BRIXTON ENERGY CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2014

(In Canadian Dollar)

BRIXTON ENERGY CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

BRIXTON ENERGY CORP.

Condensed interim statements of financial position
(Canadian Funds)
(Unaudited – prepared by management)

		Jan 31, 2014		July 31, 2013
ASSETS				
Current				
Cash	$	**153**	$	991
Accounts & GST receivable		**20,141**		30,310
Due from a related party (Note 7)		**20,646**		20,646
		40,940		51,947
Long-term				
Equipment (Note 6)		**34,031**		40,778
Reclamation deposit (Note 15)		**0**		147,671
Exploration advance		**31,500**		31,500
Oil and gas properties (Note 5)		**0**		85,898
Total Assets	$	**106,471**	$	357,794
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current				
Accounts payable	$	**1,853,563**	$	1,746,627
Accrued Liability		**88,000**		75,000
Investor deposits		**5,154**		5,154
Due to related parties (Note 7)		**735,474**		690,047
Loans payable (Note 8)		**482,819**		430,694
		3,165,010		2,947,522
Long term liability				
Site decommissioning provision (Note 9)		**0**		85,207
Total Liabilities		**3,165,010**		3,032,729
Shareholders' deficiency				
Share capital (Note 10)		**13,683,797**		13,683,797
Share subscription receivable		**(23,500)**		(23,500)
Reserves		**1,333,253**		1,333,253
Deficit		**(18,052,089)**		(17,668,485)
Total shareholders' deficiency		**(3,058,539)**		(2,674,935)
Total liabilities and shareholders' deficiency	$	**106,471**	$	357,794

Nature and continuance of operations (Note 1)
Contingencies (Note 14)
Events after the reporting period (Note 16)

Authorized and approved on behalf of the Board on February 26, 2015:

"Richard Saxon", Director

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

BRIXTON ENERGY CORP.

Condensed interim statements of Operations and Comprehensive Loss
For the Three and Six months ended January 31
Canadian Funds
(Unaudited – prepared by management)

	Three Months 2014	Three Months 2013	Six Months 2014	Six Months 2013
Revenue				
Oil and gas	$ 148	$ -	$ 2,455	$ -
Gain on disposition of petroleum property	-	-	-	-
	148	-	2,455	-
Expenses				
Accretion (Note 9)	-	96	-	192
Advertising and promotion	-	-	3,495	-
Amortization (Note 6)	3,375	3,401	6,748	6,824
Consulting fees (Note 7)	80,000	-	80,000	21,350
Courier and postage	-	-	-	70
Insurance	-	-	-	-
Interest expense and bank charges	10,483	9,055	20,516	18,175
Management fees (Note 7)	37,500	37,500	75,000	75,000
Office and miscellaneous	168	-	190	25
Operating costs (recovery)	13,298	-	15,374	-
Professional fees	11,443	4,000	15,443	9,000
Rent (Note 7)	4,500	4,500	9,000	9,000
Site restoration costs	62,464	-	62,464	-
Telephone and utilities	1,540	-	2,717	334
Transfer agent & filing fees	5,742	-	7,933	120
Travel and promotion	-	-	-	-
Vehicle	635	-	1,280	-
Write-down of petroleum property (Note 5)	85,899	-	85,899	-
	317,047	58,552	386,059	140,090
Loss and comprehensive loss for the period	(316,899)	(58,552)	(383,604)	(140,090)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding	51,878,219	51,878,219	51,878,219	51,878,219

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

BRIXTON ENERGY CORP.

Condensed interim statements of Cash Flows
For the Six months ended January 31
Canadian Funds
(Unaudited – prepared by management)

		Six months ended		
		2014		2013
Cash flows provided by (used in)				
Operating activities				
Loss for the period	$	(383,604)	$	(140,090)
Items not affecting cash:				
Amortization		6,748		6,824
Accrued interest on loans payable		20,375		18,096
Accretion		--		192
Site restoration costs		62,464		--
Write-down of petroleum property		85,899		--
		(207,118)		(114,978)
Changes in non-cash working capital items:				
Accounts receivable		11,449		--
HST/GST recoverable		(2,282)		(1,061)
Prepaid expenses		--		--
Accounts payable and accrued liabilities		119,936		8,230
Cash used in operating activities		(78,015)		(107,809)
Investing activities				
Oil and gas properties and equipment		--		--
Equipment		--		--
Reclamation deposit		--		--
Cash used in investing activities		--		--
Financing activities				
Loans payable		31,750		--
Proceeds from share capital		--		--
Due from related parties		--		--
Due to related parties		45,427		105,542
Subscription receivable		--		--
Investors' deposits		--		--
Cash from financing activities		77,177		105,542
Decrease in cash during the period		(838)		(2,267)
Cash, beginning of period		991		2,428
Cash, end of period	$	153	$	161
Supplemental disclosure of non-cash financing activities				
Shares issued for debt	$	--	$	--
Interest paid	$	--	$	--
Taxes paid	$	--	$	--

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

BRIXTON ENERGY CORP.

Condensed interim statements of changes in shareholders' equity (Deficiency)
Six months ended January 31
Canadian Funds
(Unaudited – prepared by management)

Authorized:
200,000,000 common shares without par value

Issued:

	Number of shares	Share capital	Subscription receivable	Subscription payable	Reserves	Deficit	Total
		$	$	$	$	$	$
Balance at July 31, 2012	50,728,219	13,626,297	(23,500)	57,500	1,333,253	(17,344,128)	(2,350,578)
Private placements	1,150,000	57,500	-	(57,500)	-	-	-
Share based compensation	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(140,090)	(140,090)
Balance at Jan. 31, 2013	51,878,219	13,683,797	(23,500)	-	1,333,253	(17,484,218)	(2,490,668)
Balance at July 31, 2013	51,878,219	13,683,797	(23,500)	-	1,333,253	(17,668,485)	(2,674,935)
Private placements	-	-	-	-	-	-	-
Share based compensation	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(383,604)	(383,604)
Balance at Jan. 31, 2014	**51,878,219**	**13,683,797**	**(23,500)**	**-**	**1,333,253**	**(18,052,089)**	**(3,058,539)**

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

1. Nature of Operations

Brixton Energy Corp. (formerly, Pemberton Energy Ltd.) (the "Company") is a public company incorporated under the laws of the Province of British Columbia. The Company changed its name from Pemberton Energy Ltd. to Brixton Energy Corp. during the year-ended July 31, 2011. The Company is also registered for business in the Province of Alberta and Saskatchewan. Its shares are traded on the TSX Venture Exchange ("TSX") and the Frankfurt Stock Exchange ("FSE"). The Company's principal business is the acquisition, exploration and development of petroleum properties. The Company's registered office is located at #325 – 1500 14th Street S.W., Calgary, AB, T3C 1C9.

The Company is subject to a cease trade order issued by the Alberta Securities Commission dated December 4, 2013 for failure to file Required Filings under applicable securities laws. It applied for partial revocation of the Cease Trade Orders in each of the provinces of British Columbia and Alberta. The Company is seeking a partial revocation of the Cease Trade Order in order to complete a private placement (Private Placement) in one or more tranches, of up to 2,400,000 units for aggregate gross proceeds of $120,000.

These financial statements have been prepared on the basis that the Company will continue as a going concern. At January 31, 2014, the Company had working capital (deficit) of $(3,124,070) and has accumulated a deficit of $18,052,089 since inception. Management recognizes that the Company must generate additional financial resources in order to meet liabilities as they come due and to enable to continue operations. The Company is seeking sources of additional funding through alliances with financial or other non-mineral exploration business and financial transactions which would generate sufficient resources to assure continuation of the Company's operations.

2. Basis of Presentation

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis. All financial information in these financial statements is presented in Canadian dollars.

c) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of policies and reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements, along with reported amounts of expenses and net losses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

2. Basis of Presentation (Cont'd)

c) Use of estimates and judgments (Cont'd)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Reserve estimates
Commercial petroleum reserves are determined based on estimates of oil-in-place, recovery factors and future petroleum and natural gas prices and costs. The Company engages independent qualified reserve evaluators to evaluate the Company's petroleum and natural gas ("P&NG") reserves at each year-end. Reserve adjustments are made annually based on actual volumes produced, the results from capital programs, revisions to previous estimates, new discoveries and acquisitions and dispositions made during the year.
Proved reserves are those estimated quantities of crude oil, natural gas and natural gas liquids determined with a high degree of certainty, of at least 90 percent, to be economically recoverable under existing economic and operating conditions. Proved plus probable reserves are those estimated quantities of crude oil, natural gas and natural gas liquids determined with a moderate degree of certainty, of at least 50 percent, to be economically recoverable under existing economic and operating conditions. The Company reports production and reserve quantities in accordance with Canadian practices and specifically in accordance with Standards of Disclosures for Oil and Gas Activities ("NI 51-101 ").

The Company cautions users of this information that the process of estimating crude oil and natural gas reserves is subject to a level of uncertainty. The reserves are based on current and forecast economic and operating conditions; therefore, changes can be made to future assessments as a result of a number of factors, which can include commodity prices, new technology, changing economic conditions, future reservoir performance and development activity.

ii) Depletion and depreciation
Depletion of development and production assets within Property, Plant and Equipment ("PP&E") is provided using the unit-of-production method and is based on production volumes (before royalties) in relation to total estimated proved and probable reserves as determined at year end by the Company's independent engineers. Natural gas reserves and productions are converted at the energy equivalent of six thousand cubic feet to one barrel of oil. The calculation of the unit-of-production rate of depletion could be impacted to the extent that actual production in the future is different from current forecast production. This would be generally resulting from significant changes in any of the factors or assumptions used in estimating reserves. These factors include changes in proved and probable reserves, changes in estimates of future development costs, the effect on proved and probable reserves of difference between actual production as compared to forecast as well as commodity price assumptions and unforeseen operational issues.

iii) Oil and gas properties or Exploration and evaluation assets ("E&E")
Costs incurred after the legal right to explore has been obtained and before technical feasibility and commercial viability of the area have been established are capitalized as Oil and gas properties or E&E. The decision regarding technical feasibility and commercial viability of Oil and gas properties or E&E involves a number of assumptions, such as estimated reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material change in the future.

2. Basis of Presentation (Cont'd)

c) Use of estimates and judgments (Cont'd)

iv) Impairment
The Company assesses its PP&E for impairment by comparing the carrying amount to the recoverable amount of the underlying assets. The impairment test is performed at the cash generating unit ("CGU") for development and production assets. The determination of the recoverable amount involves estimating the asset's fair value less costs to sell or its value-in use, which is based on its discounted future cash flows using an applicable discount rate. Future cash flows are calculated based on management's best estimate of future commodity prices and inflation and are discounted based on management's current assessment of market conditions.

v) Site decommissioning obligations
The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

vi) Fair value calculation of share-based payments
The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

vii) Taxation
The calculation of deferred income taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the balance sheet date and the likelihood of deferred tax assets being realized.

viii) Cash generating units
The determination of the Company's CGU's impacts the measurement of impairment that is recognized in the financial statements. The determination of CGU's requires judgement in defining smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGU's are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risk and materiality.

viii) Valuation of accounts receivable
The valuation of accounts receivable is based on management's best estimate of collectability and the provision for doubtful accounts.

x) Contingencies
Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

3. Significant Accounting Policies:

These accounting policies described below have been applied consistently to all periods presented.

a) Basis of measurement and presentation

The interim financial statements have been prepared on a historical cost basis except for financial instruments, which are measured at fair value. All financial information in these financial statements is presented in Canadian dollars.

b) Equipment

Equipment is recorded at historical cost. Amortization is provided over their estimated useful lives using the following annual rate and bases:

Pipeline equipment	-	14 year straight-line
Computer hardware	-	45% declining balance
Computer software	-	100% declining balance
Office equipment	-	20% declining balance

In the year of acquisition, the rate used is one-half of the annual rates.

c) Property, plant and equipment ("PP&E") and Oil and gas properties/exploration and evaluation assets ("E&E")

(i) Recognition and measurement

Oil and gas properties/exploration and evaluation expenditures
Pre-license costs are expensed in the statement of comprehensive loss as incurred.

Oil and gas properties/E&E costs, including the costs of acquiring licenses, initially are capitalized as oil and gas properties. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.
Oil and gas properties/E&E are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proved and/or probable reserves have been discovered. Upon determination of proved and/or probable reserves, oil and gas properties/E&E attributable to those reserves are first tested for impairment and then reclassified from oil and gas properties/E&E to PP&E or expensed in income or loss to the extent of any impairment.

3. Significant Accounting Policies (Cont'd):

c) Property, plant and equipment ("PP&E") and Oil and gas properties/exploration and evaluation assets ("E&E") (Cont'd)

Development and production costs
Items of PP&E, which include crude oil and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGU's for impairment testing. When significant parts of an item of PP&E, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components). Gains and losses on disposal of an item of PP&E, including crude oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognized in income or loss.

(ii) Subsequent costs
Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are recognized as crude oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in income or loss as incurred. Such capitalized crude oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on stream or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis.

(iii) Depletion
The net carrying value of development or production assets, except certain assets noted below, is depleted using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually. Natural gas reserves are converted to barrels of oil equivalent based on relative energy content (6:1).

(iv) Derecognition
The carrying amount of an item of PP&E is derecognized when no future economic benefits are expected from its use or upon sale to a third party. The gain or loss arising from derecognition is included in income or loss and is measured as the difference between the net proceeds, if any, and the carrying amount of the asset.

3. Significant Accounting Policies (Cont'd):

c) Property, plant and equipment ("PP&E") and Oil and gas properties/exploration and evaluation assets ("E&E") (Cont'd)

d) Impairment of long-lived assets

Financial assets are assessed for indicators of impairment at each period end. A financial asset is considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its fair value is transferred from equity to net earnings, and cumulative gains of losses previously recognized in other comprehensive income of loss are reclassified to net earnings in the period. Reversals of impairment in respect of equity instruments classified as available-for-sale are not recognized in net earnings but included in other comprehensive income.

e) Site decommissioning provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of its oil and gas assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to oil and gas assets along with a corresponding increase in the site decommissioning provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to oil and gas properties with a corresponding entry to the decommissioning provision.

The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of decommissioning costs, are charged to profit and loss for the period. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

3. Significant Accounting Policies (Cont'd):

f) Share-based payments

The Company's share option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

g) Income taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination or items recognized either in other comprehensive income or directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to 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 temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. 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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

3. Significant Accounting Policies (Cont'd):

h) Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference charged to the statements of the operations as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

i) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For diluted loss per share, the dilutive effect has not been presented separately as it proved to be anti-dilutive. Loss per share is calculated using the weighted average number of shares

j) Share capital

i) The proceeds from the exercise of stock options, warrants and purchase of shares are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value of these shares.

Costs incurred to issue shares are deferred until the shares are issued, at which time these costs are charged to share capital.

k) Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any differences between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair value of shares issued, a nil carrying amount is assigned to the warrants.

l) Revenue recognition

Revenue from the sale of oil and gas production is recognized when delivery is accepted by the purchaser.

3. Significant Accounting Policies (Cont'd):

m) Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Or available-for-sale investments

Financial liabilities are classified into the following categories at their initial recognition:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transactions costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets recognition and derecognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when:

- The contractual rights to the cash flows from the financial asset expire;
- The contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company;
- Or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled or expire.

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 future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or likelihood that the borrower will enter bankruptcy or financial reorganization.

3. Significant Accounting Policies (Cont'd):

m) Financial instruments (cont'd)

The carrying amount of financial assets is reduced by impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment loss been recognized.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

The Company has made the following classifications:

- Cash is reclassified as fair value through profit or loss.
- Accounts receivable and due from a related party are classified as loans and receivables.
- Accounts payable and accrued liabilities, due to related parties and loans payable have been classified as liabilities at amortized cost.

3. Significant Accounting Policies (Cont'd):

n) New accounting standards and interpretations

The International Accounting Standards Board (IASB) issued the following standards which are relevant but have not yet been adopted by the Company: IFRS 9, Financial Instruments.

The following is a brief summary of the new standards:

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IASB 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

4. Accounts receivable

	Jan 31 2014	July 31 2013
Trade accounts receivable	$13,172	$ 13,172
HST/GST refundable tax credits	6,969	17,138
	$20,141	$30,310

5. Oil and Gas Interest

The Company's oil and gas interest are comprised of properties located in Canada. Expenditures incurred on those properties are as follows:

	Opening Balance	Additions (Recovery)	Write-down of Properties	Depletion	Net
Jan 31 2014					
Alberta	$ 85,898	$ --	$ (85,898)	$ --	$ --
Saskatchewan	--	--	--	--	--
	$ 85,898	$ --	$ (85,898)	$ --	$ --
July 31 2013					
Alberta	$ 19,037	$ 66,861	$ --	$ --	$ 85,898
Saskatchewan	--	--	--	--	--
	$ 19,037	$ 66,861	$ --	$ --	$ 85,898

(a) Alberta

The Company entered into a farm-out agreement, dated January 13, 2003, to acquire a 25% working interest in an oil and gas well located in the Panny area of Alberta. The consideration paid by the Company was 2,400,000 common shares of the Company issued at $0.10 per share. These shares were issued on March 27, 2003, upon the Company receiving regulatory consent. The Company must pay 50% of the completion costs of the well.

During the years 2005 to 2007, the Company entered into various agreements to lease the subsurface mineral rights for over 2,200 acres located in the Peace River Arch Area from surface to basement. The Company retained beneficiary interests varying from 75% to 82% over terms not exceeding three years. The Company assumed a range of 50% to 100% of the drilling and completion costs of any and all planned targets, inclusive of all operating, processing, transportation and production costs.

During the year ended July 31, 2008, the Company acquired a strategic piece of crown land with mineral rights from surface to basement in the Peace River Arch area. The Company reclaims 100% working interest over a term of five years.

During the year ended July 31, 2008, Company has acquired 100% interests in several leased land from a private company in the Peace River Arch area. The Company assumes 100% of the drilling and completion costs of the well, inclusive of all operating, processing, transportation and production costs.

During the year ended July 31, 2008, the Company signed three binding Petroleum and Natural Gas Lease and Grant Agreements to lease the subsurface mineral rights from basement to surface on an undivided 50% interest in the Peace River Arch area. The Company retains 75% beneficial interest over a term of two years and assumes 100% of the drilling and completion costs of well, inclusive of all operating, processing, transportation and production costs.

5. Oil and Gas Interest (Cont'd)

(a) Alberta (cont'd)

During the year ended July 31, 2009, the Company acquired two full sections of crown land in an area of Northern Alberta. These two sections are located near the Company's current 8-25-95-5W5 Panny well.

In addition to the consideration provided by the Company under two Petroleum and Natural Gas Lease and Grant Agreements signed during the year 2008, the Company agreed and issued 200,000 shares during the year ended July 31, 2009 as additional consideration for such Agreements. These shares were issued at fair value of $0.035 per share.

During the year ended July 31, 2009, the Company signed an agreement to acquire additional 50% ownership in Panny 8-25-095-W5M well in exchange for $50,000 and 8,000,000 common shares. However, during the year-ended July 31, 2010, the Company has subsequently terminated this acquisition.

During the year ended July 31, 2011, the Company received $25,000 relating to tubing previously capitalized and written off in the Alberta property. This was recorded as a gain during the year ended July 31, 2011.

During the year ended July 31, 2012, the Company wrote down one of its wells in Alberta down to $Nil. The Company also incurred $22,000 in costs relating to wells that were already written off in the prior year for a total write-down of $4,624,288. During the period ended January 31, 2014, the Company wrote down its wells in Alberta down to $Nil.

(b) Saskatchewan

During the year ended July 31, 2006, the Company has entered into an agreement to lease the subsurface mineral rights for 480 acres located in Saskatchewan from surface to basement. The Company will retain 83% beneficial interest over a term of three years. The Company will assume 100% of the drilling and completion costs of the well, exclusive of all operating, processing, transportation and production costs.

During the year ended July 31, 2010, the Company entered into an agreement to lease the subsurface mineral rights from basement to surface on an additional 80 acres of land in Kindersley, Saskatchewan.

During the year ended July 31, 2011, the Company let the lease on the Saskatchewan property expire and abandoned the property. As a result, the property was written down to $Nil.

BRIXTON ENERGY CORP.

Notes to condensed financial statements
Six months ended January 31, 2014
Canadian Funds
(Unaudited – prepared by management)

6. Equipment

		Computer Equipment		Office Equipment		Pipeline Equipment		Total
Cost								
Balance at July 31, 2012	$	12,432	$	3,258	$	183,400	$ $	199,090
Additions		-		-		-		-
Disposals		-		-		-		-
Balance at July 31, 2013		12,432		3,258		183,400		199,090
Additions		-		-		-		-
Disposals		-		-		-		-
Balance at Jan 31, 2014	$	12,432	$	3,258	$	183,400	$	199,090
Accumulated depreciation								
Balance at July 31, 2012	$	11,727	$	1,891	$	131,000	$	144,618
Depreciation for the year		321		273		13,100		13,694
Balance at July 31, 2013	$	12,048	$	2,164	$	144,100	$	158,312
Depreciation for the period		166		154		6,550		6,748
Balance at Jan 31, 2014	$	12,091	$	2,318	$	150,650	$	165,059
Carrying amount								
July 31, 2013	$	384	$	1,094	$	39,300	$	40,778
Jan 31, 2014	$	341	$	940	$	32,750	$	34,031

7. Related Parties Transactions

Due from related parties as at January 31, 2014 is $20,646 (July 31, 2013: $20,646) receivable from a company with common directors.

Subscriptions receivable as at January 31, 2014 is $23,500 (July 31, 2013: $23,500) receivable from a company with common directors.

Due to related parties as at January 31, 2014 is $735,474 (July 31, 2013: $690,047) owing to directors, former directors, officers, former officers of the Company and a company with common directors. The balances are unsecured, non-interest bearing and have no fixed terms of repayment.

During the six months period ended January 31, 2014, the Company engaged in the following transactions with related parties:

Management fees of $75,000 (2013: $75,000) were paid or payable to directors of the Company.

Rent expense of $4,500 (2013: $4,500) were paid or payable to a director of the Company.

Consulting fees of $Nil (2013: $9,000) were paid and or are payable to a director of the Company.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

8. Loans Payable

The balance of loans payable as at January 31, 2014 is comprised of the following:

$469,044 in loans from third parties (July 31, 2013: $419,508). These loans are unsecured and due on demand with interest at 10% to 18% per year. A total of $95,208 (July 31, 2013: $75,672) in interest on these loans has been accrued as at January 31, 2014.

$13,775 in loans from a director of the Company (July 31, 2013: $11,186). These loan are unsecured and due on demand with interest at 18% per year. A total of $3,791 (July 31, 2013: $2,948) in interest on these loans has been accrued as at January 31, 2014.

9. Site Decommissioning Provision

The Company's site decommissioning provision ("the provision") result from net ownership in oil and gas interests including well sites gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its provision is approximately $Nil at January 31, 2014 (July 31, 2013:$153,000).

The undiscounted site decommissioning provision is subject to change based on amendments to environmental laws and regulations. The Company is not able to determine the impact on its statement of financial position, if any, of laws and regulations that may be enacted in the future.

Site decommissioning provision continuity schedule	
July 31, 2012	$ 15,888
Accretion expense	2,458
Effects of changes in estimates	66,861
July 31, 2013	85,207
Accretion expense	-
Effects of changes in estimates due to site restoration costs paid	(85,207)
Jan 31, 2014	$ -

10. Share Capital

a) Authorized share capital

As at January 31, 2014, the authorized share capital of the Company is 200,000,000 common shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Changes in issued common shares during the periods ended January 31, 2014 and July 31, 2013 were as follows:

During the year ended July 31, 2013, the Company closed a private placement to issue 1,150,000 non Flow-Through units at $0.05 per unit. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder to acquire an additional share for a period of one year at $0.10.

During the period ended January 31, 2014, the Company did not issue any shares.

c) Stock options

During the period ended January 31, 2014 and 2013, the Company granted nil stock options.

Summary of stock options outstanding and exercisable at January 31, 2014 are as follows:

Number of Shares	Exercise Price	Expiry Date	Weighted average remaining life (years)
133,332	$0.30	March 11, 2014*	0.12
100,000	$0.10	October 18, 2016	2.72
233,332			1.23

*Expired unexercised subsequent to January 31, 2014 period ending.

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2012	761,661	$0.32
Forfeited	(444,997)	$0.28
Expired	(83,332)	$0.72
Balance, July 31 and Jan 31, 2014	233,332	$0.21

10. Share Capital (Cont'd)

d) Warrants

The Company has no warrant outstanding as at January 31, 2014:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2012	1,442,117	$0.30
Issued	1,150,000	$0.10
Expired	(1,442,117)	$0.30
Balance, July 31, 2013	1,150,000	$0.10
Expired	(1,150,000)	$0.10
Balance, January 31, 2014	-	

11. Segmented Information

The Company conducts substantially all of its operations in Canada in one industry segment being the acquisition, exploration and development of oil and gas properties.

12. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers that its capital structure comprises all debt and shareholder's equity.
The properties in which the Company currently has an interest are in the exploration stage and pre-production 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.

The Company monitors its capital structure and makes adjustments when possible. Business conditions including current economic trends, the underlying risk characteristics of the Company's assets, the depth and breadth of its exploration and development portfolio, the desired pace of investment and availability of farm in and outs, current and forecasted oil & gas prices are all factors that the Company uses as inputs to its capital management process.

In order to maintain or adjust its capital structure, the Company may issue new common voting shares if available on favorable terms. The Company may also consider the sale of assets, adjust the current exploration and development capital expenditures programs, future investment and acquisition opportunities and the availability of other source of debts.

There were no changes in the Company's approach to capital management during the period.

13. Financial Instruments

The Company's financial instruments at January 31, 2014 consist of cash, accounts receivable, amounts due to/from related parties, accounts payable and accrued liabilities and loans payable. Cash and cash equivalents and are carried at fair value using a level 1 fair value measurement. The carrying value of accounts receivable, amounts due to related parties, accounts payable and accrued liabilities and loans payable approximate their fair value because of their nature and respective maturity dates or durations.

The risk exposure is summarized as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is limited to the carrying amount of its cash and cash equivalents and accounts receivable. Bank accounts are with a Canadian Schedule 1 bank with a $20 million counterparty credit limit. Accounts receivable are due primarily the Federal Government of Canada on HST receivable and from joint venture partners. The Company attempts to mitigate risk from joint venture receivables by collecting in advance for significant amounts related to partners' share of capital expenditures in accordance with the industry operating procedures.

As at January 31, 2014 and July 31, 2013, the Company's trade and other receivables were aged as follows:

	$ Jan 31 2014	$ July 31 2013
Not past due (less than 60 days)	2,282	4,522
Past due (60 to 90days)	4,687	6,120
Past due (greater than 90 days)	13,172	19,660
	$20,164	$30,310

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company manages its liquidity risk through private and public placements.

The Company's operating cash requirements including amounts projected to complete our existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to, available bank lines, oil production from existing wells, results from new wells drilled, commodity prices, cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

13. Financial Instruments (continued)

Market Risk

i. Interest Rate Risk:

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of January 31, 2014, the Company has no interest-bearing debt with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

ii. Foreign Currency Risk:

The Company's functional and reporting currency is the Canadian dollar and is not exposed to foreign currency risk.

iii. Price Risk:

The Company is subject to commodity price risk for the sale of oil. Oil prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from the extraction of petroleum products. As such, the effect of these factors on the price in future product sales, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

14. Contingencies

i) A company was hired by the Company to drill stem test at its primary target, the Granite Wash in Alberta. Management, however, felt that this company was negligent in providing their services and disputed their invoices. The entire amount in dispute has already been accrued for as petroleum property costs. During discovery in Calgary, the Company and the president of the company who performed the drilling agreed that this will be debt settled for shares including legal costs, providing the drilling company will perform services for the Company in the future. The Company changed this to a payment structure where it will offset the amount owing with future production from Panny well. Until Panny well is in production, Brixton will be paying the drilling company $3,750 per month and not less than $1,000 per month, commencing December 2010. A settlement was made with the Company agreeing to pay Delta-P Test Corp. $106,872 plus costs which have been included in Accounts Payable.

ii) The Company has been named a defendant in a legal action alleging misrepresentation related to the plaintiff's investment with the Company. The action seeks $25,000 plus damages. The plaintiff attempted to get the action certified as a class action but the application for certification was dismissed by the BC Supreme Court In 2009. No further action has been taken by the plaintiff during the year ended July 31, 2011. Legal counsel to the Company is unable to assess the Company's potential liability, if any, resulting from this action. Any settlement will be reflected as a charge to operations in the year occurred. No provision for possible loss has been included in these financial statements.

iii) An accredited investor has claimed that at the time of his investment, verbal representations were made to him that the Company would not issue any further private placement at a price lower than this shareholder's investment value of $0.25 per share and that the Company told this accredited investor that there would be a dedicated investor relations program established through an independent contractor. The Company maintains that at no time did it make these representations. Management believes that the claim has no merit, and is relying on a signed Subscription Agreement containing a whole agreement clause. The jurisdiction of the Provincial Small Claims court is limited to $25,000. No provision for possible loss has been included in these financial statements.

iv) The Company has disputes with three service providers and suppliers who provided services during the drilling activities at Gage area. The management believes that these service providers and suppliers were either negligent in providing their services or utilized used tools that had either damaged the well drilled or caused cost overruns. These three parties have filed claims against the Company for payments of their services. As at January 31, 2014, the Company negotiated settlement agreements with two of the three service providers. The Company has filed a counter claim against one of the service providers for the cost of the well and loss of revenue. This law suit is still outstanding as at January 31, 2014. The entire amounts in dispute with respect to invoices billed by the three above service provider have been accrued for and are capitalized as part of petroleum property costs.

v) The Company settled approximately $98,000 debts with a party in December 2007 and had issued shares to this party. This party, however, filed a claim against the Company on July 15, 2009 claiming that these debts have never been settled and shares have never been issued to them. During the year ended July 31, 2011, Brixton's legal counsel advised the Company that this matter has been concluded and the plaintiff discontinued its action against the Company.

14. Contingencies (continued)

vii) During the year ended July 31, 2013, two investors filed a claim against the Company for loans totaling $15,000 made to the Company. The claim was settled by BC small claims court awarding the two individuals their original loan amount of $15,000 plus accrued interest of 10%. The loan amount and accrued interest is included in Loans Payable as at January 31, 2014.

vii) Liens registered against the Company total $178,096 (July 31, 2013: $178,096).

15. Reclamation deposit

A reclamation deposit is a mandatory deposit by the ERCB Oil and Gas Conservation Regulations under the directive 068. This deposit is intended to offset potential suspension, abandonment, remediation, and reclamation costs of the Company's wells. During the period ended January 31, 2014, all of the deposit amounts were paid to offset abandonment and reclamation costs of the Company's wells. The Company had the reclamation deposit of $Nil as at January 31, 2014. (July 31, 2013 - $147,671).

16. Subsequent events

None.