

Consolidated Financial Statements
(Expressed in Canadian dollars)

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Years ended September 30, 2018 and 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Brixton Metals Corp.

We have audited the accompanying consolidated financial statements of Brixton Metals Corp., which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Brixton Metals Corp. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

January 25, 2019



BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2018	September 30, 2017
Assets		
Current assets:		
Cash	\$ 1,383,153	\$ 2,664,018
Receivables (Note 5)	80,033	364,046
Prepaid expenses (Note 6)	107,930	87,761
	1,571,116	3,115,825
Equipment (Note 8)	102,283	46,369
Restricted cash (Note 7)	426,364	95,000
Exploration and evaluation assets (Note 9)	5,635,285	4,573,582
Total Assets	\$ 7,735,048	\$ 7,830,776
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 204,584	\$ 103,627
Due to related parties (Note 10)	4,000	5,935
	208,584	109,562
Reclamation obligation (Note 9)	176,075	95,092
Total Liabilities	384,659	204,654
Shareholders' equity:		
Share capital (Note 12(b))	29,444,856	24,477,011
Subscriptions received in advance (Note 12(b))	-	1,179,000
Obligation to issue shares (Note 16)	15,000	-
Reserves (Note 12(d))	5,487,859	4,449,429
Deficit	(27,597,326)	(22,479,318)
	7,350,389	7,626,122
Total Liabilities and Shareholders' Equity	\$ 7,735,048	\$ 7,830,776

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

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)

	Years ended	
	Sept 30, 2018	Sept 30, 2017
Expenses:		
Amortization (Note 8)	\$ 13,911	\$ 19,500
Conference and exhibition	83,133	77,283
Directors' fees (Note 10)	26,000	24,000
Exploration and evaluation expenditures (Note 9)	2,898,474	2,001,919
Insurance	14,426	12,870
Interest and bank charges	21,796	2,201
Investor relations	327,035	196,374
Listing and filing fees	34,790	32,056
Management fees (Note 10)	387,008	370,007
Office and sundry	152,120	132,898
Professional services (Note 10)	216,036	221,815
Rent	79,946	25,272
Salaries and employee benefits (Note 10)	94,977	21,924
Share-based payments (Note 10, 12(d))	631,725	779,929
Travel and meals	165,625	152,938
	(5,147,002)	(4,070,986)
Interest income	28,994	28,944
Reduction of flow-through premium liability (Note 12(b))	-	63,342
	28,994	92,286
Loss and comprehensive loss for the year	(5,118,008)	(3,978,700)
Loss per share - basic and diluted	\$ (0.08)	\$ (0.10)
Weighted average number of shares outstanding	61,587,765	39,742,287

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	Obligation to issue shares	Subscriptions received in advance	Share-based payments reserve	Deficit	Total equity
September 30, 2016	39,413,275	\$ 22,024,580	\$ 37,500	\$ -	\$ 3,568,762	\$ (18,500,618)	\$ 7,130,224
Common shares issued for mineral properties	2,727,091	1,014,624	-	-	-	-	1,014,624
Common shares issued for finders fees	250,000	125,000	-	-	-	-	125,000
Common shares issued for cash	2,776,800	1,388,400	-	-	-	-	1,388,400
Flow through shares issued for cash	711,200	391,160	-	-	-	-	391,160
Flow through premium liability	-	(35,560)	-	-	-	-	(35,560)
Subscriptions received in advance	-	-	-	1,179,000	-	-	1,179,000
Share-based payments	-	-	-	-	779,929	-	779,929
Warrants exercised	620,000	103,120	(37,500)	-	(10,120)	-	55,500
Share issuance costs	-	(534,313)	-	-	110,858	-	(423,455)
Loss for the year	-	-	-	-	-	(3,978,700)	(3,978,700)
September 30, 2017	46,498,366	24,477,011	-	1,179,000	4,449,429	(22,479,318)	7,626,122
Common shares issued for mineral properties	5,085,000	1,090,500	-	-	-	-	1,090,500
Common shares issued for cash	5,232,036	1,491,131	-	(1,179,000)	183,121	-	495,252
Flow through shares issued for cash	12,005,000	3,001,250	-	-	-	-	3,001,250
Share-based payments	-	-	-	-	631,725	-	631,725
Warrants exercised	242,000	36,300	15,000	-	-	-	51,300
Share issuance costs	-	(651,336)	-	-	223,584	-	(427,752)
Loss for the year	-	-	-	-	-	(5,118,008)	(5,118,008)
September 30, 2018	69,062,402	\$ 29,444,856	\$ 15,000	\$ -	\$ 5,487,859	\$ (27,597,326)	\$ 7,350,389

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)

	Years ended	
	Sept 30, 2018	Sept 30, 2017
Cash flows used in operating activities:		
Loss for the year	\$ (5,118,008)	\$ (3,978,700)
Items not affecting cash:		
Amortization	13,911	19,500
Recognition of flow-through premium liability	-	(63,342)
Share-based payments	631,725	779,929
Changes in non-cash working capital:		
Receivables	284,013	(204,781)
Prepaid expenses	(20,169)	19,101
Accounts payable and accrued liabilities	100,957	(873,666)
Due to related parties	(1,935)	(31,394)
	<u>(4,109,506)</u>	<u>(4,333,353)</u>
Cash flows used in investing activities:		
Mineral property acquisition costs	(132,096)	(43,062)
Purchase of equipment	-	(1,737)
Reclamation bonds posted as restricted cash	(159,313)	(10,000)
	<u>(291,409)</u>	<u>(54,799)</u>
Cash flows from financing activities:		
Shares issued for cash	3,496,502	1,779,560
Warrants exercised	51,300	55,500
Subscriptions received in advance	-	1,179,000
Share issuance costs	(427,752)	(298,455)
	<u>3,120,050</u>	<u>2,715,605</u>
Change in cash	(1,280,865)	(1,672,547)
Cash, beginning of the year	2,664,018	4,336,565
Cash, end of the year	<u>\$ 1,383,153</u>	<u>\$ 2,664,018</u>
Supplemental non-cash financing information:		
Shares issued for mineral properties and related assets	\$ 1,090,500	\$ 1,014,624
Shares issued for finders fees	\$ -	\$ 125,000
Shares issued for obligation to issue shares	\$ -	\$ 37,500
Agent warrants issued	\$ 223,584	\$ 110,858
Residual value of warrants	\$ 183,121	\$ -
Asset retirement obligation	\$ -	\$ 66,092
Flow-through premium liability on issuance of flow-through shares	\$ -	\$ 35,560

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, 2018 and 2017
(Expressed in Canadian dollars)

1. Nature of operations and going concern:

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

These 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 Company has a history of losses with no operating revenue and incurred a loss of \$5,118,008 for the year ended September 30, 2018 (2017 - \$3,978,700). As at September 30, 2018, the Company has an accumulated deficit of \$27,597,326, cash of \$1,383,153 and working capital of \$1,362,532. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or achieve operating profitability and generate positive cash flows. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and evaluation activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

Subsequent to September 30, 2018, the Company completed a financing of gross proceeds of approximately \$2,783,480 and intends to use those funds to further develop and explore its Thorn, Langis, Atlin, and Hog Heaven projects and to support general and administrative expenses. The Company estimates it has sufficient funds to operate for the ensuing 12 months.

These 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) Basis of presentation:

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.

These consolidated financial statements were authorized for issuance by the Board on January 25, 2019.

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
Years ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

(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 on an individual prospect basis 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.

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Notes to Consolidated Financial Statements
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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%
Automotive equipment	Declining balance	30%
Mining equipment	Declining balance	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.

(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 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.

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Years ended September 30, 2018 and 2017
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2. Significant accounting policies (continued):

(e) Impairment (continued):

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.

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
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(Expressed in Canadian dollars)

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) Financial instruments:

Financial assets:

Financial assets are classified into one of the below noted categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than twelve months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables consist of cash, restricted cash, and receivables.

Financial Assets at Fair Value Through Profit or Loss:

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any financial assets as fair value through profit or loss.

BRIXTON METALS CORPORATION

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

(i) Financial instruments (continued):

Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

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 cost 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, accrued liabilities and amounts due to related parties, 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.

Impairment of financial assets:

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit or loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
Years ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

(i) Financial instruments (continued):

Impairment of financial assets (continued):

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(j) 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.

(k) 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.

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

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

Share-based payments:

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

Exploration and evaluation assets:

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

BRIXTON METALS CORPORATION

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Notes to Consolidated Financial Statements
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(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

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

Estimates (continued)

Environmental rehabilitation obligation:

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

Accrual of refundable mining tax credits

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

Deferred income tax:

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

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:

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, 2018:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets.⁽ⁱ⁾
- IFRS 15 New revenue standard outlining a five-step framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.⁽ⁱ⁾
- IFRS 16 New leases standard that replaces IAS 17 for recognition, measurement, presentation and disclosure of leases for lessees and lessors.⁽ⁱⁱⁱ⁾

(i) Effective for annual periods beginning on or after January 1, 2018.

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

The Company anticipates that the application of IFRS 9 and 15 amendments and interpretations will not have a material impact on the results and financial position of the Company. The Company is evaluating the effect of IFRS 16.

4. Capital management:

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

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

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

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5. Receivables:

	September 30, 2018	September 30, 2017
Amounts due from Government of Canada pursuant to GST input tax credits	\$ 68,498	\$ 31,799
Amounts due from Government of BC pursuant to BC Mining Exploration tax credit	11,023	218,389
Amounts receivable	-	113,346
Other	512	512
Total	\$ 80,033	\$ 364,046

6. Prepaid expenses:

	September 30, 2018	September 30, 2017
Prepaid insurance	\$ 16,961	\$ 10,402
Prepaid software	-	20,999
Prepaid expenses and advances to related parties (Note 10)	43,313	43,313
Other prepaid expenses	47,656	13,047
Total	\$ 107,930	\$ 87,761

7. Restricted cash:

At September 30, 2018, the Company had a total of \$426,364 (2017 - \$95,000) in bonds, comprising \$267,051 (2017 - \$95,000) held with the Government of British Columbia for potential reclamation costs on its Thorn and Yellowjacket (Atlin) projects in British Columbia and \$159,313 (2017 - \$nil) held with the State of Montana for potential reclamation costs on its Hog Heaven project in Montana, USA. These bonds are refundable at such time the Company completes the required exploration activities and receives approval from the regulating authorities.

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8. Equipment:

	Mining equipment	Computer equipment	Vehicles	Total
Cost				
Balance, September 30, 2016	\$ -	\$ 21,986	\$ 57,675	\$ 79,661
Additions	-	1,737	-	1,737
Balance, September 30, 2017	\$ -	\$ 23,723	\$ 57,675	\$ 81,398
Additions	69,825	-	-	69,825
Balance, September 30, 2018	\$ 69,825	\$ 23,723	\$ 57,675	\$ 151,223
Accumulated Amortization				
Balance, September 30, 2016	\$ -	\$ 14,628	\$ 901	\$ 15,529
Amortization expense	-	2,468	17,032	19,500
Balance, September 30, 2017	\$ -	\$ 17,096	\$ 17,933	\$ 35,029
Amortization expense	-	1,988	11,923	13,911
Balance, September 30, 2018	\$ -	\$ 19,084	\$ 29,856	\$ 48,940
Net Book Value				
Balance, September 30, 2017	\$ -	\$ 6,627	\$ 39,742	\$ 46,369
Balance, September 30, 2018	\$ 69,825	\$ 4,639	\$ 27,819	\$ 102,283

9. Exploration and evaluation assets:

Balance consists of:

	September 30, 2018	September 30, 2017
Thorn, BC, Canada	\$ 3,005,030	\$ 3,005,030
Langis, Ontario, Canada	422,261	399,667
Atlin, BC, Canada	1,157,980	138,576
Hog Heaven, Montana, USA	1,050,014	1,030,309
Total	\$ 5,635,285	\$ 4,573,582

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

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9. Exploration and evaluation assets (continued):

(a) Thorn, BC, Canada:

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

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

For the year ended September 30, 2018, the Company has recognized a reclamation obligation of \$29,000. The undiscounted amount of estimated cash flows was estimated at \$52,000. The liability was estimated using an expected life of 28 years and a net risk-free discount rate of 2%.

(b) Langis, Ontario, Canada:

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

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

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

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

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9. Exploration and evaluation assets (continued):

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

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

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

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

Timiskaming First Nation agreement

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

(c) Atlin, BC, Canada:

On January 25, 2017, the Company entered into an option agreement with two third parties to acquire a 100% interest in the Eagle property located in Atlin, British Columbia, for consideration of \$65,000 (\$20,000 paid) and the issuance of 115,000 common shares (45,000 shares issued, valued at \$18,300), payable over a three year period. The vendors will retain a 2% NSR, of which the Company may purchase 1% for \$500,000.

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

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9. Exploration and evaluation assets (continued):

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

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

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

For the year ended September 30, 2018, the Company has recognized a reclamation obligation of \$80,983. The undiscounted amount of estimated cash flows was estimated at \$89,553. The liability was estimated using an expected life of 10 years and a net risk free rate of 0.5%.

(d) Hog Heaven, Montana, USA:

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

For the year ended September 30, 2018, the Company has recognized a reclamation obligation of \$36,085. The undiscounted amount of estimated cash flows was estimated at \$67,000. The liability was estimated using an expected life of 29 years and a net risk-free discount rate of 2.1%.

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

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9. Exploration and evaluation assets (continued):

During the year ended September 30, 2018, the Company incurred the following exploration expenditures:

	Thorn Property BC, Canada	Langis Property ON, Canada	Atlin Property BC, Canada	Hog Heaven Property Montana, USA	General Exploration	Total
Year ended September 30, 2018						
Analysis	\$ 16,498	\$ 359,509	\$ 8,016	\$ 9,253	\$ -	\$ 393,276
Camp and general	11,522	213,060	112,290	166,308	7,288	510,468
Community relations	4,990	12,525	100	-	-	17,615
Drilling	-	944,121	-	-	-	944,121
Field supplies and rentals	10,893	54,256	31,407	94,774	-	191,330
Field transportation	55,350	18,597	72,376	1,800	-	148,123
Geological consulting	69,470	197,776	128,115	140,354	-	535,715
Geophysics and metallurgy	(7,944)	-	42,000	128,221	-	162,277
Maps, orthos, and reports	200	593	-	1,198	-	1,991
Permitting	-	-	-	3,788	-	3,788
Staking and claims fees	-	-	793	-	-	793
Government grants	(4,232)	-	(6,791)	-	-	(11,023)
Total for the year	\$ 156,747	\$ 1,800,437	\$ 388,306	\$ 545,696	\$ 7,288	\$ 2,898,474

	Thorn Property BC, Canada	Langis Property ON, Canada	Atlin Property BC, Canada	Hog Heaven Property Montana, USA	General Exploration	Total
Year ended September 30, 2017						
Analysis	\$ 140,867	\$ 51,734	\$ -	\$ -	\$ -	\$ 192,601
Camp and general	144,847	21,397	26,448	66,206	60,106	319,004
Community relations	17,150	5,162	-	-	-	22,312
Drilling	382,455	-	-	-	-	382,455
Field supplies and rentals	96,716	2,597	3,768	-	-	103,081
Field transportation	432,902	-	23,272	525	-	456,699
Finders fees	-	18,250	-	10,000	-	28,250
Geological consulting	191,788	68,078	13,371	46,995	44,964	365,196
Geophysics and metallurgy	143,760	219,804	101,034	-	-	464,598
Maps, orthos, and reports	2,276	10,161	-	20	-	12,457
Staking and claims fees	-	2,946	-	-	-	2,946
Government grants	(214,674)	(100,000)	(33,006)	-	-	(347,680)
Total for the year	\$ 1,338,087	\$ 300,129	\$ 134,887	\$ 123,746	\$ 105,070	\$ 2,001,919

10. Related party transactions:

During the year ended September 30, 2018, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	September 30, 2018	September 30, 2017
Management fees, salaries and professional services	\$ 495,008	\$ 495,007
Director fees	26,000	24,000
Share-based payments	509,966	522,568
Total	\$ 1,030,974	\$ 1,041,575

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10. Related party transactions (continued):

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

As at September 30, 2018, the Company had \$4,000 (2017 - \$5,935) due to directors, officers, and companies with a director in common. Amounts due to related parties are non-interest bearing, with no fixed terms of repayments.

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

11. Commitments:

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

2019	\$	41,778
2020	\$	36,556

12. Share capital:

(a) Authorized share capital:

Unlimited common shares without par value.

(b) Issued and outstanding common shares:

(i) Share issuances:

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

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

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

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

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

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

On July 18, 2017, the Company issued 2,687,091 common shares as consideration for the Hog Heaven option agreement, valued at \$994,224 (Note 9(d)).

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12. Share capital (continued):

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

(i) Share issuances (continued):

On April 5, 2017, the Company issued 20,000 common shares as consideration for the Armadillo option agreement (Atlin property), valued at \$10,600 (Note 9(c)).

On March 2, 2017, the Company issued 20,000 common shares as consideration for the Atlin option agreement (Eagle property), valued at \$9,800 (Note 9(c)).

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

Private placements

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

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

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

On April 4, 2017, the Company closed a brokered private placement, issuing 2,776,800 units at a price of \$0.50 per unit and 711,200 flow-through shares at a price of \$0.55 per flow-through share for total gross proceeds of \$1,779,560. Each unit consisted of one common share and one common share purchase warrant, exercisable at a price of \$0.70 per share for two years. In connection with the private placement, the Company paid finder's fees totaling \$203,247 cash and issued 266,120 finder's warrants valued at \$110,858, exercisable at \$0.50 per share for three years. The Company also issued 250,000 common shares valued at \$125,000 as a corporate finance fee payable in connection with the private placement. The Company recognized a flow-through premium liability, which was fully accreted during the year ended September 30, 2018.

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12. Share capital (continued):

(c) Warrants:

As at September 30, 2018, the following warrants were outstanding:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining contractual life in years
8-Apr-19	\$ 0.15	5,561,000	0.52
19-Apr-19	\$ 0.15	871,000	0.55
4-Apr-19	\$ 0.70	2,776,800	0.51
4-Apr-20	\$ 0.50	266,120	1.51
17-Oct-20	\$ 0.48	2,616,017	2.05
17-Oct-20	\$ 0.32	316,323	2.05
6-Dec-19	\$ 0.25	435,750	1.18
27-Dec-19	\$ 0.25	398,440	1.24
	\$ 0.35	13,241,450	0.92

	Number of warrants	Weighted average exercise price
Balance, September 30, 2016	17,187,755	\$ 0.44
Granted during the year	3,042,920	0.68
Exercised during the year	(620,000)	0.15
Balance, September 30, 2017	19,610,675	\$ 0.49
Granted during the year	3,766,530	0.42
Exercised during the year	(242,000)	0.15
Expired during the year	(9,893,755)	0.65
Balance, September 30, 2018	13,241,450	\$ 0.35

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, 2018 was \$0.19 (2017 - \$0.42). The following weighted average assumptions used in the calculation of fair value are as follows:

	September 30, 2018	June 30, 2017
Risk-free interest rate	1.53%	0.74%
Expected volatility	133.21%	158.93%
Expected life of options	2.27 years	3 years
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

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12. 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 reflects the continuity of stock options for the years ended September 30, 2018 and 2017:

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

Number outstanding Sept 30, 2016	Granted	Exercised / cancelled	Number outstanding Sept 30, 2017	Weighted average exercise price per share	Expiry date	Weighted average remaining contractual life in years
35,000	-	-	35,000	\$ 0.14	April 7, 2025	7.52
2,600,000	-	-	2,600,000	\$ 0.70	September 12, 2026	8.96
-	1,325,000	-	1,325,000	\$ 0.50	April 3, 2027	9.51
-	175,000	-	175,000	\$ 0.50	June 21, 2027	9.73
2,635,000	1,500,000	-	4,135,000	\$ 0.62		9.15
		(Exercisable)	4,085,000	\$ 0.62		

The fair value of stock options granted used to calculate compensation expense for both employees and non-employees is estimated using the Black-Scholes option pricing model. The weighted average fair value per option granted during the year ended September 30, 2018 was \$0.29 (2017 - \$0.48). During the year ended September 30, 2018, the Company recognized \$631,725 (2017 - \$779,929) in share-based payments expense for the fair value of the vested portion of stock options granted during the year and/or in prior years.

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12. Share capital (continued):

(d) Share-based payments (continued):

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

	September 30, 2018	September 30, 2017
Risk-free interest rate	2.10%	1.36%
Expected volatility	157.05%	177.46%
Expected life of options	10.0 years	10.0 years
Expected dividend yield	Nil	N/A

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

	Number of shares
Issued and outstanding at September 30, 2018	69,062,402
Reserved for warrants (note 12(c))	13,241,450
Reserved for options (note 12(d))	6,250,000
Shares reserved for issuance (fully diluted) at September 30, 2018	88,553,852

13. Segmented information:

As at September 30, 2018 the Company currently operates in one segment being the acquisition and exploration and evaluation of resource assets located in British Columbia and Ontario, Canada, and Montana, USA, as described in note 9.

14. Income taxes:

(a) As at September 30, 2018, 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:

	2018	2017
Tax losses carried forward	\$ 10,200,558	\$ 7,920,552
Allowable capital loss	378,019	378,019
Reclamation obligation	176,075	95,092
Financing costs	837,141	726,767
Other	104,197	90,286
Mineral property	2,849,326	2,857,877
Deductible temporary differences	\$ 14,545,316	\$ 12,068,593

The Company's tax losses expire in various years between 2030 and 2038.

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14. Income taxes (continued):

- (b) The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory tax rates of 26.75% (2017 – 26%) as follows:

	2018	2017
Statutory tax rate	26.75%	26%
Recovery of income taxes based on statutory tax rate	\$ (1,369,067)	\$ (1,034,462)
Share-based compensation and other items	87,345	178,527
Share issuance costs	(114,423)	(110,099)
Flow-through shares	609,028	210,050
Non-recognition of tax assets	787,117	755,984
Recovery of income taxes	\$ -	\$ -

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

15. Financial instruments and risk management:

Financial instruments

IFRS 13, *Fair value measurements* (“IFRS 13”), establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

The Company has no financial assets or financial liabilities measured at fair value in the statement of financial position as at September 30, 2018. The carrying value of cash, receivables, accounts payable and accrued liabilities, and due to related parties, approximates their fair values because of the short-term nature of these instruments.

Financial risk factors

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

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15. Financial instruments and risk management (continued):

Financial risk factors (continued)

(a) Credit risk:

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

(b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they fall due. As of September 30, 2018, the Company had cash of \$1,383,153 to settle current liabilities of \$208,584. 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:

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

(iii) Price risk:

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

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16. Subsequent events:

Warrant acceleration

On October 11, 2018, the Company completed the acceleration of 7,717,200 share purchase warrants, including 467,200 finder's warrants, issued pursuant to a private placement of units that closed in April 2016. Prior to the acceleration, a total of 1,285,200 warrants had been exercised, with 6,432,000 warrants remaining. On completion of the acceleration, 4,194,000 warrants were exercised at a price of \$0.15 per share for gross proceeds of \$629,100, of which \$15,000 was received, and the remaining 2,238,000 warrants were cancelled.

Private placement

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

Stock options

On December 17, 2018, the Company granted 2,322,000 stock options to its directors, officers, employees and consultants. Each stock option is exercisable at \$0.15 per share for a period of 10 years.

Property purchase

On December 22, 2018, the Company entered into a purchase and sale agreement to acquire certain mineral claims located in the Atlin mining district for consideration of \$2,500 in cash and the issuance of 30,000 common shares.

