Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Three month period ended December 31, 2011 and 2010

Unaudited – Prepared by Management

NOTICE TO SHAREHOLDERS OF

Brixton Metals Corporation

Responsibility for Financial Statements:

The accompanying condensed consolidated unaudited interim financial statements for the three months ended December 31, 2011 of Brixton Metals Corporation have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

These interim financial statements have not been reviewed by the Company's auditors.

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Condensed Consolidated Interim Statement of Financial Position
(Unaudited – Expressed in Canadian dollars)

		As at December 31, 2011		As at September 30, 2011 (Note 18)
Assets				
Current assets:				
Cash and cash equivalents	$	386,699	$	679,102
Restricted cash		30,000		30,000
HST receivable		354,422		291,903
Prepaid expenses		12,532		681,348
		783,653		**1,682,353**
Exploration and evaluation assets (note 10)		131,500		415,287
Equipment (note 9)		5,156		4,845
	$	**920,309**	$	**2,102,485**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	361,659	$	119,062
Due to related parties (note 12)		6,855		17,016
Flow-through share premium liability (note 18(d))		-		31,300
		368,514		**167,378**
Shareholders' equity:				
Share capital (note 14(b))		7,306,971		7,300,471
Reserves (note 14(e))		648,794		567,808
Deficit		(7,403,970)		(5,933,172)
		551,795		**1,935,107**
Nature of operations and going concern (note 1)				
Commitments (notes 10 and 13)				
Subsequent events (note 17)				
	$	**920,309**	$	**2,102,485**

See accompanying notes to 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 Statement of Comprehensive Loss
(Unaudited – Expressed in Canadian dollars)

		Three months ended December 31, 2011		Three months ended December 31, 2010
				(Note 18)
Administrative expenses:				
Amortization		390		95
Conference and exhibition		2,879		1,187
Consultant fees		-		-
Geological exploration		922,911		215,067
Insurance		7,668		-
Interest and bank charges		420		61
Investor relations		16,325		45,185
Listing and filing fees		4,751		-
Office and sundry		10,669		18,956
Professional services		34,391		84,275
Rent		8,556		-
Salaries and employee benefits		59,287		-
Share-based payments		80,987		42,461
Travel and meals		11,927		1,175
		1,161,161		**408,462**
Other income (expenses):				
Amortization of flow-through premium liability		31,300		-
Foreign exchange loss		(651)		2,187
Listing fee on amalgamation (note 18(e))		-		(2,182,844)
Write-off of property acquisition costs		(340,286)		-
		(309,637)		**(2,180,657)**
Loss and comprehensive loss for the period		**(1,470,798)**		**(2,589,119)**
Deficit, beginning of the period		(5,933,172)		(568,495)
Deficit, end of the period	**$**	**(7,403,970)**		**(3,157,614)**
Loss per share - basic and diluted	**$**	(0.03)	$	(0.24)
Weighted average number of shares outstanding		44,326,482		10,789,876

See accompanying notes to condensed consolidated interim financial statements.

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Condensed Consolidated Interim Statement of Changes in Equity
(Unaudited – Expressed in Canadian dollars)

	Number of shares (note 6)	Share capital (note 6)	Share subscriptions received	Share-based payments reserve	Deficit	Total equity
Marksmen Capital Inc.						
Balance, September 30, 2009	3,090,000	$ 265,656	-	$ 41,464	$ (171,333)	$ 135,787
Balance, September 30, 2010	3,090,000	265,656	-	41,464	(278,890)	28,230
December 7, 2010 prior to reverse takeover	3,090,000	265,656	-	41,464	(278,890)	28,230
Private Brixton Metals Corp.						
Balance, September 28, 2009	-	$ -	$ -	$ -	$ -	$ -
Common shares issued for cash	7,174,589	665,260	5,000	-	-	670,260
Common shares issued for mineral property finder's fee	25,000	6,250	-	-	-	6,250
Common shares issued for mineral properties	46,400	8,550	-	-	-	8,550
Share issuance costs	-	(30,810)	-	-	-	(30,810)
Share subscriptions receivable	-	-	(5,000)	-	-	(5,000)
Loss for the period from incoporation to September 30, 2010	-	-	-	-	(568,495)	(568,495)
September 30, 2010	7,245,989	649,250	-	-	(568,495)	$ 80,755
Common shares issued for cash at $0.15	33,333	5,000	-	-	-	5,000
Common shares issued for mineral properties	300,000	45,000	-	-	-	45,000
Re-pricing of previously issued common shares	-	74,339	-	-	-	74,339
December 7, 2010 prior to reverse takeover	7,579,322	773,589	-	-	(568,495)	$ 205,094
Public Brixton Metals Corp.						
Marksmen Capital Inc. prior to reverse takeover	$ 3,090,000	$ 265,656	$ -	$ -	$ -	$ 265,656
Shares issued to Private Brixton Metals Corp. shareholders	13,642,778	2,201,271	-	-	-	2,201,271
Elimination of Marksmen Capital Inc. share capital	-	(265,656)	-	-	-	(265,656)
Elimination of Brixton Metals Corp. share capital	(7,579,322)	-	-	-	-	-
Private placement concurrent with reverse takeover	4,415,000	1,101,850	-	-	-	1,101,850
Flow through premium liability	-	(69,350)				(69,350)
Agent warrants issued	-	(17,854)	-	17,854	-	-
Share issuance cost and finders fees	-	(150,945)	-	-	-	(150,945)
December 7, 2010 after reverse takeover	21,147,778	3,838,561	-	17,854	(568,495)	3,287,920

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Condensed Consolidated Interim Statement of Changes in Equity
(Unaudited – Expressed in Canadian dollars)
(Continued)

	Number of shares (note 6)	Share capital (note 6)	Share subscriptions received	Share-based payments reserve	Deficit	Total equity
December 7, 2010 after reverse takeover	21,147,778	3,838,561	-	17,854	(568,495)	3,287,920
Share-based payments	-	-	-	395,215		395,215
Flow-through shares isued for cash at $0.25	4,000,000	1,000,000	-	-		1,000,000
Flow through premium liability	-	(50,000)				(50,000)
Common shares issued upon exercise of stock options	240,000	59,040	-	(25,440)		33,600
Common shares issued for mineral properties	1,160,000	290,000	-			290,000
Common shares issued for cash at $0.20	1,465,000	293,000	-			293,000
Common shares issued for cash at $0.15	10,869,999	1,630,500	-			1,630,500
Flow-through shares issued for cash at $0.19	5,802,238	1,102,425	-			1,102,425
Flow through premium liability	-	(44,097)				(44,097)
Agent warrants issued	-	(180,179)	-	180,179		-
Share issuance costs	-	(638,779)	-			(638,779)
Loss for the 12 months ended September 30, 2011	-	-	-		(5,364,677)	(5,364,677)
September 30, 2011	44,685,015	7,300,471	-	567,808	(5,933,172)	1,935,107
Share-based payments	-	-		80,986		80,986
Common shares issued for mineral properties	100,000	6,500	-			6,500
Loss for the 3 months ended December 31, 2011					(1,470,798)	(1,470,798)
December 31, 2011	**44,785,015**	**7,306,971**	**-**	**648,794**	**(7,403,970)**	**551,795**

See accompanying notes to condensed consolidated interim financial statements.

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Condensed Consolidated Interim Statement of Cash Flows
(Unaudited – Expressed in Canadian dollars)

	Three months ended December 31, 2011	Three months ended December 31, 2010
Cash flows from operating activities:		
Loss for the period	$ (1,470,798)	$ (2,589,119)
Items not affected by cash:		
Amortization	390	95
Share-based payments	80,987	42,461
Listing fee on amalgamation	-	2,182,844
Write off of property acquisition costs	340,286	100,000
	(1,049,135)	**(263,719)**
Changes in non-cash working capital:		
Amounts receivable	(62,519)	(31,215)
Accounts payable and accrued liabilities	242,597	(57,973)
Due to related parties	(10,161)	(18,534)
Flow-through premium liability	(31,300)	69,350
Prepaid expenses	668,816	(268)
Working capital acquired on acquisition	-	(474)
	(241,702)	**(302,833)**
Cash flows from investing activities:		
Cash acquired on acquisition	-	18,901
Mineral property acquisition costs	(50,000)	(65,876)
Purchase of equipment	(701)	-
	(50,701)	**(46,975)**
Cash flows from financing activities:		
Shares issued for cash	-	1,111,839
Share issuance costs	-	(137,834)
	-	**974,005**
Increase (decrease) in cash and cash equivalents	**(292,403)**	**624,197**
Cash and cash equivalents, beginning of period	679,102	267,767
Cash and cash equivalents, end of period	**$ 386,699**	**$ 891,964**

See accompanying notes to condensed consolidated interim financial statements.

1. Nature of operations and going concern:

Brixton Metals Corp. (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 development of mineral properties. The Company's head office address is Suite 1411 – 409 Granville Street, Vancouver, BC, V6C 1T2, Canada. The Company is listed on the TSX Venture Exchange and trades under the symbol BBB.

These condensed consolidated unaudited 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. Several conditions discussed below cast significant doubt regarding this assumption.

The Company has no operating revenue and incurred a loss of $1,464,798 in the three months ended December 31, 2011. As at December 31, 2011, the Company has cash and cash equivalents of $416,699 and working capital of $421,139. 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 generate operating profitability and positive cash flow. 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 development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

These condensed consolidated unaudited 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.

These condensed consolidated unaudited interim financial statements were authorized for issuance by the Board on February 27, 2011.

2. Significant Accounting Policies:

a) Basis of presentation:

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and IFRS 1, First-Time Adoption of IFRS ("IFRS 1"). The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual period that are relevant to these condensed consolidated interim financial statements will be finalized

2. Significant Accounting Policies (continued):

a) Basis of presentation (continued):

only when the first annual IFRS financial statements are prepared for the year ending September 30, 2012. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. Historical results and balances have been restated under IFRS. The impact of the transition from Canadian GAAP to IFRS is explained in note 18.

b) Basis of consolidation:

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned US subsidiary, Brixton Alaska Corp., which had carried out exploration activities in Alaska. All material intercompany transactions and balances have been eliminated on consolidation.

c) Exploration and evaluation assets:

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Exploration and evaluation expenditures costs are recognized in profit and loss. Costs incurred before the Company has obtained the legal rights to explore an area of interest are recognized in profit and loss. All costs related to the acquisition of exploration and evaluation assets are capitalized on an individual prospect basis. 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 payments in excess of capitalized costs recognized in income. 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 recorded. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset then the excess is treated as income in the period

2. Significant Accounting Policies (continued):

c) Exploration and evaluation assets (continued):

the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

d) Equipment:

Equipment is carried at cost, less accumulated depreciation 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 computer equipment on the following basis:

Asset	Basis	Annual Rate
Computer equipment	Straight-line method	30%

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.

Residual values and estimated useful lives are reviewed at least annually.

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 purpose 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

2. Significant Accounting Policies (continued):

e) Impairment (continued):

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.

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. Management has determined that there was no provision for closure and reclamation as at December 31, 2011, September 30, 2011 and October 1, 2010.

g) Income taxes:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax 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 purpose. 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

2. Significant Accounting Policies (continued):

g) Income taxes (continued):

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 substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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.

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 earnings 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 earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. Since the Company has losses the exercise of outstanding options has not been included in this calculation as it would be anti-dilutive.

i) Use of estimates:

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reported period. Significant areas requiring the use of management estimates include the determination of the value of exploration and evaluation assets, provision for closure and reclamation, deferred income taxes and share-based payments. Actual results could differ from those estimates.

2. Significant Accounting Policies (continued):

j) Financial instruments:

Financial assets:

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that provide objective evidence of impairment, which are recognized in earnings. The Company has no investments and its receivables are classified as loans and receivables. The receivable balance is recoverable from the Government of Canada.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities:

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period or, where appropriate, a shorter period. The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified as other liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including embedded derivatives, are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

2. Significant Accounting Policies (continued):

j) Financial instruments (continued):

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated present value of the future cash flows of the financial assets are less than their carrying values.

k) Share-based payments:

The Company uses the fair value based method of accounting for stock options granted to employees and directors and agent options issued on private placements. 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.

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 period. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollars as this is the principal currency of the economic environment in which they operate.

m) Comparative figures:

Certain comparative figures have been reclassified to conform to the current period's presentation.

3. Accounting Standards Issued for Adoption in Future Periods:

Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"). This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual period in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application. The Company does not anticipate this amendment will have any impact on its consolidated financial statements.

Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after October 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment will have a significant impact on its condensed consolidated financial statements.

Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – Income Taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after October 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment will have a significant impact on its consolidated financial statements.

Joint Ventures

The IASB issued Exposure Draft 9 – Joint Arrangements ("ED-9") in September 2007. ED-9 proposed to eliminate the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements.

3. Accounting Standards Issued for Adoption in Future Periods (continued):

Joint Ventures (continued)

The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. . The Company does not anticipate this amendment will have a significant impact on its consolidated financial statements.

Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB's project to replace current standards on consolidation, IAS 27 – Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

(Unaudited – Expressed in Canadian dollars)

4. Change in Accounting Policies:

On May 1, 2011 the Company changed its accounting policy for exploration and evaluation expenditures. In prior years the Company capitalized the acquisition cost of mineral properties and exploration expenditures directly related to specific mineral properties, net of recoveries received.

Under the new policy, exploration expenditures incurred prior to the determination of the feasibility of mining operations, and a decision to proceed with development has been made, are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production are capitalized and will be amortized on the unit-of production method based upon estimated proven and probable reserves.

The impact of this change was to decrease capitalized exploration and evaluation expenditures and increase the deficit by $266,093 and $2,294,188 on transition to IFRS as at October 1, 2010 and September 30, 2011 respectively.

5. Corporate Merger:

On December 7, 2010, Marksmen Capital Inc. ("Marksmen") completed a Qualifying Transaction (the "Transaction") with Brixton Metals Corp. ("Brixton") whereby a wholly-owned subsidiary of Marksmen acquired all of the issued and outstanding shares of Brixton, which was subsequently amalgamated with the wholly-owned subsidiary of Marksmen. Pursuant to the Transaction, Marksmen issued 1.8 common shares from its treasury to require each of the 7,579,322 outstanding common shares of Brixton prior to the Transaction. See note 16(e) for further details.

The net assets of Marksmen were recorded at the closing date at their carrying values as follows:

Cash	$	18,901
Prepaids		268
Accounts payable and accrued liabilities		(742)
Net assets acquired	$	18,427

Following the Transaction, the Marksmen public entity changed its legal name to Brixton Metals Corporation.

(Unaudited – Expressed in Canadian dollars)

6. Capital Management:

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The capital structure of the Company consists of shareholder's equity. The Company is not exposed to any externally imposed capital requirements.

The exploration and evaluation assets in which the Company currently has an interest are in the exploration stage: as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended December 31, 2011.

7. Receivables:

	December 31, 2011	September 30, 2011	October 1, 2010
Amounts due from Government of Canada pursuant to HST input tax credits	$ 337,638	$ 291,903	$ 17,740
Other amounts receivable	16,784	-	-
Total	$ 354,422	$ 291,903	$ 17,740

8. Investments:

At December 31, 2011 and September 30, 2011, the Company did not have any investments.

(Unaudited – Expressed in Canadian dollars)

9. Equipment:

		Computer Equipment
Cost		
At October 1, 2010	$	2,247
Assets acquired		4,127
Assets written off		-
At September 30, 2011		6,374
Assets acquired		701
Assets written off		-
At December 31, 2011	$	7,075
Accumulated depreciation		
At October 1, 2010	$	337
Depreciation for the period		1,192
At September 30, 2011		1,529
Depreciation for the period		390
At December 31, 2011	$	1,919
Carrying amounts		
At October 1, 2010	$	1,910
At September 30, 2011	$	4,845
At December 31, 2011	$	5,156

10. Exploration and Evaluation Assets:

Balance consists of:

		December 31, 2011		September 30, 2011		October 1, 2010
Thorn, BC, Canada	$	131,500	$	75,000	$	25,000
Kahiltna, AK, USA		-		340,287		21,510
Total	$	131,500	$	415,287	$	46,510

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.

10. Exploration and Evaluation Assets (continued):

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) On June 3, 2010, as amended September 15, 2010 and November 12, 2010, the Company entered into an option agreement (the “Agreement”) with Rimfire Minerals Corporation (“Rimfire”), a wholly-owned subsidiary of Kiska, to acquire an undivided 51% interest and a 65% interest and potential to further earn further interest through dilution (subject to underlying net smelter returns ranging from 1.5% to 3.5%) in the Thorn mineral property located in the Ominecca mining area of British Columbia, Canada. This Agreement became effective five days following the date on which the Company completed the Listing, which was December 6, 2010 (the “Effective Date”).

In order to earn its 51% interest, the Company must:

(*i*) Incur a minimum of $200,000 (incurred) in exploration expenditures before the first anniversary of the Effective Date;

(*ii*) Incur an additional $4,800,000 in exploration expenditures on or before the fourth anniversary of the Effective Date of which a minimum of $750,000 (exceeded for 2011) must be spent in each year of the Agreement and a minimum of $1,550,000 (incurred) must be spent in the second year of the Agreement;

(*iii*) Make staged payments totaling $200,000 consisting of $25,000 on execution of the Agreement (paid); $25,000 on the Effective Date (paid) and $50,000 each on the first (paid), second, and third anniversary of the Effective Date;

(*iv*) Issue 400,000 common shares of the Company in staged installments, being, 100,000 common shares on each of the Effective Date (issued) and the first (issued), second, and third anniversary of the Effective Date; and

(*v*) In the event the Company has incurred exploration expenditures less than $1,200,000 by December 31, 2011, then the Company must deposit (the “Deposit”) with Rimfire, or a third party acceptable to Rimfire, an amount of not less than $1,000,000 which will be allocated to exploration expenditure commitments after December 31, 2011. If the Company is required to pay the Deposit and fails to make such payment, the Agreement is then terminated and the Company is required to pay $100,000 to Rimfire as damages. As at September 30, 2011, the Company had met the spending requirements for 2011.

10. Exploration and Evaluation Assets (continued):

Upon the Company earning a 51% interest, Rimfire may elect to form a joint venture (the "Joint Venture") in which the Company holds a 51% interest. If the Joint Venture is not formed, the Company can earn an additional 14% in the Thorn mineral property by incurring an additional $10,000,000 in exploration expenditures on the property over a three-year period, of which a minimum of $2,500,000 must be spent in each year.

b) On July 20, 2010, a Letter of Intent ("LOI") was signed with Millrock Resources Inc. ("Millrock") and on October 14, 2010 a Definitive Agreement was signed, which gives the Company the option to earn a 100% interest in the Cristo mineral claims (subject to underlying net smelter returns of 3% on gold and silver and 1.5% on all other metals), located in Southern Alaska's Kahiltna District (the "Kahiltna Property"). To earn its interest, the Company must:

(*i*) Incur cumulative exploration expenditures of USD$5,000,000 consisting of USD$1,250,000 by December 31, 2011, an additional USD$1,750,000 by December 31, 2012 and an additional USD$2,000,000 by December 31, 2013;

(*ii*) Make staged payments totaling USD$330,000 consisting of USD$20,000 on signing of the LOI (paid), USD$40,000 by December 31, 2010 (paid), USD$70,000 by June 30, 2011 (paid) and USD$200,000 by December 31, 2011;

(*iii*) Issue 2,000,000 common shares of the Company in staged installments, being, 540,000 common shares on the earlier of the approval of the LOI by the TSX-Exchange or the signing of the definitive option agreement (issued), 660,000 common shares on or before December 31, 2010 (issued) and 800,000 common shares on or before December 31, 2011; and

(*iv*) Issue 2,400,000 share purchase warrants with an exercise price of $1.00 per share over a four-year term.

On August 17, 2011, the Company entered into an amendment with Millrock with respect to the Kahiltna Property. The amendment allows for the annual exploration expenditures to be extended by one year. The Company must keep all of the Cristo mineral claims in good standing by meeting the claim annual labour and rentals. In consideration for the extension, the Company must issue an additional 500,000 common shares to Millrock by December 31, 2011. The balance of the cash and share payments from the original option agreement are to be paid as per the original agreement. Therefore, a total of 1,300,000 common shares and USD$200,000 were to be paid by December 31, 2011.

During the period the Company terminated the agreement, all exploration and evaluation assets related to this property have been written off.

(Unaudited – Expressed in Canadian dollars)

11. Accounts Payable and Accrued Liabilities:

	December 31, 2011	September 30, 2011	October 1, 2010
Trade and other payables	$ 361,659	$ 119,062	$ 237,413
Amounts payable to related parties	855	17,016	21,064
Flow through share premium liability	-	31,300	-
Total	$ 362,514	$ 167,378	$ 258,477

12. Related Party Transactions:

During the three months ended December 31, 2011, the Company:

a) paid or accrued $nil (2011 - $6,000) as a consulting fee to the Chief Financial Officer of the Company;

b) paid or accrued $18,000 (2011 - $nil) as a consulting fee to a company controlled by the Chief Financial Officer of the Company for accounting and financial services;

c) paid or accrued $nil (2011 - $10,000) as a consulting fee to the former President of the Company;

d) paid or accrued $nil (2011 - $10,000) as a consulting fee to the current President/CEO of the Company;

e) paid or accrued $6,500 (2011 - $nil) as a consulting fee to a company controlled by the current Vice President of exploration.

f) Paid or accrued $6,000 (2011- $nil) as director fees to directors of the Company.

These transactions were in the normal course of operations and are measured at the exchange amount, which is determined on a cost recovery basis. Included in accounts payable is $855 (December 31, 2010 - $2,943) due to directors, officers, and companies with a Director in common. Amounts due to related parties are non-interest bearing, with no fixed terms of repayments.

(Unaudited – Expressed in Canadian dollars)

13. Commitments:

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

2012	$	29,988
2013		39,984
2014		9,996
2015		-
2016		-
	$	79,968

14. Share Capital:

(a) Authorized share capital:

Unlimited common shares without par value.

(b) Issued and outstanding common shares:

(i) Share issuances:

On December 7, 2010, concurrent with the Transaction (note 4), the Company completed a private placement of a total of 2,743,000 units at a price of $0.25 per unit (consisting of one common share and one warrant) and 1,387,000 flow-through units at a price of $0.30 per flow-through unit (consisting of one flow-through share and one half warrant) for total gross proceeds of $1,101,850. Each whole warrant is exercisable to acquire one common share of the Company for a period of 24 months at an exercise price of $0.40 per common share. The securities all bear a four-month hold period. Finder's fees totaling approximately $54,008 cash, 285,000 common shares, and 188,960 broker warrants were paid in accordance with the policies of the TSX Venture Exchange. Each broker warrant is exercisable into one common share of the Company at a price of $0.40 per share for a period of 24 months.

On December 22, 2010, 660,000 shares were issued for a property option payment and on December 8, 2010, 500,000 shares were issued for a property option payment, all with fair market value of $0.25.

On March 31, 2011, 4,000,000 flow-through units were issued at $0.25 for gross proceeds of $1,000,000. Each unit is comprised of one common share and one half purchase warrant with one whole warrant being exercisable into one common share of the Company at $0.40 for a period of 24 months. The Company paid a cash fee of 6% of gross proceeds and issued 288,000 agent options, exercisable into units of the Company at a price of $0.25 for a period of

14. Share Capital (continued):

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

(i) Share issuances (continued):

24 months, each unit comprising one common share and one half purchase warrant. Each whole purchase warrant is exercisable into one common share at a price of $0.40 for a period of 24 months.

On April 14, 2011, 1,465,000 units were issued at $0.20 per unit. Each unit consisted of one common share and one half purchase warrant. Each full warrant is exercisable into one common share at a price of $0.30 for a period of 24 months. 117,200 agent warrants were issued exercisable at $0.20 for a period of 24 months and a cash fee was paid of $23,440 which equates to 8% of gross proceeds.

On August 11, 2011, the Company completed a public offering of units and flow-through units. The Company issued 10,869,999 units at a price of $0.15 per unit and 5,802,238 flow-through units at a price of $0.19 per flow through unit for gross proceeds of $2,732,925, which includes a partial exercise of the agent's overallotment option. Each unit consists of one common share of the Company and one common share purchase warrant and each flow-through unit consists of one common share to be issued on a flow-through basis and one-half purchase warrant also to be issued on a flow-through basis. Each whole purchase warrant is exercisable into one common share at a price of $0.25 for a period of 24 months. In connection with the offering, the company paid cash commissions equal to 9% of the gross proceeds of the offering to the agent. The Company also granted to the agent and selling group members, compensation warrants entitling the agent and selling group to purchase up to 1,086,999 common shares for a 24-month period at $0.15 per share and up to 580,223 common shares for a 24-month period at $0.19 per share.

The Company did not complete any private placements during the three months ended December 31, 2011.

(ii) Escrow shares:

At December 31, 2011, 7,637,322 (December 31, 2010 – 9,933,141) common shares of the Company were held subject to an escrow agreement and will be released from escrow over the next 24 months.

(Unaudited – Expressed in Canadian dollars)

14. Share Capital (continued):

(c) Warrants:

At December 31, 2011, the following warrants (including agent warrants) were outstanding:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining contractual life in years
7-Dec-12	$ 0.40	3,625,460	0.94
31-Mar-13	$ 0.25	288,000	1.25
31-Mar-13	$ 0.40	2,144,000	1.25
14-Apr-13	$ 0.20	117,200	1.29
14-Apr-13	$ 0.30	732,500	1.29
11-Aug-13	$ 0.15	1,086,999	1.61
11-Aug-13	$ 0.19	580,223	1.61
11-Aug-13	$ 0.25	13,771,118	1.61
	$ 0.28	22,345,500	1.45

The fair value of the agent warrants is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three months ended December 31, 2011	Three months ended December 31, 2010
Risk-free interest rate	N/A	2.70%
Expected volatility	N/A	92%
Expected life of options	N/A	2.0 years
Expected dividend yield	N/A	Nil

(d) Share-based payments:

The Board of Directors of the Company has approved a stock 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 three months ended December 31, 2011 and year ended September 30, 2011:

(Unaudited – Expressed in Canadian dollars)

14. Share Capital (continued):

Number outstanding September 30, 2011	Acquired/granted	Exercised/cancelled	Number outstanding December 31, 2011	Weighted average Exercise price per share	Expiry date	Weighted average remaining contractual life in years
50,000	-	-	50,000	$ 0.14	August 6, 2013	0.60
1,350,000	-	-	1,350,000	$ 0.25	December 9, 2015	3.95
100,000	-	-	100,000	$ 0.25	January 24, 2021	4.07
200,000	-	-	200,000	$ 0.31	February 9, 2016	4.11
200,000	-	200,000	-	$ 0.25	May 10, 2016	-
200,000	-	200,000	-	$ 0.60	May 10, 2016	-
1,400,000	-	-	1,400,000	$ 0.11	September 6, 2021	9.68
3,500,000.00	-	400,000	3,100,000	$ 0.19		6.50

Number outstanding September 30, 2010	Acquired/granted	Exercised/cancelled	Number outstanding September 30, 2011	Weighted average Exercise price per share	Expiry date	Weighted average remaining contractual life in years
-	290,000	240,000	50,000	$ 0.14	August 6, 2013	0.85
-	1,350,000	-	1,350,000	$ 0.25	December 9, 2015	4.20
-	100,000	-	100,000	$ 0.25	January 24, 2021	4.32
-	200,000	-	200,000	$ 0.31	February 9, 2016	4.36
-	200,000	-	200,000	$ 0.25	May 10, 2016	4.70
-	200,000	-	200,000	$ 0.60	May 10, 2016	4.70
-	1,400,000	-	1,400,000	$ 0.11	September 6, 2021	9.93
-	3,740,000	240,000	3,500,000	$ 0.22		6.52

The fair values of the stock options used to calculate compensation expense for both employees and non-employees for the options granted is estimated using the Black-Scholes option pricing model. The weighted average fair value per option granted during the three months ended December 31, 2011 was $nil (three months ended December 31, 2010 - $0.25). During the three months ended December 31, 2011, the Company recognized $80,987 (December 31, 2010 - $42,461) in share-based payment for the fair value of the vesting portion of the stock options that were granted in the prior year. The following weighted average assumptions used in the calculation of fair value are as follows:

	Three months ended December 31, 2011	Three months ended December 31, 2010
Risk-free interest rate	N/A	2.70%
Expected volatility	N/A	92%
Expected life of options	N/A	5.0 years
Expected dividend yield	N/A	Nil

(Unaudited – Expressed in Canadian dollars)

14. Share Capital (continued):

(e) Shared-based payment reserve:

A continuity of share-based payment reserve is as follows:

Balance, October 1, 2010		-
Fair value of share-based compensation on options	$	395,215
Fair value of share-based compensation on agent warrants		198,033
Exercise of stock options		(25,440)
Balance, September 30, 2011		567,808
Fair value of share-based compensation on options	$	80,987
Balance, December 31, 2011	$	648,795

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

	Number of shares
Issued and outstanding at December 31, 2011	44,785,015
Reserve for options (note 14(d))	3,100,000
Reserved for warrants (note 14(c))	22,345,500
Shares reserved for issuance (fully diluted) at December 31, 2011	70,230,515

15. Segmented Information:

As at December 31, 2011 the Company currently operates in one segment being the acquisition and exploration of exploration and evaluation assets located in British Columbia, Canada.

September 30, 2011	Canada	Australia	USA	Total
Mineral properties	$ 1,973,246	$ -	$ 736,229	$ 2,709,475
Equipment	4,845	-	-	4,845
Total identifiable assets	3,660,444	-	736,229	4,396,673
Loss for the year	(939,431)	(150,000)	-	(1,089,431)

16. Financial Instruments and Risk Management:

Financial instruments

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

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

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

Financial risk factors

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

a) Credit risk:

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

b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when they come due. As of December 31, 2011, the Company had cash of $416,699 to settle current liabilities of $361,659. All of the Company's financial liabilities are subject to normal trade terms.

c) Market risk:

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

(i) Interest rate risk:

16. Financial Instruments and Risk Management (continued):

Financial risk factors (continued)

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 currently has no such investments.

(ii) Foreign currency risk:

The Company is marginally exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in United States Dollars.

The exposure of the Company's cash and receivables to foreign exchange risk is as follows:

	December 31, 2011		September 30, 2011	
	Foreign currency amount	Amount in CAD dollars	Foreign currency amount	Amount in CAD dollars
United States dollars:				
Cash	$ 935	$951	$ 1,458	$ 1,528
Receivables	-	-	-	-
Prepaid expenses	-	-	-	-
	935	951	1,458	1,528
Total financial assets		$ 951		$ 1,528

The exposure of the Company's accounts payable to foreign exchange risk is negligible.

(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:

On January 3, 2012, 25,000 stock options were exercised for total cash proceeds of $2,750.

On January 11, 2012, 776,400 warrants were exercised for total cash proceeds of $116,460.

On January 24, 2012, 670,000 options were issued for investor relations services.

18. Transition to IFRS:

As stated in note 2(a), these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the three months ended December 31, 2011 and the comparative information presented in these financial statements for the three months ended December 31, 2010 and year ended September 30, 2011.

<u>IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1)</u>

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. In preparing these financial statements, the Company has elected to apply the following optional exemptions and mandatory exceptions:

IFRS optional exemptions

Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. Therefore, the Company will apply IFRS 3 to business combinations that occurred on or after October 1, 2010. There is no adjustment required to the Statement of Financial Position on the transition date (October 1, 2010).

18. Transition to IFRS (continued):

IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1) (continued)

IFRS mandatory exceptions

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to Statement of Financial Position on the transition date (October 1, 2010):

Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of October 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Adjustments on transition to IFRS

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's actual cash flows, it resulted in changes to the Company's Statement of Financial Position, Statement of Comprehensive Loss and Statement of Changes in Equity as set out below:

(a) Share-based payments

On transition to IFRS the Company elected to change its accounting policy for the measurement and recording of share-based payments relating to stock options. Previously, stock options vested on a straight line basis over the vesting term. Under IFRS, share-based payments are recorded on a graded basis over the vesting term.

(b) Exploration and evaluation costs

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

(c) Reconciliation to previously reported financial statements:

A reconciliation of the above noted changes is included in the following Statements of Financial Position and Statements of Comprehensive Loss for the dates noted below.

- Reconciliation of Assets, Liabilities and Equity – October 1, 2010, December 31, 2010, and September 30, 2011.

(Unaudited – Expressed in Canadian dollars)

18. Transition to IFRS (continued):

- Reconciliation of Comprehensive Loss – from incorporation on September 28, 2009 to September 30, 2010, December 31, 2010 and September 30, 2011.

(d) Flow-through shares

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

As a result, during the year ended September 30, 2011, the Company reversed the $104,725 income tax recovery recorded as a result of flow-through shares in the Statement of Comprehensive Loss and reversed the offsetting $104,725 direct charge to share capital in the Statement of Shareholders' Equity.

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

On Amalgamation, Public Marksmen Capital Inc. ('Marksmen") issued shares to private Brixton Metals Corp. ("Brixton") shareholders on a 1.8-to-1 basis in accordance with the terms of the amalgamation agreement. Brixton shareholders received 13,642,778 common shares in exchange for all the issued and outstanding common shares of Marksmen.

Under Canadian GAAP, the substance of the Transaction was a capital transaction and accounted for as a reverse takeover, which does not constitute a business combination in accordance with EIC-10 *Reverse Takeover Accounting* of the CICA Handbook. Accordingly, Private Brixton, the Accounting Acquirer, acquired the net liabilities of the legal parent, Marksmen.

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

Cash	$	18,901
Prepaids		268
Accounts payable and accrued liabilities		(742)
Net assets acquired	$	18,427

(Unaudited – Expressed in Canadian dollars)

18. Transition to IFRS (continued):

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

IFRS requires the Company to fair value the equity instruments given up in the amalgamation in order to value the unidentified assets received as part of the amalgamation. The fair value of the equity instrument given represents the value of the unidentifiable asset, namely, the listing fee. The listing fee does not meet the definition of an asset under IFRS therefore the cost is expensed at the date of the amalgamation.

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

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

Risk-free interest rate	1.97
Expected volatility	92%
Expected life of options	2 years
Expected dividend yield	Nil
Fair value per warrant	$0.09

The unit price of $0.25, less the value attributed to the warrant per the Black Scholes model, $0.09, leaves $0.16 attributable to the common share component. The 13,642,778 shares given to Marksmen have been valued at $0.16 per share for a total estimated fair value of $2,182,844. This value plus the net assets assumed of $18,427 total $2,201,271, $2,182,844 is recorded as a listing fee expense on amalgamation with the net assets at December 7, 2010, the transaction date.

(Unaudited – Expressed in Canadian dollars)

18. Transition to IFRS (continued):

Reconciliation of Assets, Liabilities and Equity

	Note	October 1, 2010			December 31, 2010			September 30, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets										
Current assets:										
Cash and cash equivalents		$ 267,767	$ -	$ 267,767	$ 891,964	$ -	$ 891,964	$ 679,102	$ -	$ 679,102
Restricted cash								30,000		30,000
HST receivable		17,740	-	17,740	48,955	-	48,955	291,903	-	291,903
Prepaid expenses		5,305	-	5,305	5,573	-	5,573	681,348	-	681,348
		290,812	**-**	**290,812**	**946,492**	**-**	**946,492**	**1,682,353**	**-**	**1,682,353**
Exploration and evaluation assets	18(b)	312,603	(266,093)	46,510	678,545	(331,160)	347,385	2,709,475	(2,294,188)	415,287
Equipment		1,910	-	1,910	1,814	-	1,814	4,845	-	4,845
		$ 605,325	**$ (266,093)**	**$ 339,232**	**$ 1,626,851**	**$ (331,160)**	**$ 1,295,691**	**4,396,673**	**(2,294,188)**	**2,102,485**
Liabilities and Shareholders' Equity										
Current liabilities:										
Accounts payable and accrued liabilities		$ 237,413	$ -	$ 237,413	$ 179,440	$ -	$ 179,440	119,062	$ -	$ 119,062
Due to related parties		21,064	-	21,064	2,530	-	2,530	17,016	-	17,016
Flow-through share premium liability	18(d)	-	-	-	-	69,350	69,350	-	31,300	31,300
		258,477	**-**	**258,477**	**181,970**	**69,350**	**251,320**	**$ 136,078**	**31,300**	**167,378**
Shareholders' equity:										
Share capital		649,250	-	649,250	2,028,177	2,113,494	4,141,671	5,177,049	2,123,422	7,300,471
Reserves	18(a)	-	-	-	93,021	(32,707)	60,314	475,379	92,429	567,808
Deficit	18(a)-(b)	(302,402)	(266,093)	(568,495)	(676,317)	(2,481,297)	(3,157,614)	(1,391,833)	(4,541,339)	(5,933,172)
		346,848	**(266,093)**	**80,755**	**1,444,881**	**(400,510)**	**1,044,371**	**4,260,595**	**(2,325,488)**	**1,935,107**
		$ 605,325	**$ (266,093)**	**$ 339,232**	**$ 1,626,851**	**$ (331,160)**	**$ 1,295,691**	**4,396,673**	**(2,294,188)**	**2,102,485**

BRIXTON METALS CORPORATION
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18. Transition to IFRS (continued):

Reconciliation of Comprehensive Loss

	Note	Period from incorporation September 28, 2009 to September 30, 2010			Three months ended December 31, 2010			Year ended September 30, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses:										
Amortization		$ 337	$ -	$ 337	$ 95	$ -	$ 95	$ 1,192	$ -	$ 1,192
Conference and exhibition		786	-	786	1,187	-	1,187	18,152	-	18,152
Consultant fees		46,680		46,680			-	77,000		77,000
Geological exploration	18(b)		266,093	266,093	150,000	65,067	215,067	156,923	2,028,095	2,185,018
Insurance		6,950		6,950			-	8,968		8,968
Interest and bank charges		268		268	61		61	1,943		1,943
Investor relations		18,022		18,022	45,185		45,185	146,587		146,587
Listing and filing fees				-			-	40,295		40,295
Office and sundry		12,690	-	12,690	18,956	-	18,956	51,618	-	51,618
Professional services		18,000	-	18,000	84,275	-	84,275	143,842	-	143,842
Rent				-			-	27,829		27,829
Salaries and employee benefits			-	-	-	-	-	195,015	-	195,015
Share-based payments	18(a)		-	-	75,168	(32,707)	42,461	302,786	92,429	395,215
Travel and meals		12,534	-	12,534	1,175	-	1,175	22,269	-	22,269
		(116,267)	**(266,093)**	**(382,360)**	**(376,102)**	**(32,360)**	**(408,462)**	**(1,194,419)**	**(2,120,524)**	**(3,314,943)**
Other income (expenses):										
Amortization of flow-through premium liability	18(d)	-	-	-	-	-	-	-	132,147	132,147
Foreign exchange loss			-	-	2,187	-	2,187	3,190	-	3,190
Listing fee on amalgamation	18(e)	-	-	-	-	(2,182,844)	(2,182,844)	-	(2,182,844)	(2,182,844)
Write-off of property acquisition costs		(186,135)	-	(186,135)	-	-	-	-	-	-
Loss before income taxes		(302,402)	(266,093)	(568,495)	(373,915)	(2,215,204)	(2,589,119)	(1,191,229)	(4,171,221)	(5,362,450)
Income taxes		-	-	-	-	-	-	101,798	(104,025)	(2,227)
Loss and comprehensive loss for the period		**(302,402)**	**(266,093)**	**(568,495)**	**(373,915)**	**(2,215,204)**	**(2,589,119)**	**(1,089,431)**	**(4,275,246)**	**(5,364,677)**
Deficit, beginning of period	18(a)-(b)	-	-	-	(302,402)	(266,093)	(568,495)	(302,402)	(266,093)	(568,495)
Deficit, end of period		**$ (302,402)**	**$ (266,093)**	**$ (568,495)**	**$ (676,317)**	**$ (2,481,297)**	**$ (3,157,614)**	**$ (1,391,833)**	**$ (4,541,339)**	**$ (5,933,172)**

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19. Supplemental Schedule of Geological Exploration Expenditures and Acquisition Costs

	December 31, 2011			December 31, 2010		
	Acquisition and periodic option payments	Exploration	Total	Acquisition and periodic option payments	Exploration	Total
Thorn, BC, Canada:						
Analysis	$ -	$ -	$ -	$ -	$ -	$ -
Camp and general	-	2,009	2,009	-	-	-
Geological consulting	-	906,836	906,836	-	250	250
Geophysics and metallurgy	-	-	-	-	4,711	4,711
Government grants received	-	-	-			
Maps, orthos, and reports	-	-	-	-	7,062	7,062
Option payment	56,500	-	56,500	50,000	-	50,000
Permits and licenses	-	-	-	-	-	-
Staking and claims fees	-	-	-	-	-	-
	56,500	908,845	965,345	50,000	12,023	62,023
Kahiltna, Alaska, USA:						
Analysis	$ -	$ -	$ -	$ -	$ -	$ -
Geological consulting	-	450	450	-	3,313	3,313
Geophysics and metallurgy	-	-	-	-	-	-
Maps, orthos, and reports	-	-	-	-	-	-
Option payment	-	-	-	250,876	-	250,876
Permits and licenses	-	-	-	-	-	-
Staking and claims fees	-	-	-	49,730	-	49,730
	-	450	450	300,606	3,313	303,919
General Exploration:						
Analysis	$ -	$ -	$ -	$ -	$ -	$ -
Field transportation	-	2,465	2,465	-	-	-
Finders fees	-	-	-	-	-	-
Geological consulting	-	11,151	11,151	-	-	-
Option payment	-	-	-	150,000	-	150,000
Staking and claims fees	-	-	-	-	-	-
	-	13,616	13,616	150,000	-	150,000
Total for the period	$ 56,500	$ 922,911	$ 979,411	$ 500,606	$ 15,336	$ 515,942