73,008 (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 September 30, 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”).



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

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

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

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 year ended September 30, 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).
- 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.

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

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

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

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

(e) Expenditures:

	<b>Thorn Property BC, Canada</b>	<b>Langis Property ON, Canada</b>	<b>Atlin Property BC, Canada</b>	<b>Hog Heaven Property Montana, USA</b>	<b>Total</b>
Year ended September 30, 2023					
Analysis	\$ 1,176,833	\$ 498,096	\$ -	\$ -	\$ 1,674,929
Camp and general	1,455,953	153,930	18,949	105,481	1,734,313
Community relations	215,528	24,489	-	-	240,017
Drilling	2,333,126	375,989	18,142	-	2,727,257
Field supplies and rentals	1,999,280	191,865	6,753	107	2,198,005
Field transportation	3,983,259	28,362	16,459	-	4,028,080
Geological consulting	3,137,043	165,104	15,277	-	3,317,424
Geophysics and metallurgy	78,158	-	-	-	78,158
Maps, orthos, and reports	11,365	-	-	-	11,365
Permitting	-	25,000	3,575	169	28,744
Recoveries	(2,188,285)	-	(15,111)	(1,432)	(2,204,828)
<b>Total for the year</b>	<b>\$ 12,202,260</b>	<b>\$ 1,462,835</b>	<b>\$ 64,044</b>	<b>\$ 104,325</b>	<b>\$ 13,833,464</b>
Year ended September 30, 2022					
Analysis	\$ 420,559	\$ 1,208	\$ 4,467	\$ 3,645	\$ 429,879
Camp and general	968,055	29,859	86,391	103	1,084,408
Community relations	147,305	26,127	-	-	173,432
Drilling	1,576,138	-	-	-	1,576,138
Field supplies and rentals	1,842,486	10,837	30	-	1,853,353
Field transportation	2,978,397	34,485	-	96	3,012,978
Geological consulting	1,845,254	25,785	7,848	-	1,878,887
Geophysics and metallurgy	53,331	429,575	-	-	482,906
Maps, orthos, and reports	137,055	-	-	-	137,055
Permitting	994	-	1,100	202	2,296
Recoveries	(51,514)	-	-	(90,215)	(141,729)
<b>Total for the year</b>	<b>\$ 9,918,060</b>	<b>\$ 557,876</b>	<b>\$ 99,836</b>	<b>\$ (86,169)</b>	<b>\$ 10,489,603</b>

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## 11. Related party transactions:

During the year ended September 30, 2023, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	September 30, 2023	September 30, 2022
Management fees, salaries and professional services	\$ 799,018	\$ 957,467
Director fees	69,750	63,000
Share-based payments	377,078	263,590
<b>Total</b>	<b>\$ 1,245,846</b>	<b>\$ 1,284,056</b>

Key management is defined as directors and officers of the Company. Management fees include \$175,410 (2022 - \$195,434) paid or accrued to a company controlled by Director and Officer, and \$382,480 (2022 - \$448,593) paid or accrued to another company controlled by a Director and Officer. Director fees include payments to three independent directors.

As at September 30, 2023, the Company owed \$397,455 (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 year ended September 30, 2023, a spouse of a director received \$119,516 (2022 - \$108,885) for administrative services (included in salaries and employee benefits) and \$23,276 (2022 - \$17,453) for share-based compensation.

## 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:

	September 30, 2023	September 30, 2022
Opening balance	\$ 132,197	\$ 45,273
Additions	-	131,792
Lease accretion	11,032	6,326
Payments	(50,324)	(51,194)
<b>Lease liabilities</b>	<b>92,905</b>	<b>132,197</b>
Lease liabilities, current portion	(43,486)	(39,292)
<b>Lease liabilities, long-term portion</b>	<b>\$ 49,419</b>	<b>\$ 92,905</b>

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## 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.

### *Other 2023 share issuances*

During the year ended September 30, 2023, the Company issued:

- 755,000 common shares upon the exercise of an aggregate 755,000 stock options at a weighted average exercise price of \$0.16 per share; and
- 792,000 common shares upon the exercise of an aggregate 792,000 warrants at a weighted average exercise price of \$0.20 per share.

### *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.

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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)*

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.

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:

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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)*

- 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 the remainder of \$503,835 was fully recognized during the year ended September 30, 2023.

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.

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 year ended September 30, 2023.

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## 13. Share capital (continued):

(c) Warrants:

As at September 30, 2023, the following warrants were outstanding:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining contractual life in years
3-Nov-23	\$ 0.35	8,510,638 *	0.09
7-Dec-24	\$ 0.26	12,005,000	1.19
7-Dec-23	\$ 0.26	11,795,500 *	0.19
7-Dec-23	\$ 0.18	461,460 *	0.19
15-Dec-24	\$ 0.26	14,156,524	1.21
15-Dec-23	\$ 0.26	5,075,000 *	0.21
15-Dec-23	\$ 0.18	1,022,237 *	0.21
1-Sep-24	\$ 0.20	10,561,650	0.92
1-Sep-24	\$ 0.16	759,378	0.92
15-Sep-24	\$ 0.20	19,495,135	0.96
15-Sep-24	\$ 0.16	563,580	0.96
15-Sep-24	\$ 0.135	1,077,819	0.96
	\$ 0.24	85,483,921	0.78

\* Expired unexercised subsequent to September 30, 2023

	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
Exercised	(792,000)	0.20
Expired	(13,154,724)	0.35
Balance, September 30, 2023	85,483,921	\$ 0.24

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 year ended September 30, 2023, was \$nil (2022 - \$0.06). The weighted average assumptions used in the calculation of fair value are as follows:

	September 30, 2023	September 30, 2022
Risk-free interest rate	N/A	2.67%
Expected volatility	N/A	80.7%
Expected life of warrants	N/A	2.00 years
Expected dividend yield	N/A	Nil
Forfeiture rate	N/A	Nil

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## 13. Share capital (continued):

### (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 reflect the continuity of stock options for the year ended September 30, 2023 and year ended September 30, 2022:

Number outstanding Sept 30, 2022	Granted	Exercised	Cancelled	Number outstanding Sept 30, 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	1.52
1,950,000	-	-	-	1,950,000	\$ 0.70	September 12, 2026	2.95
975,000	-	-	-	975,000	\$ 0.50	April 3, 2027	3.51
125,000	-	-	-	125,000	\$ 0.50	June 21, 2027	3.73
1,520,000	-	-	-	1,520,000	\$ 0.30	January 8, 2028	4.28
40,000	-	-	40,000	-	\$ 0.30	December 24, 2022	-
100,000	-	-	-	100,000	\$ 0.21	August 1, 2028	4.84
1,444,000	-	-	-	1,444,000	\$ 0.15	December 17, 2028	5.22
55,000	-	55,000	-	-	\$ 0.15	December 24, 2022	-
3,100,000	-	-	-	3,100,000	\$ 0.30	August 27, 2029	5.91
200,000	-	-	200,000	-	\$ 0.30	December 24, 2022	-
2,000,000	-	300,000	-	1,700,000	\$ 0.17	May 5, 2030	6.60
100,000	-	100,000	-	-	\$ 0.17	December 24, 2022	-
2,750,000	-	-	-	2,750,000	\$ 0.255	February 3, 2031	7.35
300,000	-	-	300,000	-	\$ 0.255	December 24, 2022	-
3,400,000	-	125,000	25,000	3,250,000	\$ 0.16	May 24, 2032	8.65
75,000	-	75,000	-	-	\$ 0.16	December 24, 2022	-
100,000	-	100,000	-	-	\$ 0.16	January 26, 2023	-
-	3,202,500	-	200,000	3,002,500	\$ 0.20	April 5, 2033	9.52
18,269,000	3,202,500	755,000	765,000	19,951,500	\$ 0.28		6.55
			(Exercisable)	19,951,500	\$ 0.28		



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## 13. Share capital (continued):

(d) Share-based payments (continued):

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		

During the year ended September 30, 2023, the Company granted 3,202,500 (2022 – 3,800,000) stock options with a fair value of \$596,342 (2022 - \$530,558) or \$0.19 (2022 - \$0.14) per option and recorded share-based payments of \$579,737 (2022 - \$514,888). 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. The weighted average assumptions used in the calculation of fair value are as follows:

	September 30, 2023	September 30, 2022
Risk-free interest rate	2.78%	2.80%
Expected volatility	123.32%	78.77%
Expected life of options	10 years	10 years
Expected dividend yield	Nil	Nil

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

	Number of shares
Issued and outstanding at September 30, 2023	382,167,055
Reserved for warrants (Note 13(c))	85,483,921
Reserved for options (Note 13(d))	19,951,500
Shares reserved for issuance (fully diluted) at September 30, 2023	487,602,476

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## 14. Segmented information:

As at September 30, 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. Income taxes:

- (a) As at September 30, 2023, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

	2023	2022
Tax losses carried forward	\$ 23,476,371	\$ 20,275,922
Allowable capital loss	411,217	366,007
Reclamation obligation	357,538	338,376
Financing costs	736,168	1,079,917
Other	5,579	-
Mineral property	21,097,954	11,322,695
Deductible temporary differences	\$ 46,084,826	\$ 33,382,917

The Company's tax losses expire in various years between 2030 and 2043.

- (b) The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory tax rates of 27.00% (2022 – 27.00%) as follows:

	2023	2022
Statutory tax rate	27.00%	27.00%
Expected tax expense (recovery)	\$ (4,563,659)	\$ (3,386,789)
Share-based compensation and other items	185,858	(169,316)
Share issuance costs	(25,991)	(210,744)
Flow-through shares	995,847	2,338,648
Non-recognition of tax assets	3,431,161	1,458,269
Income tax expense	\$ 23,216	\$ 30,068

The deferred income tax rate is the rate that is estimated to be applicable when the timing differences reverse.

## 16. Financial instruments and risk management:

### *Financial instruments*

The carrying values of cash, restricted cash, marketable securities, receivables, accounts payable, accrued liabilities, lease liabilities, and due to related parties approximate their fair values due to their short terms to maturity.

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

### *Financial risk factors*

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

#### (a) Credit risk:

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

#### (b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they fall due. As of September 30, 2023, the Company had cash of \$5,533,109 to settle current liabilities of \$3,261,930. 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 September 30, 2023, the Company had approximately US\$1,341,000 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 September 30, 2023, would result in approximately \$181,000 change to comprehensive loss for the year.

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

*Financial risk factors (continued)*

(c) Market risk (continued):

(iii) Price risk:

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

## 17. Subsequent events:

Subsequent to September 30, 2023:

- (a) The Company closed a non-brokered private placement in two tranches for gross proceeds of \$14,580,536, comprising:
- a. 15,016,666 units of the Company at a price of \$0.15 per unit, each unit consisting of one common share of the Company and one-half of one common share purchase warrant, each warrant exercisable at a price of \$0.23 per share for two years.
  - b. 49,386,593 national flow-through units ("NFT Units") of the Company at a price of \$0.17 per NFT Unit, each NFT Unit consisting of one flow-through common share of the Company and one-half of one common share purchase warrant, each warrant exercisable at a price of \$0.23 per share for two years.
  - c. 16,384,645 charity flow-through units ("CFT Units") of the Company at a price of \$0.24 per CFT Unit, each CFT Unit consisting of one common share of the Company and one-half of one common share purchase warrant, each warrant exercisable at a price of \$0.23 per share for two years.

In connection with the private placement, the Company paid finder's fees of \$92,940 and issued 558,235 finder's warrants exercisable at a price of \$0.23 for a period of two years.

- (b) The Company appointed a Vice President Investor Relations and granted 400,000 stock options exercisable at \$0.16 per share for a period of 5 years.