Condensed Interim Financial Statements
(Expressed in Canadian dollars)

BRIXTON METALS CORPORATION

(An Exploration Stage Company)

Three months ended December 31, 2014 and 2013

NOTICE TO SHAREHOLDERS OF

Brixton Metals Corporation

Responsibility for Financial Statements:

The accompanying unaudited condensed interim financial statements for the three months ended December 31, 2014 of Brixton Metals Corporation have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

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

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	December 31, 2014	September 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 968,401	$ 1,148,947
Receivables (note 5)	37,642	37,763
Prepaid expenses	10,302	10,686
	1,016,345	**1,197,396**
Restricted cash (note 6)	85,000	85,000
Exploration and evaluation assets (note 8)	2,975,554	2,975,554
Equipment (note 7)	7,065	7,638
	$ **4,083,964**	$ **4,265,588**
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 64,683	$ 35,976
	64,683	**35,976**
Shareholders' equity:		
Share capital (note 11(b))	16,009,371	16,009,371
Reserves (note 11(d))	1,347,519	1,347,519
Deficit	(13,337,609)	(13,127,278)
	4,019,281	**4,229,612**
Nature of operations and going concern (note 1)		
Commitments (note 10)		
	$ **4,083,964**	$ **4,265,588**

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

Approved on behalf of the Board:

"Cale Moodie" Director

"Gary Thompson" Director

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Condensed Interim Statements of Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

	Three months ended	
	Dec 31, 2014	**Dec 31, 2013**
Expenses:		
Amortization	$ 573	$ 818
Conference and exhibition	556	537
Directors' fees	6,000	6,000
Geological exploration (note 14)	44,537	482,296
Insurance	384	5,596
Interest and bank charges	1,537	700
Investor relations	2,375	36,704
Listing and filing fees	4,345	3,047
Office and sundry	7,686	13,314
Professional services (note 9)	55,531	62,390
Rent	10,558	7,853
Salaries and employee benefits (note 9)	83,684	123,641
Share-based payments	-	76,743
Travel and meals	3,896	39,989
	221,662	**859,628**
Other income (expenses):		
Interest income	11,331	-
Recognition of flow-through premium liability (note 11(b))	-	91,845
	11,331	**91,845**
Loss and comprehensive loss for the period	**(210,331)**	**(767,783)**
Deficit, beginning of the period	(13,127,278)	(11,247,960)
Deficit, end of the period	**$ (13,337,609)**	**$ (12,015,743)**
Loss per share - basic and diluted	$ (0.02)	$ (0.07)
Weighted average number of shares outstanding	11,490,876	11,145,209

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

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Condensed Interim Statements of Changes in Equity
(Unaudited - expressed in Canadian dollars)

	Number of shares (note 11)		Share capital (note 11)		Share-based payments reserve		Deficit		Total equity
September 30, 2013	9,791,859	$	14,518,367	$	1,240,117	$	(11,247,960)	$	**4,510,524**
Share-based payments	-		-		76,743		-		**76,743**
Common shares issued for cash at $0.075	36,073		27,055		-		-		**27,055**
Common shares issued for cash at $0.10	1,253,311		1,253,311		-		-		**1,253,311**
Flow through shares issued for cash at $0.10	146,000		146,000		-		-		**146,000**
Flow through premium liability	-		(7,300)		-		-		**(7,300)**
Flow through shares issued for cash at $0.11	263,633		289,996		-		-		**289,996**
Flow through premium liability	-		(84,545)		-		-		**(84,545)**
Share issuance costs	-		(126,830)		-		-		**(126,830)**
Loss for the period	-		-		-		(767,783)		**(767,783)**
December 31, 2013	**11,490,876**		**16,016,054**		**1,316,860**		**(12,015,743)**		5,317,171
Share-based payments	-		-		30,659		-		**30,659**
Share issuance costs	-		(6,683)		-		-		**(6,683)**
Loss for the period	-		-		-		(1,111,535)		**(1,111,535)**
September 30, 2014	**11,490,876**		**16,009,371**		**1,347,519**		**(13,127,278)**		4,229,612
Loss for the period	-		-		-		(210,331)		**(210,331)**
December 31, 2014	**11,490,876**	**$**	**16,009,371**	**$**	**1,347,519**	**$**	**(13,337,609)**	**$**	4,019,281

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

BRIXTON METALS CORPORATION
(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Three months ended	
	Dec 31, 2014	Dec 31, 2013
Cash flows from operating activities:		
Loss for the period	$ (210,331)	$ (767,783)
Items not affected by cash:		
Amortization	573	818
Recognition of flow-through premium liability	-	(91,845)
Share-based payments	-	76,743
	(209,758)	(782,067)
Changes in non-cash working capital:		
Receivables	121	15,912
Prepaid expenses	384	(4,468)
Accounts payable and accrued liabilities	28,707	44,534
	(180,546)	(726,089)
Cash flows from financing activities:		
Shares issued for cash	-	1,716,362
Share issuance costs	-	(126,830)
	-	1,589,532
Increase in cash and cash equivalents	(180,546)	863,443
Cash and cash equivalents, beginning of the period	1,148,947	1,292,218
Cash and cash equivalents, end of the period	$ 968,401	$ 2,155,661

There were no significant non-cash transactions during the three months ended December 31, 2014 and 2013.

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

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

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. Several conditions discussed below result in material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

The Company has no operating revenue and incurred a loss of $210,331 for the three months ended December 31, 2014 (2013 - $767,783). As at December 31, 2014, the Company has an accumulated deficit of $13,337,609, cash and cash equivalents of $968,401 and working capital of $951,662. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

The Company currently has sufficient cash on hand to meet all exploration and general expenses for the 2015 fiscal year based on current budgets. The Company plans on raising additional capital to further develop and explore its Thorn project, however may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

These condensed interim financial statements do not reflect adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

Unless otherwise stated, amounts are expressed in Canadian dollars.

On May 23, 2014, the Company consolidated its issued and outstanding shares on the basis of 10 pre-consolidated shares for one post-consolidated share. All share and per share amounts in these condensed interim financial statements have been adjusted to reflect the share consolidation on a retrospective basis.

These condensed interim financial statements were authorized for issuance by the Board on February 20, 2015.

(b) 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 expenditures costs are recognized in profit and loss. Costs incurred before and after the Company has obtained the legal rights to explore an area of interest are recognized in profit and loss until such time the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, which then 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 including staking 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 payments in excess of capitalized costs recognized in income. Costs for a producing property will be amortized on a unit-of-production method based on the estimated life of the ore reserves. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

2. Significant accounting policies (continued):

(b) Exploration and evaluation assets (continued):

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset then the excess is treated as income in the period the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

(c) 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 computer equipment on the following basis:

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

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

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

(d) 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.

2. Significant accounting policies (continued):

(d) Impairment (continued):

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.

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.

(e) Provision for closure and reclamation:

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision for closure and reclamation as at December 31, 2014 and September 30, 2014.

2. Significant accounting policies (continued):

(f) Income taxes:

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

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

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.

(g) 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.

2. Significant accounting policies (continued):

(h) Financial instruments:

Financial assets:

Financial assets are classified into one of the following 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.

2. Significant accounting policies (continued):

(h) 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:

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consist of accounts payable, accrued liabilities and due to related parties.

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 and 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.

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.

2. Significant accounting policies (continued):

(h) Financial instruments (continued):

Impairment of financial assets (continued):

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.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to 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.

(i) Foreign currency translation:

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

(j) Comparative information:

Certain comparative information has been reclassified to conform to the current period's presentation.

(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 and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders.

2. Significant accounting policies (continued):

(k) Flow-through shares (continued):

The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that the Company has available tax pools for which the benefit has not been previously recognized as being realizable, the premium is recognized in profit or loss as a deferred income tax recovery to recognize the deferred tax asset offsetting the liability at the time of renunciation of the tax pools.

(l) Critical accounting judgements and estimates:

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates

The 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 mineral property; provision for environmental rehabilitation; inputs used in the valuation of share-based payments; and provision for deferred income tax, including the effects of flow-through shares.

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.

2. Significant accounting policies (continued):

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

Share-based payments (continued):

When warrants are issued in conjunction with another security ("Unit") the Company attributes the full value to the common share component of the Unit.

Mineral property:

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.

Deferred income tax:

The assessment of the probability of future taxable income in 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.

Judgements

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements are as follows:

Going concern:

Significant judgements are used in the Company's assessment of its ability to continue as a going concern as described in note 1.

(m) Accounting standards adopted in the current period:

As of October 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its condensed interim financial statements.

(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

(m) Accounting standards adopted in the current period (continued):

▪ IFRS 2 (Amendment)	Revised definitions for ‘vesting conditions’ and ‘market condition’ related to share based compensation
▪ IFRS 13 (Amendment)	Revised disclosure requirements for contracts under the scope of IFRS 9/IAS 39
▪ IAS 24 (Amendment)	New definitions for ‘related party’ encompassing key management personnel
▪ IAS 32 (Amendment)	New standard that clarifies requirements for offsetting financial assets and financial liabilities.(ii)
▪ IAS 36 (Amendment)	This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.(ii)
▪ IFRIC 21	This is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.(ii)

The application of these standards, amendments and interpretations has not had a material impact on the result and financial position of the Company.

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 May 31, 2014:

▪ IFRS 9	New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets.(i)

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

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

(Expressed in Canadian dollars)

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 the 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 approach on 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 guaranteed deposits, all held with major financial institutions.

5. Receivables:

	December 31, 2014	September 30, 2014
BC METC due from Government of BC	$ 32,020	$ 31,394
Amounts due from Government of Canada pursuant to GST input tax credits	5,622	6,369
Total	$ 37,642	$ 37,763

6. Restricted cash:

At December 31, 2014, the Company had an $85,000 (September 30, 2014 - $85,000) bond held with the Government of British Colombia for potential reclamation costs on its Thorn project in British Columbia. This bond is refundable at such time the Company completes the required reclamation (post exploration and currently not quantifiable) activities and receives approval from the regulating authorities.

(Expressed in Canadian dollars)

7. Equipment:

		Computer Equipment
Cost:		
At September 30, 2013	$	17,734
Assets acquired		-
At September 30, 2014 and December 31, 2014		17,734
Accumulated depreciation:		
At September 30, 2013	$	6,823
Depreciation for the year		3,273
At September 30, 2014		10,096
Depreciation for the period		573
At December 31, 2014	$	10,669
Carrying amounts:		
At September 30, 2013	$	10,911
At September 30, 2014	$	7,638
At December 31, 2014	$	7,065

8. Exploration and evaluation assets:

Balance consists of:

	December 31, 2014	September 30, 2014
Thorn, BC, Canada	$ 2,975,554	$ 2,975,554
Total	$ 2,975,554	$ 2,975,554

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.

8. Exploration and evaluation assets (continued):

(a) Thorn, BC, Canada:

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

The Company earned its 51% by making option payments totalling $150,000, issuing 300,000 common shares with a total fair value of $48,000, and incurring $1,750,000 in exploration expenditures on the property.

On February 26, 2013, the Company completed the acquisition of a 100% interest in the Thorn mineral property from Rimfire for consideration of $1,500,000 cash and the issuance of 7,000,000 common shares valued at $1,260,000 or $0.18 per share based on market value on the transaction date. As a result of the acquisition, the Company is no longer subject to the remaining obligations under the original agreement. The Company is subject to underlying royalties ranging from 1.5% 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.

(Expressed in Canadian dollars)

9. Related party transactions:

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

	Three months ended December 31, 2014	Three months ended December 31, 2013
Consulting fees and salaries to key management personnel or companies controlled by key management personnel	$ 112,250	$ 116,917
Director fees to a director or a company controlled by a director	6,000	6,000
Share-based payments to key management personnel	-	76,742

These transactions were in the normal course of operations and are measured at the exchange amount, which is determined on a cost recovery basis. Included in current liabilities is $3,000 (December 31, 2014 - $nil) 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.

10. Commitments:

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

2015	$ 41,398

11. Share capital:

(a) Authorized share capital:

Unlimited common shares without par value.

(b) Issued and outstanding common shares:

(*i*) Share issuances:

On October 11, 2013, the Company closed a non-brokered private placement financing, consisting of 12,533,106 (post-consolidation - 1,253,311) units at a price of $0.10 (post-consolidation - $1.00) per unit, 1,460,000 (post-consolidation - 146,000) flow-through shares at a price of $0.10 (post-consolidation - $1.00) per flow-through share, and 360,730 (post-consolidation - 36,073) common shares at a price of $0.075 (post-consolidation - $0.75) per share for total gross proceeds of $1,426,365.

(Expressed in Canadian dollars)

11. Share capital (continued):

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

(*i*) Share issuances (continued):

Each unit consisted of one pre-consolidated common share and one transferable pre-consolidated common share purchase warrant exercisable at a price of $0.15 (post-consolidation - $1.50) per share for a period of 24 months from the closing date. The 360,730 (post-consolidation - 36,073) common shares at $0.075 (post-consolidation - $0.75) per share were issued to Hecla under its pre-emptive right to maintain its 19.8% pro rata interest in the Company. In connection with the financing, the Company paid finders' fees of $70,000 cash and issued 700,000 (post-consolidation - 70,000) non-transferable warrants to agents. The Company recorded a flow-through premium liability of $7,300, which was fully amortized during the year ended September 30, 2014.

On November 8, 2013, the Company closed a non-brokered private placement financing consisting of 1,363,600 (post-consolidation - 136,360) flow-through shares at a price of $0.11 (post-consolidation - $1.10) per flow-through share for total gross proceeds of $150,000. In connection with the financing, the Company paid finders' fees of $7,500 cash. The Company recorded a flow-through premium liability of $27,272, which was fully amortized during the year ended September 30, 2014.

On December 23, 2013, the Company closed a non-brokered private placement financing consisting of 1,272,727 (post-consolidation - 127,273) flow-through shares at a price of $0.11 (post-consolidation - $1.10) per flow-through share for total gross proceeds of $140,000. In connection with the financing, the Company paid finders' fees of $7,000 cash. The Company recorded a flow-through premium liability of $57,273, which was fully amortized during the year ended September 30, 2014.

(*ii*) Escrow shares:

At September 30, 2013, 3,432,175 (post-consolidation – 343,218) common shares were held subject to an escrow agreement to be released from escrow over the next 12 months. At December 31, 2014, all shares had been released from escrow.

(c) Warrants:

At December 31, 2014, the following warrants (including agent warrants) were outstanding:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining contractual life in years
October 11, 2015	$ 1.50	1,323,311	0.78

(Expressed in Canadian dollars)

11. Share capital (continued):

(c) Warrants (continued):

	Number of warrants	Weighted average exercise price
Balance, September 30, 2013	1,095,972	$ 2.30
Granted during the year	1,323,311	1.50
Expired during the year	(1,095,972)	2.32
Balance, September 30, 2014 and December 31, 2014	1,323,311	$ 1.50

(d) Share-based payments:

The Board of Directors of the Company has approved a stock plan, whereby the number of shares issuable under the Plan is limited to 10% of the issued and outstanding shares of the Company. The exercise price of each option shall not be less than the discounted market price of the Company's shares as calculated on the date of grant. An option's maximum term is ten years and shall vest as determined by the Board of Directors. Options granted to investor relations consultants shall vest in stages over 12 months with no more than one-quarter of options vesting in any three month period. There were no options granted during the three months ended December 31, 2014. The following table reflects the continuity of stock options for the year ended September 30, 2014:

Number outstanding Sept 30, 2013	Acquired / granted	Exercised / cancelled	Number outstanding Sept 30, 2014	Weighted average exercise price per share	Expiry date	Weighted average remaining contractual life in years
90,000	-	90,000	-	$ 2.50	December 9, 2015	-
122,000	-	122,000	-	$ 1.10	September 6, 2021	-
60,000	-	60,000	-	$ 1.65	January 24, 2014	-
7,000	-	7,000	-	$ 1.65	January 24, 2022	-
130,000	-	130,000	-	$ 1.10	June 1, 2022	-
20,000	-	20,000	-	$ 1.80	December 4, 2022	-
450,000	-	450,000	-	$ 1.70	March 20, 2023	-
879,000	-	879,000	-			
			-	(Exercisable)		

The fair values of the stock options used to calculate compensation expense for both employees and non-employees for the options granted is estimated using the Black-Scholes option pricing model. The weighted average fair value per option granted during the years ended December 31, 2014 was $nil (2013 - $0.12). During the three months ended December 31, 2013, the Company recognized $nil (2013 - $76,743) in share-based payments for the fair value of the vesting portion of the stock options that were granted in the prior years. The following weighted average assumptions used in the calculation of fair value are as follows:

(Expressed in Canadian dollars)

11. Share capital (continued):

(d) Share-based payments (continued):

	Three months ended December 31, 2014	Three months ended December 31, 2013
Risk-free interest rate	N/A	1.21%
Expected volatility	N/A	105.86%
Expected life of options	N/A	3.73 years
Expected dividend yield	N/A	Nil

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

	Number of shares
Issued and outstanding at December 31, 2014	11,490,876
Reserved for warrants (note 11(c))	1,323,311
Shares reserved for issuance (fully diluted) at December 31, 2014	12,814,187

12. Segmented information:

As at December 31, 2014 the Company currently operates in one segment being the acquisition and exploration and evaluation assets located in British Columbia, Canada.

13. Financial instruments and risk management:

Financial instruments:

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

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

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

13. Financial instruments and risk management (continued):

Financial risk factors

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

(a) Credit risk:

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

(b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when they come due. As of December 31, 2014, the Company had cash of $968,401 to settle current liabilities of $64,683. All of the Company's financial liabilities are subject to normal trade terms.

(c) Market risk:

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

(*i*) Interest rate risk:

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.

(*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.

(*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.

(Expressed in Canadian dollars)

14. Supplemental schedule of geological exploration expenditures and acquisition costs:

	Three months ended December 31, 2014			Three months ended December 31, 2013		
	Acquisition and periodic option payments	Exploration	Total	Acquisition and periodic option payments	Exploration	Total
Thorn, BC, Canada:						
Analysis	$ -	$ 588	$ 588	$ -	$ 7,221	$ 7,221
Camp and general	-	2,011	2,011	-	97,339	97,339
Community relations	-	3,806	3,806	-	2,617	2,617
Drilling	-	-	-	-	230,503	230,503
Field supplies and rentals	-	-	-	-	67,370	67,370
Field transportation	-	2,415	2,415	-	-	-
Geological consulting	-	-	-	-	77,246	77,246
Maps, orthos, and reports	-	36,343	36,343	-	-	-
B.C. mineral tax refund	-	(626)	(626)	-	-	-
Option/acquisition payment	-	-	-	66,500	-	66,500
Total for the period	-	44,537	44,537	66,500	482,296	548,796
Opening balance	2,975,554	-	2,975,554	2,975,054	-	2,975,054
Period end cumulative balance	$ 2,975,554	$ 44,537	$ 3,020,091	$ 3,041,554	$ 482,296	$ 3,523,850