

# **Azimut Exploration Inc.**

Financial Statements  
**August 31, 2023 and 2022**



## Independent auditor's report

To the Shareholders of Azimut Exploration Inc.

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Azimut Exploration Inc. (the Company) as at August 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### What we have audited

The Company's financial statements comprise:

- the statements of financial position as at August 31, 2023 and 2022;
- the statements of net loss (earnings) and comprehensive loss (income) for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended August 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Assessment of indicators of impairment of exploration and evaluation assets</b></p> <p><i>Refer to note 2 – Summary of significant accounting policies and note 4 – Critical accounting estimates, judgments and assumptions to the financial statements.</i></p> <p>The carrying value of exploration and evaluation assets amounted to \$35,630,349 as at August 31, 2023. Exploration and evaluation assets are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. The determination of whether indicators of impairment exist requires the use of judgment by management. Factors which could trigger an impairment test (indicators of impairment) include, but are not limited to, (i) the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; (ii) substantive exploration and evaluation expenditures in a specific area are neither budgeted nor planned; and (iii) no commercially viable deposits have been discovered, and management has decided to discontinue such activities in the specific area.</p> <p>The total impairment loss related to exploration and evaluation assets is \$829,394 for the year ended August 31, 2023, which pertained to abandoned claims.</p> | <p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>Assessed the judgment by management in determining indicators of impairment related to exploration and evaluation assets, which included the following:<ul style="list-style-type: none"><li>Obtained for all claims, by reference to government registries, evidence to support (i) the right to explore the areas and (ii) claims' expiration dates.</li><li>Read the Board of Director minutes and obtain budget approvals to (i) evidence continued and planned exploration and evaluation expenditures, (ii) assess whether the right to explore in the specific areas is expected to be renewed, and (iii) assess whether exploration for and evaluation of mineral resources in specific areas has not led to commercially viable deposits and management as a result decided to discontinue such activities in the specific area.</li></ul></li></ul> |



| Key audit matter                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the key audit matter |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgment made by management in their assessment of indicators of impairment related to exploration and evaluation assets, which resulted in a high degree of subjectivity in performing procedures related to the judgment applied by management. |                                              |

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### Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### Responsibilities of management and those charged with governance for the financial statements

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

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

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



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## Auditor's responsibilities for the audit of the financial statements

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

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

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

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



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

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

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

**/s/PricewaterhouseCoopers LLP<sup>1</sup>**

Montréal, Quebec  
December 27, 2023

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<sup>1</sup> CPA auditor, public accountancy permit No. A122718

# Azimut Exploration Inc.

## Statements of Financial Position

(in Canadian dollars)

|                                                                                                  | As at<br>August 31,<br>2023<br>\$ | As at<br>August 31,<br>2022<br>\$ |
|--------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>                                                                                    |                                   |                                   |
| <b>Current assets</b>                                                                            |                                   |                                   |
| Cash and cash equivalents (Note 5)                                                               | 3,320,226                         | 14,035,435                        |
| Amounts receivable (Note 6)                                                                      | 1,486,176                         | 4,049,680                         |
| Asset available for sale (Note 7)                                                                | -                                 | 1,906,238                         |
| Prepaid expenses                                                                                 | 160,048                           | 129,740                           |
|                                                                                                  | <u>4,966,450</u>                  | <u>20,121,093</u>                 |
| <b>Non-current assets</b>                                                                        |                                   |                                   |
| Tax credit and mining rights receivable (Note 6)                                                 | 4,388,216                         | 2,387,064                         |
| Investments (Note 8)                                                                             | 36,251                            | 51,940                            |
| Property and equipment (Note 9)                                                                  | 1,537,871                         | 1,550,062                         |
| Intangible assets (less accumulated amortization of \$32,021;<br>\$25,822 as at August 31, 2022) | 2,060                             | 6,759                             |
| Right-of-use assets (Note 10)                                                                    | 111,119                           | 80,402                            |
| Exploration and evaluation assets (Note 11)                                                      | 35,630,349                        | 30,007,786                        |
|                                                                                                  | <u>41,705,866</u>                 | <u>34,084,013</u>                 |
| <b>Total assets</b>                                                                              | <u>46,672,316</u>                 | <u>54,205,106</u>                 |
| <b>Liabilities and Equity</b>                                                                    |                                   |                                   |
| <b>Current liabilities</b>                                                                       |                                   |                                   |
| Accounts payable and accrued liabilities                                                         | 1,265,981                         | 4,985,145                         |
| Advances received for exploration work                                                           | 217,609                           | 458,196                           |
| Lease liabilities (Note 12)                                                                      | 54,485                            | 36,976                            |
|                                                                                                  | <u>1,538,075</u>                  | <u>5,480,317</u>                  |
| <b>Non-current liabilities</b>                                                                   |                                   |                                   |
| Lease liabilities (Note 12)                                                                      | 50,672                            | 36,462                            |
| Asset retirement obligations (Note 13)                                                           | 1,549,924                         | 1,513,102                         |
|                                                                                                  | <u>1,600,596</u>                  | <u>1,549,564</u>                  |
| <b>Total liabilities</b>                                                                         | <u>3,138,671</u>                  | <u>7,029,881</u>                  |
| <b>Equity</b>                                                                                    |                                   |                                   |
| Share capital (Note 14)                                                                          | 60,035,081                        | 61,933,968                        |
| Underwriters' options (Note 15)                                                                  | -                                 | 635,182                           |
| Stock options (Note 16)                                                                          | 3,747,701                         | 3,779,214                         |
| Contributed surplus                                                                              | 4,857,941                         | 4,102,973                         |
| Deficit                                                                                          | (25,107,078)                      | (23,276,112)                      |
| <b>Total equity</b>                                                                              | <u>43,533,645</u>                 | <u>47,175,225</u>                 |
| <b>Total liabilities and equity</b>                                                              | <u>46,672,316</u>                 | <u>54,205,106</u>                 |

### Subsequent events (Note 23)

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

### Approved by the Board of Directors

(s) Jean-Charles Potvin Director

(s) Jean-Marc Lulin Director

# Azimut Exploration Inc.

## Statements of Net Loss (Earnings) and Comprehensive Loss (Income)

For the years ended August 31, 2023 and 2022

(in Canadian dollars, except number of common shares)

|                                                                         | 2023<br>\$ | 2022<br>\$  |
|-------------------------------------------------------------------------|------------|-------------|
| <b>Revenues</b>                                                         |            |             |
| Operator income (Notes 11a, b, e, f, g, h and i)                        | 139,555    | 107,435     |
| <b>Expenses</b>                                                         |            |             |
| General and administrative (Note 17)                                    | 1,477,158  | 1,672,592   |
| General exploration (Note 17)                                           | 194,431    | 208,597     |
| Impairment of exploration and evaluation assets (Note 11)               | 829,394    | 17,629      |
| <b>Operating expenses</b>                                               | 2,500,983  | 1,898,818   |
| <b>Financing cost (income), net</b>                                     |            |             |
| Interest income                                                         | (274,483)  | (180,414)   |
| Interest and bank charges                                               | 3,790      | 5,446       |
| Part XII.6 Tax                                                          | 8,328      | 41,506      |
| Unwinding of discount on asset retirement obligations (Note 13)         | 99,237     | 84,369      |
| Interest on lease liabilities                                           | 10,926     | 18,416      |
|                                                                         | (152,202)  | (30,677)    |
| <b>Other losses (gains)</b>                                             |            |             |
| Change in fair value – investments (Note 8)                             | 15,139     | 22,001      |
| Gain on option payments on exploration and evaluation assets (Note 11i) | (15,606)   | -           |
| Gain on sale of assets (Note 7)                                         | (377,793)  | -           |
|                                                                         | (378,260)  | 22,001      |
| <b>Loss before income taxes</b>                                         | 1,830,966  | 1,782,707   |
| Deferred income tax recovery (Note 19)                                  | -          | (3,399,557) |
| <b>Net loss (earnings) and comprehensive loss (income) for the year</b> | 1,830,966  | (1,616,850) |
| <b>Basic and diluted net loss (earnings) per share</b> (Note 20)        | 0.02       | (0.02)      |
| <b>Weighted average number of shares outstanding</b> (Note 20)          | 79,671,460 | 81,938,858  |

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



# Azimut Exploration Inc.

## Statements of Changes in Equity

For the years ended August 31, 2023 and 2022

(in Canadian dollars, except number of common shares)

|                                                     | <u>Share capital</u>         |                   | <u>Underwriters' options</u> | <u>Stock options</u> | <u>Contributed surplus</u> | <u>Deficit</u>      | <u>Total</u>      |
|-----------------------------------------------------|------------------------------|-------------------|------------------------------|----------------------|----------------------------|---------------------|-------------------|
|                                                     | <u>Number <sup>(1)</sup></u> | <u>\$</u>         | <u>\$</u>                    | <u>\$</u>            | <u>\$</u>                  | <u>\$</u>           | <u>\$</u>         |
| <b>Balance as at September 1, 2022</b>              | 82,193,844                   | 61,933,968        | 635,182                      | 3,779,214            | 4,102,973                  | (23,276,112)        | 47,175,225        |
| Net loss and comprehensive loss for the year        | -                            | -                 | -                            | -                    | -                          | (1,830,966)         | (1,830,966)       |
| Common shares repurchased for cancellation (Note 7) | (2,900,000)                  | (2,291,000)       | -                            | -                    | -                          | -                   | (2,291,000)       |
| Stock options exercised (Note 16)                   | 670,000                      | 395,306           | -                            | (180,106)            | -                          | -                   | 215,200           |
| Stock options expired (Note 16)                     | -                            | -                 | -                            | (119,786)            | 119,786                    | -                   | -                 |
| Underwriters' options expired (Note 15)             | -                            | -                 | (635,182)                    | -                    | 635,182                    | -                   | -                 |
| Stock-based compensation (Note 16)                  | -                            | -                 | -                            | 268,379              | -                          | -                   | 268,379           |
| Share issue expenses                                | -                            | (3,193)           | -                            | -                    | -                          | -                   | (3,193)           |
| <b>Balance as at August 31, 2023</b>                | <u>79,963,844</u>            | <u>60,035,081</u> | <u>-</u>                     | <u>3,747,701</u>     | <u>4,857,941</u>           | <u>(25,107,078)</u> | <u>43,533,645</u> |
| <b>Balance as at September 1, 2021</b>              | 81,753,844                   | 61,550,590        | 635,182                      | 3,010,920            | 4,028,710                  | (24,892,962)        | 44,332,440        |
| Net earnings and comprehensive income for the year  | -                            | -                 | -                            | -                    | -                          | 1,616,850           | 1,616,850         |
| Stock options exercised (Note 16)                   | 440,000                      | 386,260           | -                            | (179,960)            | -                          | -                   | 206,300           |
| Stock options expired (Note 16)                     | -                            | -                 | -                            | (74,263)             | 74,263                     | -                   | -                 |
| Stock-based compensation (Note 16)                  | -                            | -                 | -                            | 1,022,517            | -                          | -                   | 1,022,517         |
| Share issue expenses                                | -                            | (2,882)           | -                            | -                    | -                          | -                   | (2,882)           |
| <b>Balance as at August 31, 2022</b>                | <u>82,193,844</u>            | <u>61,933,968</u> | <u>635,182</u>               | <u>3,779,214</u>     | <u>4,102,973</u>           | <u>(23,276,112)</u> | <u>47,175,225</u> |

There were no common shares that were unpaid as at August 31, 20223 (Nil in 2022).

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

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

|                                                                        | August 31,<br>2023<br>\$ | August 31,<br>2022<br>\$ |
|------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Cash flows (used in) from operating activities</b>                  |                          |                          |
| Net (loss) earnings for the year                                       | (1,830,966)              | 1,616,850                |
| Items not affecting cash                                               |                          |                          |
| Depreciation of property and equipment (Note 9)                        | 19,045                   | 12,372                   |
| Amortization of intangible assets                                      | 6,199                    | 1,692                    |
| Depreciation of right-of-use assets (Note 10)                          | 54,266                   | 47,924                   |
| Change in fair value, investments (Note 8)                             | 15,139                   | 22,001                   |
| Impairment of exploration and evaluation assets (Note 11)              | 829,394                  | 17,629                   |
| Gain on option payments on exploration and evaluation assets (Note 11) | (15,606)                 | -                        |
| Gain on sale of exploration property (Note 7)                          | (377,793)                | -                        |
| Stock-based compensation cost (Note 16)                                | 268,379                  | 1,017,367                |
| Unwinding of discount on asset retirement obligations (Note 13)        | 99,237                   | 84,369                   |
| Recovery of deferred income taxes (Note 19)                            | -                        | (3,399,557)              |
|                                                                        | <u>(932,706)</u>         | <u>(579,353)</u>         |
| Changes in non-cash working capital items                              |                          |                          |
| Tax credits, mining rights and amounts receivable                      | 863,605                  | 1,959,382                |
| Prepaid expenses                                                       | (30,308)                 | (79,655)                 |
| Accounts payable and accrued liabilities                               | <u>(636,474)</u>         | <u>465,108</u>           |
|                                                                        | <u>196,823</u>           | <u>2,344,835</u>         |
|                                                                        | <u>(735,883)</u>         | <u>1,765,482</u>         |
| <b>Cash flows from financing activities</b>                            |                          |                          |
| Share issue expenses                                                   | (3,193)                  | (2,882)                  |
| Stock options exercised                                                | 215,200                  | 206,300                  |
| Repayment of lease liabilities                                         | <u>(53,264)</u>          | <u>(45,220)</u>          |
|                                                                        | <u>158,743</u>           | <u>158,198</u>           |
| <b>Cash flows used in investing activities</b>                         |                          |                          |
| Advance received for exploration work, net                             | 1,790,693                | 1,156,289                |
| Additions to property and equipment                                    | (320,140)                | (544,015)                |
| Additions to intangible assets                                         | (1,500)                  | (5,625)                  |
| Additions to exploration and evaluation assets                         | (16,525,068)             | (16,236,706)             |
| Option payments on E&E assets (Note 11)                                | 70,000                   | 20,000                   |
| Proceeds from sale of investments                                      | 550                      | -                        |
| Tax credit and mining rights received                                  | <u>4,847,396</u>         | <u>79,963</u>            |
|                                                                        | <u>(10,138,069)</u>      | <u>(15,530,094)</u>      |
| <b>Net change in cash and cash equivalents</b>                         | <u>(10,715,209)</u>      | <u>(13,606,414)</u>      |
| <b>Cash and cash equivalents – Beginning of year</b>                   | <u>14,035,435</u>        | <u>27,641,849</u>        |
| <b>Cash and cash equivalents – End of year</b>                         | <u>3,320,226</u>         | <u>14,035,435</u>        |
| <b>Additional information</b>                                          |                          |                          |
| Interest received                                                      | 274,483                  | 180,414                  |
| Interest paid                                                          | <u>(10,926)</u>          | <u>(65,370)</u>          |
| <b>Additional cash flow information (Note 22)</b>                      |                          |                          |

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

# Azimut Exploration Inc.

Notes to Financial Statements

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

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## 1 Nature of operations and general information

Azimut Exploration Inc. (“Azimut” or the “Company”), governed by the *Business Corporations Act (Quebec)*, is in the business of acquiring and exploring mineral properties. The Company’s registered office is at 110 De La Barre Street, Suite 224, Longueuil, Quebec, Canada. The mining and mineral exploration business involves a high degree of risk, and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company’s shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol AZM and on the OTCQX Market (“OTCQX”) under the symbol AZMTF.

Until it is determined that a property contains mineral reserves or resources that can be economically mined, it is classified as an exploration and evaluation asset (“E&E asset”). It has not yet been determined whether the Company’s properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for E&E assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation of its properties, and the profitable sale of the E&E assets.

Although management has taken steps to verify the titles to mineral properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration and evaluation of the properties, these procedures do not guarantee the Company’s title. Property titles may be subject to unregistered prior agreements and may not comply with regulatory requirements.

## 2 Summary of significant accounting policies

The significant accounting policies used in preparing these financial statements are described below.

### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The accounting policies applied to these financial statements, are consistent with those applied in previous fiscal years unless otherwise stated. The Company’s Board of Directors approved these financial statements for issue on December 27, 2023.

### Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value.

### Presentation and functional currency

The financial statements are presented in Canadian dollars, the functional currency of the Company.

### Jointly controlled assets and exploration activities

A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture (“JV”) without the formation of a corporation, partnership or other entity.

Where the Company’s activities are conducted through jointly controlled assets and exploration activities, the financial statements include the Company’s share in the assets and liabilities and the income and expenses from the joint operations.

### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and highly liquid short-term investments with original maturities of three (3) months or less from the date of purchase and which are readily convertible to known amounts of cash.

### Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset, and the net amount is reported in the Statements of Financial Position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## Azimut Exploration Inc.

Notes to Financial Statements

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

## 2 Summary of significant accounting policies (cont'd)

### Financial instruments (cont'd)

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial instruments into the following categories depending on the purpose for which the instruments were acquired.

- a) **Fair value through profit and loss investments:** Investments at fair value through profit and loss are equity investments recognized initially at fair value and subsequently measured at fair value. Gains or losses arising from changes in fair value are recorded in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income).
- b) **Amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Company's cash and cash equivalents and amounts receivable are classified within this category.

Investments are currently measured at fair value with changes in fair value, including any interest or dividend income recognized in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income).

**Financial liabilities at amortized cost:** Accounts payable and accrued liabilities and advances received for exploration work, which are classified as financial liabilities at amortized cost, are initially recognized at the amount required to be paid, less, when material, a discount to reduce to fair value. Accounts payable and accrued liabilities and advances received for exploration work are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve (12) months. Otherwise, they are presented as non-current liabilities.

### Impairment of financial assets

**Amortized cost:** The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from the initial recognition of the receivables. The Company assumes that there is no significant increase in credit risk for instruments with low credit risk.

### Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the Statement of Net Loss (Earnings) and Comprehensive Loss (Income) during the period in which they are incurred.

Property and equipment are depreciated as they become available using the declining balance method at the rates indicated below, except for camps and camps under finance lease, which are amortized using the straight-line method over periods of 54 and 126 months (camps) and 18 months (camps under finance lease). Depreciation of camps and camps under finance lease is capitalized to E&E assets.

|                       | Rate |
|-----------------------|------|
| Office furniture      | 20%  |
| Office equipment      | 20%  |
| Computer equipment    | 30%  |
| Specialized equipment | 30%  |
| Vehicle               | 30%  |

## **Azimut Exploration Inc.**

Notes to Financial Statements

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

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## **2 Summary of significant accounting policies (cont'd)**

### **Property and equipment (cont'd)**

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, methods of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income).

### **Identifiable intangible assets**

The Company's intangible assets include computer software with finite useful lives. These assets are capitalized and amortized at a 30% declining balance basis.

### **Leases**

At the inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i) the contract involves the use of an identified asset;
- ii) the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- iii) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be determined or the Company's incremental borrowing rate. The carrying amount of the rental obligations must be revalued if there is a change to the terms of the lease, to rent payments that are essentially fixed, or to the assessment of an option to purchase the underlying property.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The term of the lease is to be determined as the non-cancellable term of the lease plus any periods covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

### **E&E assets**

E&E assets comprise mineral properties and deferred exploration and evaluation expenses. Expenditures incurred during activities before mineral resource exploration and evaluation begins, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed as incurred and presented under general exploration in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income).

E&E assets include rights in mineral properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. Mineral property rights are recorded at acquisition cost. Mineral property rights and options to acquire undivided interests in mineral property rights are depreciated only as these properties are put into commercial production. These costs are impaired when properties are abandoned or when cost recovery or resource access is uncertain.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Since options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded.

## **2 Summary of significant accounting policies (cont'd)**

### **E&E assets (cont'd)**

Option payments are recorded as additions to E&E assets when the payments are made or as a reduction to E&E assets when payments are received.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Since options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded as additions to E&E assets when the payments are made or as a reduction to E&E assets when payments are received.

Proceeds on the sale of mineral properties are applied by property in reduction of the acquisition costs, then in reduction of the exploration costs and any residual is recorded in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income) unless contractual work is required, in which case the residual gain is deferred and will be reduced once the contractual disbursements are done.

Funds received from partners for exploration work on certain properties where the Company is the operator, as per agreements, are accounted for in the Statement of Financial Position as advances received for exploration work. These amounts are reduced gradually once the exploration work is performed. Project management fees, received when the Company is the operator, are recorded in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income).

The Company's exploration and evaluation expenditures for each separate area of interest are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in the search for deposits, including topographical, geological, geochemical and geophysical activities. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition.

Exploration and evaluation expenditures include the cost of the following:

- establishing the volume and grade of deposits through core drilling, trenching and sampling activities in an orebody;
- determining the optimal extraction methods and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether the development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a project moves into the development phase, exploration and evaluation expenditures are capitalized to development costs in property and equipment and are tested for impairment.

Exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

Cash flows attributable to capitalized E&E costs are classified as investing activities in the Statements of Cash Flows.

### **Impairment of non-financial assets**

Property and equipment and exploration and evaluation assets are reviewed by management for indicators of impairment at each statement of financial position date or when a triggering event is identified. E&E assets are reviewed by area of interest. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent of other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell or 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income). Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of the recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

## **Azimut Exploration Inc.**

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## **2 Summary of significant accounting policies (cont'd)**

### **Government assistance**

The Company is entitled to a refundable tax credit on qualified mineral exploration expenses incurred in the province of Quebec and to a mining duties credit, which are recorded against the deferred exploration expenditures in the financial position or recognized in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income) when the related general mining exploration expenses have been recognized in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income).

### **Provisions and asset retirement obligations**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation, and when the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for asset retirement obligations are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The increase in the provision due to the passage of time is recognized in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income) Loss. Changes in assumptions or estimates are reflected in the period in which they occur. The Company also records a corresponding asset amount, which is amortized in a logical and systematic manner.

### **Share-based payment transactions**

The fair value of share options granted to employees is recognized as an expense or capitalized to E&E assets over the vesting period with a corresponding increase in stock options. 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, including directors of the Company.

The fair value is measured at the grant date and recognized 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 Statement of 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.

### **Share capital and warrants**

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model to determine the fair value of warrants issued.

Warrants issued to brokers, in respect of an equity financing, are recognized as share issue expenses, reducing the share capital with a corresponding credit to warrants.

### **Underwriters' options**

The fair value of share options granted to the underwriters is measured by using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted and are recognized as share issue expenses, reducing the share capital with a corresponding credit to Underwriters' options.

### **Flow-through shares**

The Company finances some exploration and evaluation expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares and the amount the investors paid for the shares (the "premium"), measured in accordance with the residual value method, is recognized as other liability, which is reversed in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income) as a deferred tax recovery when eligible expenditures have been made.

## **2 Summary of significant accounting policies (cont'd)**

### **Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income) except to the extent that it relates to items recognized directly in other comprehensive loss or in equity, in which case it is recognized in other comprehensive loss or in equity, respectively. Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. A temporary difference is not provided for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date.

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

Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss and the weighted average number of common shares outstanding for the effects of all warrants, brokers' units and stock options that may add to the total number of common shares in the case where they would not have an anti-dilutive impact.

### **Segment disclosures**

The Company currently operates in a single segment: the acquisition, exploration and evaluation of mineral properties. All of the Company's activities are conducted in the province of Quebec (Canada).

## **3 Accounting standards adopted and accounting standards issued but not yet effective**

### **New accounting standards adopted**

#### **Amendments to IAS 16 – Property, Plant and Equipment**

The IASB has made amendments to IAS 16, which are effective for financial years beginning on or after January 1, 2022. Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Company therefore needs to distinguish between the costs associated with producing and selling items before the item of Property and equipment (pre-production revenue) is available for use and the costs associated with making the item of property and equipment available for its intended use. For the sale of items that are not part of a company's ordinary activities, the amendments require the Company to disclose separately the sales proceeds and related production costs recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of loss and comprehensive loss. These amendments have no impact on the Company's financial statements. While these amendments did not have retrospective effects upon adoption, any future sales of products and related costs of sales occurring before commercial production is achieved will be recorded in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income).



### **3 Accounting standards adopted and accounting standards issued but not yet effective (cont'd)**

#### **New accounting standards adopted (cont'd)**

##### **Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets**

The amendments to IAS 37, specifying which costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments to IAS 37, clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The adoption of these amendments did not have any impact on the Company's financial statements.

#### **New accounting standard issued but not yet in effect**

##### **Amendments to IAS 1 – Presentation of Financial Statements, classification of liabilities current or non-current**

In January 2020, the IASB amended IAS 1, which will be effective for financial years beginning on or after January 1, 2024. The standard amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period which only impacts the presentation of liabilities in the statement of financial position. The classification is unaffected by expectations about whether the Company will exercise its right to defer settlement of a liability. Management estimates that the adoption of the amendment will have no impact.

##### **Amendments to IAS 1 and IFRS Practice Statement 2: Making Materiality Judgements**

In February 2021, the IASB amended IAS 1 and IFRS Practice Statement 2 to require the Company to disclose its material accounting policy information rather than its significant accounting policies, effective for financial years beginning on or after January 1, 2023. Management estimates that the adoption of the amendment will have no impact.

##### **Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

In February 2021, the IASB amended IAS 8 to introduce a definition of accounting estimates and to help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. This amendment is effective for financial years beginning on or after January 1, 2023, management estimates that it will have no impact.

##### **Amendments to IAS 12 – Income Taxes**

In May 2021, the IASB amended IAS 12 to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The following standard amendments have been issued and will be effective as of September 1, 2023, for the Company, with earlier application permitted. Management estimates that it will have no impact.

### **4 Critical accounting estimates, judgments and assumptions**

Many of the amounts included in the financial statements require management to make judgments and/or estimates and assumptions. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements. Revisions to estimates are recognized prospectively.

Areas of significant estimates and assumptions affecting the amounts recognized in the financial statements include the following:

#### **a) Asset retirement obligations**

Asset retirement obligations arise from the development, construction and normal operation of mining property and equipment, as mining activities are subject to laws and regulations governing the protection of the environment. Such costs arising from the decommissioning of site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company also records a corresponding asset amount which is amortized over the remaining service life of the asset.

**4 Critical accounting estimates, judgments and assumptions (cont'd)****a) Asset retirement obligations (cont'd)**

Future remediation costs are accrued based on management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Changes in estimates are reflected in the period during which an estimate is revised. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each site. The Company also estimates the timing of the cash outflow, which is subject to change and is currently estimated to be the year 2026 in the Nunavik region and the year 2033 in the James-Bay region for the Elmer Discovery, which represents a significant accounting estimate by the Company. Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required from the Company. Increases in future costs could materially impact the amounts charged to activities for reclamation and remediation.

Areas of significant judgment affecting the amounts recognized in the financial statements include the following:

**a) Valuation of the refundable duties credit for losses and the refundable tax credit for resources**

The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at each Statement of Financial Position reporting date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources, the exploration and evaluation assets and expenses, and the income tax expenses in future periods.

The amounts recognized in the financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that the eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

**b) Impairment of non-financial assets**

The Company's measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The estimated recoverable amounts may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Company's financial position and the result of operations. Assets are reviewed for an indication of impairment at each Statement of Financial Position reporting date or when a triggering event is identified. Management is required to apply judgment when assessing whether there are any impairment indicators that could give rise to the requirement to conduct a formal impairment test related to exploration and evaluation assets. Factors which could trigger an impairment test (indicators of impairment) include, but are not limited to, (i) the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; (ii) substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned, and (iii) no commercially viable deposits have been discovered, and management has decided to discontinue such activities in the specific area.

Based on an impairment analysis performed in 2023, the Company impaired certain properties for which, some claims had been abandoned. In the Nunavik region, the Rex-Duquet and the Rex South properties were impaired for a total amount of \$829,394 (see Note 11 under Nunavik–Gold).

**5 Cash and cash equivalents**

As at August 31, 2023, the Company's cash and cash equivalents of \$3,320,266 (\$14,035,435 – August 31, 2022) included \$2,339,695 of high interest saving accounts bearing interest at 3.27% (\$9,163,858 bearing interest 1.95% – August 31, 2022), cashable any time without any penalties.

**Azimut Exploration Inc.**

Notes to Financial Statements

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

**6 Amounts receivable**

|                                                             | 2023<br>\$       | 2022<br>\$       |
|-------------------------------------------------------------|------------------|------------------|
| Tax credit and mining rights receivable                     | 4,388,216        | 4,824,375        |
| Less: Tax credit and mining rights receivable – Non-current | <u>4,388,216</u> | <u>2,387,064</u> |
| Tax credit and mining rights receivable – Current           | -                | 2,437,310        |
| Commodity taxes                                             | 66,536           | 834,814          |
| Amounts receivable                                          | <u>1,419,640</u> | <u>777,556</u>   |
| Current amount receivable                                   | <u>1,486,176</u> | <u>4,049,680</u> |

**7 Asset available for sale**

On August 8, 2022, Azimut and two affiliates of Newmont Corporation (“Newmont”) and an affiliate of Fury Gold Mines Limited (“Fury”) entered into an agreement for the sale of Azimut’s 23.77% participating interest in the Eleonore South Joint Venture (the “ELSV”) to Newmont and Fury (the “ELSV Transaction”). In consideration for the sale of its interest in the ELSV, Azimut received 2.9 million of the Company’s shares that Newmont had directly or indirectly controlled.

The ELSV Transaction closed on September 9, 2022. The 2.9 million common shares were repurchased for cancellation at a fair value of \$0.79 per Azimut’s common share for a total of \$2,291,000, resulting in the reduction of Azimut’s common shares issued and outstanding to 79,293,844.

**Participating interest in the ELSV <sup>(1)</sup>**

|                                                                         |                |
|-------------------------------------------------------------------------|----------------|
| Opening balance – August 31, 2022*                                      | 1,906,238      |
| Consideration received and returned to Azimut's treasury at fair value* | (2,291,000)    |
| Costs related to the transaction                                        | 6,969          |
| Gain on disposition of the participating interest in the ELSV           | <u>377,793</u> |
| Ending balance – August 31, 2023                                        | <u>-</u>       |

\* 2,900,000 common shares of Azimut at a price of \$0.79 as at September 9, 2022 (\$0.89 as at August 31, 2022)

<sup>(1)</sup> As at August 31, 2022, Azimut had classified its 23.77% participating interest in the ELSV as an available-for-sale asset under current assets at the lower of the carrying amount and the fair value less costs to sell.

**8 Investments**

|                              | As at August 31, 2023              |                     |                     | As at August 31, 2022              |                     |                     |
|------------------------------|------------------------------------|---------------------|---------------------|------------------------------------|---------------------|---------------------|
|                              | Market<br>price per<br>share<br>\$ | Number<br>of shares | Fair<br>value<br>\$ | Market<br>price per<br>share<br>\$ | Number<br>of shares | Fair<br>value<br>\$ |
| Agnico Eagle Mines Limited   | 65.610                             | 14                  | 919                 | -                                  | -                   | -                   |
| Captor Capital Corp.         | 0.115                              | 17,500              | 2,013               | 0.150                              | 17,500              | 2,625               |
| Fury Gold Mines Ltd.         | 0.540                              | 2,333               | 1,260               | 0.530                              | 2,333               | 1,236               |
| Monarch Mining Corp.         | 0.025                              | 2,092               | 52                  | 0.380                              | 2,092               | 795                 |
| Pan American Silver Corp.    | 22.34                              | 62                  | 1,385               | -                                  | -                   | -                   |
| Silver Spruce Resources Inc. | 0.015                              | 30,000              | 450                 | 0.020                              | 30,000              | 600                 |
| Vision Lithium Inc.          | 0.080                              | 25,000              | 2,000               | 0.065                              | 25,000              | 1,625               |
| West African Resources Ltd   | 0.855                              | 37,500              | 28,172              | 1.141                              | 37,500              | 42,780              |
| Yamana Gold Inc.             | -                                  | -                   | -                   | 5.800                              | 393                 | 2,279               |
|                              |                                    |                     | <u>36,251</u>       |                                    |                     | <u>51,940</u>       |

The investments are mainly held in common shares of Canadian publicly traded companies. The fair value of each investment in common shares is based on the quoted market prices of those shares on a recognized stock exchange at the end of each reporting period.

**Azimut Exploration Inc.**

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(in Canadian dollars)

**9 Property and equipment**

|                                           | Office<br>furniture<br>\$ | Office<br>equipment<br>\$ | Computer<br>equipment<br>\$ | Specialized<br>equipment<br>\$ | Camp <sup>(1)</sup><br>\$ | Vehicles<br>\$ | Total<br>\$      |
|-------------------------------------------|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------|----------------|------------------|
| <b>Year ended August 31, 2023</b>         |                           |                           |                             |                                |                           |                |                  |
| Opening net book amount                   | 1,413                     | 6,882                     | 33,238                      | 76                             | 1,508,327                 | 126            | 1,550,062        |
| Additions                                 | 538                       | -                         | 10,105                      | 262,844                        | 46,653                    | -              | 320,140          |
| Change in estimate                        | -                         | -                         | -                           | -                              | (62,415)                  | -              | (62,415)         |
| Depreciation for the years <sup>(1)</sup> | (301)                     | (1,276)                   | (10,913)                    | (6,554)                        | (250,838)                 | (34)           | (269,916)        |
| <b>Closing net book amount</b>            | <b>1,650</b>              | <b>5,606</b>              | <b>32,430</b>               | <b>256,366</b>                 | <b>1,241,727</b>          | <b>92</b>      | <b>1,537,871</b> |
| <b>As at August 31, 2023</b>              |                           |                           |                             |                                |                           |                |                  |
| Cost                                      | 22,663                    | 29,914                    | 112,831                     | 277,676                        | 2,281,289                 | 3,702          | 2,728,075        |
| Accumulated depreciation                  | (21,013)                  | (24,308)                  | (80,401)                    | (21,310)                       | (1,039,562)               | (3,610)        | (1,190,204)      |
| <b>Net book amount</b>                    | <b>1,650</b>              | <b>5,606</b>              | <b>32,430</b>               | <b>256,366</b>                 | <b>1,241,727</b>          | <b>92</b>      | <b>1,537,871</b> |
| <b>Year ended August 31, 2022</b>         |                           |                           |                             |                                |                           |                |                  |
| Opening net book amount                   | 1,765                     | 8,602                     | 24,941                      | 108                            | 600,396                   | 178            | 635,990          |
| Additions                                 | -                         | -                         | 18,565                      | -                              | 1,068,839                 | -              | 1,087,404        |
| Change in estimate                        | -                         | -                         | -                           | -                              | (102,420)                 | -              | (102,420)        |
| Depreciation for the years <sup>(1)</sup> | (352)                     | (1,720)                   | (10,268)                    | (32)                           | (58,488)                  | (52)           | (70,912)         |
| <b>Closing net book amount</b>            | <b>1,413</b>              | <b>6,882</b>              | <b>33,238</b>               | <b>76</b>                      | <b>1,508,327</b>          | <b>126</b>     | <b>1,550,062</b> |
| <b>As at August 31, 2022</b>              |                           |                           |                             |                                |                           |                |                  |
| Cost                                      | 22,125                    | 29,914                    | 102,726                     | 14,832                         | 2,297,051                 | 3,702          | 2,470,350        |
| Accumulated depreciation                  | (20,712)                  | (23,032)                  | (69,488)                    | (14,756)                       | (788,724)                 | (3,576)        | (920,288)        |
| <b>Net book amount</b>                    | <b>1,413</b>              | <b>6,882</b>              | <b>33,238</b>               | <b>76</b>                      | <b>1,508,327</b>          | <b>126</b>     | <b>1,550,062</b> |

<sup>(1)</sup> Depreciation of property and equipment included in E&E assets in the amount of \$250,871 (\$58,540 – August 31, 2022)**10 Right-of-use assets**

|                                        | 2023<br>Office<br>\$ | 2022<br>Office<br>\$ |
|----------------------------------------|----------------------|----------------------|
| Opening net book amount                | 80,402               | 128,326              |
| Additions                              | 84,983               | -                    |
| Depreciation for the year              | (54,266)             | (47,924)             |
| <b>Closing net book amount</b>         | <b>111,119</b>       | <b>80,402</b>        |
| <b>As at August 31</b>                 |                      |                      |
| Cost                                   | 309,157              | 224,174              |
| Accumulated depreciation               | (198,038)            | (143,772)            |
| <b>Net book amount as at August 31</b> | <b>111,119</b>       | <b>80,402</b>        |

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 11 Exploration and evaluation assets

All mineral properties are located in the Province of Quebec.

#### Change in E&E assets in 2023

| Mineral property              | Undivided interest | Cost as at August 31, 2022 | Additions | Option payments | Tax credit  | Cost as at August 31, 2023 | Accumulated impairment as at August 31, 2022 | Impairment | Accumulated impairment as at August 31, 2023 | Net book value as at August 31, 2023 |
|-------------------------------|--------------------|----------------------------|-----------|-----------------|-------------|----------------------------|----------------------------------------------|------------|----------------------------------------------|--------------------------------------|
|                               | %                  | \$                         | \$        | \$              | \$          | \$                         | \$                                           | \$         | \$                                           | \$                                   |
| <b>James Bay – Gold</b>       |                    |                            |           |                 |             |                            |                                              |            |                                              |                                      |
| Elmer                         | 100                |                            |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | 159,896                    | 38,780    | -               | -           | 198,676                    | -                                            | -          | -                                            | 198,676                              |
| Exploration costs             |                    | 23,670,147                 | 9,068,868 | -               | (3,945,875) | 28,793,141                 | -                                            | -          | -                                            | 28,793,141                           |
|                               |                    | 23,830,043                 | 9,107,648 | -               | (3,945,875) | 28,991,817                 | -                                            | -          | -                                            | 28,991,817                           |
| SOQUEM – JB Alliance          | (a)                | 50                         |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | 181,525                    | 38,474    | -               | -           | 219,999                    | -                                            | -          | -                                            | 219,999                              |
| Exploration costs             |                    | 2,314,242                  | 88,667    | -               | (41,882)    | 2,361,027                  | -                                            | -          | -                                            | 2,361,027                            |
|                               |                    | 2,495,767                  | 127,141   | -               | (41,882)    | 2,581,026                  | -                                            | -          | -                                            | 2,581,026                            |
| Dalmas-Galinée                | (b)                | 50                         |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | 51,581                     | 27,081    | -               | -           | 78,662                     | -                                            | -          | -                                            | 78,662                               |
| Exploration costs             |                    | 142,380                    | 161,453   | -               | (73,950)    | 229,883                    | -                                            | -          | -                                            | 229,883                              |
|                               |                    | 193,961                    | 188,534   | -               | (73,950)    | 308,545                    | -                                            | -          | -                                            | 308,545                              |
| Opinaca                       | (c)                | 25 - 100                   |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | 166,159                    | -         | -               | -           | 166,159                    | (148,416)                                    | -          | (148,416)                                    | 17,743                               |
| Exploration costs             |                    | 286,517                    | 63        | -               | -           | 286,580                    | (264,231)                                    | -          | (264,231)                                    | 22,349                               |
|                               |                    | 452,676                    | 63        | -               | -           | 452,739                    | (412,647)                                    | -          | (412,647)                                    | 40,092                               |
| Wabamisk                      | (d)                | 100                        |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | 23,838                     | 41,580    | -               | -           | 65,418                     | -                                            | -          | -                                            | 65,418                               |
| Exploration costs             |                    | 38,254                     | 323,733   | -               | (141,000)   | 220,987                    | -                                            | -          | -                                            | 220,987                              |
|                               |                    | 62,092                     | 365,313   | -               | (141,000)   | 286,405                    | -                                            | -          | -                                            | 286,405                              |
| Wapatik                       | (e)                | 100                        |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | -                          | -         | -               | -           | -                          | -                                            | -          | -                                            | -                                    |
| Exploration costs             |                    | 35,957                     | -         | (20,000)        | -           | 15,957                     | -                                            | -          | -                                            | 15,957                               |
|                               |                    | 35,957                     | -         | (20,000)        | -           | 15,957                     | -                                            | -          | -                                            | 15,957                               |
| Kukamas                       | (f)                | 100                        |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | 86,718                     | -         | (50,000)        | -           | 36,718                     | -                                            | -          | -                                            | 36,718                               |
| Exploration costs             |                    | 57,450                     | 11,808    | -               | -           | 69,258                     | -                                            | -          | -                                            | 69,258                               |
|                               |                    | 144,168                    | 11,808    | (50,000)        | -           | 105,976                    | -                                            | -          | -                                            | 105,976                              |
| Other                         |                    | 100                        |           |                 |             |                            |                                              |            |                                              |                                      |
| Acquisition costs             |                    | 87,620                     | 32,802    | -               | -           | 120,422                    | (57,706)                                     | -          | (57,706)                                     | 62,716                               |
| Exploration costs             |                    | 59,381                     | 7,537     | -               | (3,289)     | 63,629                     | (37,442)                                     | -          | (37,442)                                     | 26,232                               |
|                               |                    | 147,001                    | 40,339    | -               | (3,289)     | 184,051                    | (95,148)                                     | -          | (95,148)                                     | 88,903                               |
| <b>Total James Bay – Gold</b> |                    | 27,361,665                 | 9,840,846 | (70,000)        | (4,205,996) | 32,926,516                 | (507,795)                                    | -          | (507,795)                                    | 32,418,721                           |

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 11 Exploration and evaluation assets (cont'd)

#### Change in E&E assets in 2023 (cont'd)

| Mineral property                      | Undivided interest | Cost as at August 31, 2022 | Additions         | Option payments  | Tax credit         | Cost as at August 31, 2023 | Accumulated impairment as at August 31, 2022 | Impairment | Accumulated impairment as at August 31, 2023 | Net book value as at August 31, 2023 |
|---------------------------------------|--------------------|----------------------------|-------------------|------------------|--------------------|----------------------------|----------------------------------------------|------------|----------------------------------------------|--------------------------------------|
|                                       | %                  | \$                         | \$                | \$               | \$                 | \$                         | \$                                           | \$         | \$                                           | \$                                   |
| <b>James Bay – Chromium-PGE</b>       |                    |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Chromaska                             | 100                |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | 42,506                     | 3,523             | -                | -                  | 46,029                     | (32,929)                                     | -          | (32,929)                                     | 13,100                               |
| Exploration costs                     |                    | 918,645                    | 5,456             | -                | (2,380)            | 921,721                    | (916,580)                                    | -          | (916,580)                                    | 5,141                                |
| <b>Total James Bay – Chromium-PGE</b> |                    | <b>961,151</b>             | <b>8,979</b>      | <b>-</b>         | <b>(2,380)</b>     | <b>967,750</b>             | <b>(949,509)</b>                             | <b>-</b>   | <b>(949,509)</b>                             | <b>18,241</b>                        |
| <b>James Bay – Base Metals</b>        |                    |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Mercator                              | 100                |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | 53,001                     | 59,670            | -                | -                  | 112,671                    | -                                            | -          | -                                            | 112,671                              |
| Exploration costs                     |                    | 34,254                     | 7,585             | -                | (3,310)            | 38,529                     | -                                            | -          | -                                            | 38,529                               |
|                                       |                    | <b>87,255</b>              | <b>67,255</b>     | <b>-</b>         | <b>(3,310)</b>     | <b>151,200</b>             | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                     | <b>151,200</b>                       |
| Corne                                 | 100                |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | 26,727                     | 30,090            | -                | -                  | 56,817                     | -                                            | -          | -                                            | 56,817                               |
| Exploration costs                     |                    | 33,152                     | 6,364             | -                | (2,778)            | 36,738                     | -                                            | -          | -                                            | 36,738                               |
|                                       |                    | <b>59,879</b>              | <b>36,454</b>     | <b>-</b>         | <b>(2,778)</b>     | <b>93,555</b>              | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                     | <b>93,555</b>                        |
| Others *                              | 100                |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | 822                        | 680               | -                | -                  | 1,502                      | (822)                                        | -          | (822)                                        | 680                                  |
| Exploration costs                     |                    | -                          | 835               | -                | -                  | 835                        | -                                            | -          | -                                            | 835                                  |
|                                       |                    | <b>822</b>                 | <b>1,515</b>      | <b>-</b>         | <b>-</b>           | <b>2,337</b>               | <b>(822)</b>                                 | <b>-</b>   | <b>(822)</b>                                 | <b>1,515</b>                         |
| <b>Total James Bay – Base Metals</b>  |                    | <b>147,956</b>             | <b>105,224</b>    | <b>-</b>         | <b>(6,088)</b>     | <b>247,092</b>             | <b>(822)</b>                                 | <b>-</b>   | <b>(822)</b>                                 | <b>246,270</b>                       |
| <b>James Bay – Nickel</b>             |                    |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| JBN                                   | 100                |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | 352,859                    | 149,668           | -                | -                  | 502,527                    | -                                            | -          | -                                            | 502,527                              |
| Exploration costs                     |                    | 46,498                     | 99,498            | -                | (43,400)           | 102,596                    | -                                            | -          | -                                            | 102,596                              |
| <b>Total James Bay – Nickel</b>       |                    | <b>399,357</b>             | <b>249,166</b>    | <b>-</b>         | <b>(43,400)</b>    | <b>605,123</b>             | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                     | <b>605,123</b>                       |
| <b>James Bay – Lithium</b>            |                    |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Corvet                                | (j) 100            |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | 76,625                     | 119,930           | (196,555)        | -                  | -                          | -                                            | -          | -                                            | -                                    |
| Exploration costs                     |                    | 30,278                     | 46,181            | (50,459)         | (26,000)           | -                          | -                                            | -          | -                                            | -                                    |
|                                       |                    | <b>106,903</b>             | <b>166,111</b>    | <b>(247,014)</b> | <b>(26,000)</b>    | <b>-</b>                   | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                     | <b>-</b>                             |
| Kaanaayaa                             | (j) 100            |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | 107,697                    | 17,200            | (124,897)        | -                  | -                          | -                                            | -          | -                                            | -                                    |
| Exploration costs                     |                    | 74,768                     | 69,602            | (112,483)        | (31,887)           | -                          | -                                            | -          | -                                            | -                                    |
|                                       |                    | <b>182,465</b>             | <b>86,802</b>     | <b>(237,380)</b> | <b>(31,887)</b>    | <b>-</b>                   | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                     | <b>-</b>                             |
| JBL                                   | 100                |                            |                   |                  |                    |                            |                                              |            |                                              |                                      |
| Acquisition costs                     |                    | -                          | 450,864           | -                | -                  | 450,864                    | -                                            | -          | -                                            | 450,864                              |
| Exploration costs                     |                    | -                          | 130,341           | -                | (56,893)           | 73,448                     | -                                            | -          | -                                            | 73,448                               |
|                                       |                    | <b>-</b>                   | <b>581,205</b>    | <b>-</b>         | <b>(56,893)</b>    | <b>524,312</b>             | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                     | <b>524,312</b>                       |
| <b>Total James Bay – Lithium</b>      |                    | <b>289,368</b>             | <b>834,118</b>    | <b>(484,394)</b> | <b>(114,780)</b>   | <b>524,312</b>             | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                     | <b>524,312</b>                       |
| <b>Total James Bay</b>                |                    | <b>29,159,497</b>          | <b>11,038,333</b> | <b>(554,394)</b> | <b>(4,372,644)</b> | <b>35,270,793</b>          | <b>(1,458,126)</b>                           | <b>-</b>   | <b>(1,458,126)</b>                           | <b>33,812,667</b>                    |

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 11 Exploration and evaluation assets (cont'd)

#### Change in E&E assets in 2023 (cont'd)

| Mineral property                   |         | Undivided<br>interest | Cost as at<br>August 31,<br>2022 | Additions  | Option<br>payments | Tax<br>credit | Cost as at<br>August 31,<br>2023 | Accumulated<br>impairment as<br>at August 31,<br>2022 | Impairment | Accumulated<br>impairment as<br>at August 31,<br>2023 | Net book<br>value as at<br>August 31,<br>2023 |
|------------------------------------|---------|-----------------------|----------------------------------|------------|--------------------|---------------|----------------------------------|-------------------------------------------------------|------------|-------------------------------------------------------|-----------------------------------------------|
|                                    |         | %                     | \$                               | \$         | \$                 | \$            | \$                               | \$                                                    | \$         | \$                                                    | \$                                            |
| <b>Nunavik – Gold</b>              |         |                       |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Rex-Duquet                         | (g & h) | 100                   |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Acquisition costs                  |         |                       | 1,290,271                        | 81,794     | -                  | -             | 1,372,065                        | (1,054,369)                                           | (94,431)   | (1,148,800)                                           | 223,265                                       |
| Exploration costs                  |         |                       | 4,101,701                        | 90,712     | -                  | (15,500)      | 4,176,913                        | (3,134,729)                                           | (392,404)  | (3,527,133)                                           | 649,780                                       |
|                                    |         |                       | 5,391,972                        | 172,506    | -                  | (15,500)      | 5,548,978                        | (4,189,098)                                           | (486,835)  | (4,675,933)                                           | 873,045                                       |
| Rex South                          | (h)     | 100                   |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Acquisition costs                  |         |                       | 453,353                          | 68,186     | -                  | -             | 521,539                          | (104,513)                                             | (159,838)  | (264,351)                                             | 257,188                                       |
| Exploration costs                  |         |                       | 484,771                          | 118,360    | -                  | (9,600)       | 593,531                          | (145,089)                                             | (182,721)  | (327,810)                                             | 265,721                                       |
|                                    |         |                       | 938,124                          | 186,546    | -                  | (9,600)       | 1,115,070                        | (249,602)                                             | (342,559)  | (592,161)                                             | 522,909                                       |
| Nantais                            | (h)     | 100                   |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Acquisition costs                  |         |                       | 172,357                          | 8,100      | -                  | -             | 180,457                          | (95,299)                                              | -          | (95,299)                                              | 85,158                                        |
| Exploration costs                  |         |                       | 325,365                          | 619        | -                  | -             | 325,984                          | (204,913)                                             | -          | (204,913)                                             | 121,071                                       |
|                                    |         |                       | 497,722                          | 8,719      | -                  | -             | 506,441                          | (300,212)                                             | -          | (300,212)                                             | 206,229                                       |
| Other                              |         | 100                   |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Acquisition costs                  |         |                       | 738,409                          | -          | -                  | -             | 738,409                          | (738,282)                                             | -          | (738,282)                                             | 127                                           |
| Exploration costs                  |         |                       | 982,241                          | -          | -                  | -             | 982,241                          | (982,241)                                             | -          | (982,241)                                             | -                                             |
|                                    |         |                       | 1,720,650                        | -          | -                  | -             | 1,720,650                        | (1,720,523)                                           | -          | (1,720,523)                                           | 127                                           |
| <b>Total Nunavik – Gold</b>        |         |                       | 8,548,468                        | 367,771    | -                  | (25,100)      | 8,891,139                        | (6,459,435)                                           | (829,394)  | (7,288,829)                                           | 1,602,310                                     |
| <b>Nunavik – Base Metals</b>       |         |                       |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Doran                              |         | 100                   |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Acquisition costs                  |         |                       | 59,732                           | -          | -                  | -             | 59,732                           | -                                                     | -          | -                                                     | 59,732                                        |
| Exploration costs                  |         |                       | 19,817                           | 30,913     | -                  | (13,493)      | 37,237                           | -                                                     | -          | -                                                     | 37,237                                        |
| <b>Total Nunavik – Base Metals</b> |         |                       | 79,549                           | 30,913     | -                  | (13,493)      | 96,969                           | -                                                     | -          | -                                                     | 96,969                                        |
| <b>Nunavik – Diamonds</b>          |         |                       |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Diamrex                            |         | 100                   |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Acquisition costs                  |         |                       | 52,948                           | -          | -                  | -             | 52,948                           | -                                                     | -          | -                                                     | 52,948                                        |
| Exploration costs                  |         |                       | 7,885                            | -          | -                  | -             | 7,885                            | -                                                     | -          | -                                                     | 7,885                                         |
| <b>Total Nunavik – Diamonds</b>    |         |                       | 60,833                           | -          | -                  | -             | 60,833                           | -                                                     | -          | -                                                     | 60,833                                        |
| <b>Nunavik – Uranium</b>           |         |                       |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| North Rae *                        |         | 100                   |                                  |            |                    |               |                                  |                                                       |            |                                                       |                                               |
| Acquisition costs                  |         |                       | 484,977                          | -          | -                  | -             | 484,977                          | (484,977)                                             | -          | (484,977)                                             | -                                             |
| Exploration costs                  |         |                       | 709,305                          | -          | -                  | -             | 709,305                          | (709,305)                                             | -          | (709,305)                                             | -                                             |
| <b>Total Nunavik – Uranium</b>     |         |                       | 1,194,282                        | -          | -                  | -             | 1,194,282                        | (1,194,282)                                           | -          | (1,194,282)                                           | -                                             |
| <b>Total Nunavik</b>               |         |                       | 9,883,132                        | 398,684    | -                  | (38,593)      | 10,243,223                       | (7,653,717)                                           | (829,394)  | (8,483,111)                                           | 1,760,112                                     |
| <b>Total E&amp;E assets</b>        |         |                       | 39,042,629                       | 11,437,018 | (554,394)          | (4,411,237)   | 45,514,015                       | (9,111,843)                                           | (829,394)  | (9,941,237)                                           | 35,572,779                                    |

\* Fully impaired properties for which the Company still holds mining claims.

# Azimet Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 11 Exploration and evaluation assets (cont'd)

#### Change in E&E assets in 2022

| Mineral property                      |          | Undivided<br>interest | Cost as at<br>August 31,<br>2021 | Additions  | Option<br>payments | Reclassifi-<br>cation<br>(note 7) | Tax<br>credit | Cost as at<br>August 31,<br>2022 | Accumulated<br>impairment as<br>at August 31,<br>2021 | Impairment | Accumulated<br>impairment as at<br>August 31,<br>2022 | Net book<br>amount as at<br>August 31,<br>2022 |
|---------------------------------------|----------|-----------------------|----------------------------------|------------|--------------------|-----------------------------------|---------------|----------------------------------|-------------------------------------------------------|------------|-------------------------------------------------------|------------------------------------------------|
|                                       |          | %                     | \$                               | \$         | \$                 | \$                                | \$            | \$                               | \$                                                    | \$         | \$                                                    | \$                                             |
| <b>James Bay – Gold</b>               |          |                       |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Elmer                                 |          | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 148,220                          | 11,676     | -                  | -                                 | -             | 159,896                          | -                                                     | -          | -                                                     | 159,896                                        |
| Exploration costs                     |          |                       | 10,312,568                       | 15,369,137 | -                  | -                                 | (2,011,558)   | 23,670,147                       | -                                                     | -          | -                                                     | 23,670,147                                     |
|                                       |          |                       | 10,460,788                       | 15,380,813 | -                  | -                                 | (2,011,558)   | 23,830,043                       | -                                                     | -          | -                                                     | 23,830,043                                     |
| SOQUEM – JB Alliance                  | (a)      | 50                    |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 169,837                          | 11,688     | -                  | -                                 | -             | 181,525                          | -                                                     | -          | -                                                     | 181,525                                        |
| Exploration costs                     |          |                       | 2,081,342                        | 413,309    | -                  | -                                 | (180,409)     | 2,314,242                        | -                                                     | -          | -                                                     | 2,314,242                                      |
|                                       |          |                       | 2,251,179                        | 424,997    | -                  | -                                 | (180,409)     | 2,495,767                        | -                                                     | -          | -                                                     | 2,495,767                                      |
| Dalmas-Galinée                        | (b)      | 50                    |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 24,496                           | 27,085     | -                  | -                                 | -             | 51,581                           | -                                                     | -          | -                                                     | 51,581                                         |
| Exploration costs                     |          |                       | 141,264                          | 1,976      | -                  | -                                 | (860)         | 142,380                          | -                                                     | -          | -                                                     | 142,380                                        |
|                                       |          |                       | 165,760                          | 29,061     | -                  | -                                 | (860)         | 193,961                          | -                                                     | -          | -                                                     | 193,961                                        |
| Eleonore South                        | (note 7) | 23.77                 |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 60,546                           | 3,700      | -                  | (64,246)                          | -             | -                                | -                                                     | -          | -                                                     | -                                              |
| Exploration costs                     |          |                       | 1,571,699                        | 270,293    | -                  | (1,841,992)                       | -             | -                                | -                                                     | -          | -                                                     | -                                              |
|                                       |          |                       | 1,632,245                        | 273,993    | -                  | (1,906,238)                       | -             | -                                | -                                                     | -          | -                                                     | -                                              |
| Opinaca                               | (c)      | 25-100                |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 166,159                          | -          | -                  | -                                 | -             | 166,159                          | (148,416)                                             | -          | (148,416)                                             | 17,743                                         |
| Exploration costs                     |          |                       | 286,446                          | 126        | -                  | -                                 | (55)          | 286,517                          | (264,231)                                             | -          | (264,231)                                             | 22,286                                         |
|                                       |          |                       | 452,605                          | 126        | -                  | -                                 | (55)          | 452,676                          | (412,647)                                             | -          | (412,647)                                             | 40,029                                         |
| Wabamisk                              | (d)      | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 2,878                            | 20,960     | -                  | -                                 | -             | 23,838                           | -                                                     | -          | -                                                     | 23,838                                         |
| Exploration costs                     |          |                       | 28,613                           | 17,109     | -                  | -                                 | (7,468)       | 38,254                           | -                                                     | -          | -                                                     | 38,254                                         |
|                                       |          |                       | 31,491                           | 38,069     | -                  | -                                 | (7,468)       | 62,092                           | -                                                     | -          | -                                                     | 62,092                                         |
| Wapatik                               | (e)      | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 13,880                           | -          | (13,880)           | -                                 | -             | -                                | -                                                     | -          | -                                                     | -                                              |
| Exploration costs                     |          |                       | 42,077                           | -          | (6,120)            | -                                 | -             | 35,957                           | -                                                     | -          | -                                                     | 35,957                                         |
|                                       |          |                       | 55,957                           | -          | (20,000)           | -                                 | -             | 35,957                           | -                                                     | -          | -                                                     | 35,957                                         |
| Other                                 |          | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 151,490                          | 22,848     | -                  | -                                 | -             | 174,338                          | (47,996)                                              | (9,755)    | (57,706)                                              | 116,632                                        |
| Exploration costs                     |          |                       | 79,728                           | 68,262     | -                  | -                                 | (31,159)      | 116,831                          | (29,662)                                              | (7,735)    | (37,442)                                              | 79,389                                         |
|                                       |          |                       | 231,218                          | 91,110     | -                  | -                                 | (31,159)      | 291,169                          | (77,658)                                              | (17,490)   | (95,148)                                              | 196,021                                        |
| <b>Total James Bay – Gold</b>         |          |                       | 15,281,243                       | 16,238,169 | (20,000)           | (1,906,238)                       | (2,231,509)   | 27,361,665                       | (490,305)                                             | (17,490)   | (507,795)                                             | 26,853,870                                     |
| <b>James Bay – Chromium-PGE</b>       |          |                       |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Chromaska                             |          | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                     |          |                       | 32,929                           | 9,577      | -                  | -                                 | -             | 42,506                           | (32,929)                                              | -          | (32,929)                                              | 9,577                                          |
| Exploration costs                     |          |                       | 916,580                          | 3,665      | -                  | -                                 | (1,600)       | 918,645                          | (916,580)                                             | -          | (916,580)                                             | 2,065                                          |
| <b>Total James Bay – Chromium-PGE</b> |          |                       | 949,509                          | 13,242     | -                  | -                                 | (1,600)       | 961,151                          | (949,509)                                             | -          | (949,509)                                             | 11,642                                         |



# Azimut Exploration Inc.

Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

## 11 Exploration and evaluation assets (cont'd)

### Change in E&E assets in 2022 (cont'd)

| Mineral property                     | Undivided interest | Cost as at August 31, 2021 | Additions  | Option payments | Reclassification (note 7) | Tax credit  | Cost as at August 31, 2022 | Accumulated impairment as at August 31, 2021 | Impairment | Accumulated impairment as at August 31, 2022 | Net book amount as at August 31, 2022 |
|--------------------------------------|--------------------|----------------------------|------------|-----------------|---------------------------|-------------|----------------------------|----------------------------------------------|------------|----------------------------------------------|---------------------------------------|
|                                      | %                  | \$                         | \$         | \$              | \$                        | \$          | \$                         | \$                                           | \$         | \$                                           | \$                                    |
| <b>James Bay – Base Metals</b>       |                    |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Mercator                             | 100                |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Acquisition costs                    |                    | 53,001                     | -          | -               | -                         | -           | 53,001                     | -                                            | -          | -                                            | 53,001                                |
| Exploration costs                    |                    | 10,347                     | 42,426     | -               | -                         | (18,519)    | 34,254                     | -                                            | -          | -                                            | 34,254                                |
|                                      |                    | 63,348                     | 42,426     | -               | -                         | (18,519)    | 87,255                     | -                                            | -          | -                                            | 87,255                                |
| Corne                                | 100                |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Acquisition costs                    |                    | 26,727                     | -          | -               | -                         | -           | 26,727                     | -                                            | -          | -                                            | 26,727                                |
| Exploration costs                    |                    | 10,936                     | 39,424     | -               | -                         | (17,208)    | 33,152                     | -                                            | -          | -                                            | 33,152                                |
|                                      |                    | 37,663                     | 39,424     | -               | -                         | (17,208)    | 59,879                     | -                                            | -          | -                                            | 59,879                                |
| Others *                             | 100                |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Acquisition costs                    |                    | 7,551                      | -          | -               | -                         | -           | 7,551                      | (7,551)                                      | -          | (7,551)                                      | -                                     |
| Exploration costs                    |                    | 2,844                      | -          | -               | -                         | -           | 2,844                      | (2,844)                                      | -          | (2,844)                                      | -                                     |
|                                      |                    | 10,395                     | -          | -               | -                         | -           | 10,395                     | (10,395)                                     | -          | (10,395)                                     | -                                     |
| <b>Total James Bay – Base Metals</b> |                    | 111,406                    | 81,850     | -               | -                         | (35,727)    | 157,529                    | (10,395)                                     | -          | (10,395)                                     | 147,134                               |
| <b>James Bay – Nickel</b>            |                    |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| JBN                                  | 100                |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Acquisition costs                    |                    | 3,624                      | 349,235    | -               | -                         | -           | 352,859                    | -                                            | -          | -                                            | 352,859                               |
| Exploration costs                    |                    | -                          | 82,517     | -               | -                         | (36,019)    | 46,498                     | -                                            | -          | -                                            | 46,498                                |
| <b>Total James Bay – Nickel</b>      |                    | 3,624                      | 431,752    | -               | -                         | (36,019)    | 399,357                    | -                                            | -          | -                                            | 399,357                               |
| <b>James Bay – Lithium</b>           |                    |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Corvet                               | 100                |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Acquisition costs                    |                    | 63,857                     | 12,768     | -               | -                         | -           | 76,625                     | -                                            | -          | -                                            | 76,625                                |
| Exploration costs                    |                    | 9,934                      | 36,103     | -               | -                         | (15,759)    | 30,278                     | -                                            | -          | -                                            | 30,278                                |
|                                      |                    | 73,791                     | 48,871     | -               | -                         | (15,759)    | 106,903                    | -                                            | -          | -                                            | 106,903                               |
| Kaanaayaa                            | 100                |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Acquisition costs                    |                    | 107,697                    | -          | -               | -                         | -           | 107,697                    | -                                            | -          | -                                            | 107,697                               |
| Exploration costs                    |                    | 47,580                     | 48,248     | -               | -                         | (21,060)    | 74,768                     | -                                            | -          | -                                            | 74,768                                |
|                                      |                    | 155,277                    | 48,248     | -               | -                         | (21,060)    | 182,465                    | -                                            | -          | -                                            | 182,465                               |
| JBL                                  | 100                |                            |            |                 |                           |             |                            |                                              |            |                                              |                                       |
| Acquisition costs                    |                    | -                          | -          | -               | -                         | -           | -                          | -                                            | -          | -                                            | -                                     |
| Exploration costs                    |                    | -                          | -          | -               | -                         | -           | -                          | -                                            | -          | -                                            | -                                     |
|                                      |                    | -                          | -          | -               | -                         | -           | -                          | -                                            | -          | -                                            | -                                     |
| <b>Total James Bay – Lithium</b>     |                    | 229,068                    | 97,119     | -               | -                         | (36,819)    | 289,368                    | -                                            | -          | -                                            | 289,368                               |
| <b>Total James Bay</b>               |                    | 16,574,850                 | 16,862,132 | (20,000)        | (1,906,238)               | (2,341,674) | 29,169,070                 | (1,450,209)                                  | (17,490)   | (1,467,699)                                  | 27,701,371                            |

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 11 Exploration and evaluation assets (cont'd)

#### Change in E&E assets in 2022 (cont'd)

| Mineral property                  |         | Undivided<br>interest | Cost as at<br>August 31,<br>2021 | Additions  | Option<br>payments | Reclassifi-<br>cation<br>(note 7) | Tax<br>credit | Cost as at<br>August 31,<br>2022 | Accumulated<br>impairment as<br>at August 31,<br>2021 | Impairment | Accumulated<br>impairment as at<br>August 31,<br>2022 | Net book<br>amount as at<br>August 31,<br>2022 |
|-----------------------------------|---------|-----------------------|----------------------------------|------------|--------------------|-----------------------------------|---------------|----------------------------------|-------------------------------------------------------|------------|-------------------------------------------------------|------------------------------------------------|
|                                   |         | %                     | \$                               | \$         | \$                 | \$                                | \$            | \$                               | \$                                                    | \$         | \$                                                    | \$                                             |
| <b>Nunavik – Gold (cont'd)</b>    |         |                       |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Rex-Duquet                        | (g & h) | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                 |         |                       | 1,286,736                        | 3,535      | -                  | -                                 | -             | 1,290,271                        | (1,054,369)                                           | -          | (1,054,369)                                           | 223,902                                        |
| Exploration costs                 |         |                       | 4,085,084                        | 19,419     | -                  | -                                 | (2,802)       | 4,101,701                        | (3,134,729)                                           | -          | (3,134,729)                                           | 966,972                                        |
|                                   |         |                       | 5,371,820                        | 22,954     | -                  | -                                 | (2,802)       | 5,391,972                        | (4,189,098)                                           | -          | (4,189,098)                                           | 1,202,874                                      |
| Rex South                         | (h)     | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                 |         |                       | 453,353                          | -          | -                  | -                                 | -             | 453,353                          | (104,513)                                             | -          | (104,513)                                             | 348,840                                        |
| Exploration costs                 |         |                       | 445,968                          | 44,889     | -                  | -                                 | (6,086)       | 484,771                          | (145,089)                                             | -          | (145,089)                                             | 339,682                                        |
|                                   |         |                       | 899,321                          | 44,889     | -                  | -                                 | (6,086)       | 938,124                          | (249,602)                                             | -          | (249,602)                                             | 688,522                                        |
| Nantais                           | (h)     | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                 |         |                       | 172,357                          | -          | -                  | -                                 | -             | 172,357                          | (95,299)                                              | -          | (95,299)                                              | 77,058                                         |
| Exploration costs                 |         |                       | 325,144                          | 392        | -                  | -                                 | (171)         | 325,365                          | (204,913)                                             | -          | (204,913)                                             | 120,452                                        |
|                                   |         |                       | 497,501                          | 392        | -                  | -                                 | (171)         | 497,722                          | (300,212)                                             | -          | (300,212)                                             | 197,510                                        |
| Other                             |         | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                 |         |                       | 738,282                          | 127        | -                  | -                                 | -             | 738,409                          | (738,282)                                             | -          | (738,282)                                             | 127                                            |
| Exploration costs                 |         |                       | 982,241                          | -          | -                  | -                                 | -             | 982,241                          | (982,241)                                             | -          | (982,241)                                             | -                                              |
|                                   |         |                       | 1,720,523                        | 127        | -                  | -                                 | -             | 1,720,650                        | (1,720,523)                                           | -          | (1,720,523)                                           | 127                                            |
| <b>Total Nunavik – Gold</b>       |         |                       | 8,489,165                        | 68,362     | -                  | -                                 | (9,059)       | 8,548,468                        | (6,459,435)                                           | -          | (6,459,435)                                           | 2,089,033                                      |
| <b>Nunavik – Base Metal</b>       |         |                       |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Doran                             |         | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                 |         |                       | 59,732                           | -          | -                  | -                                 | -             | 59,732                           | -                                                     | -          | -                                                     | 59,732                                         |
| Exploration costs                 |         |                       | 8,906                            | 19,363     | -                  | -                                 | (8,452)       | 19,817                           | -                                                     | -          | -                                                     | 19,817                                         |
| <b>Total Nunavik – Base Metal</b> |         |                       | 68,638                           | 19,363     | -                  | -                                 | (8,452)       | 79,549                           | -                                                     | -          | -                                                     | 79,549                                         |
| <b>Nunavik – Diamond</b>          |         |                       |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Diamrex                           |         | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                 |         |                       | -                                | 52,948     | -                  | -                                 | -             | 52,948                           | -                                                     | -          | -                                                     | 52,948                                         |
| Exploration costs                 |         |                       | -                                | 13,993     | -                  | -                                 | (6,108)       | 7,885                            | -                                                     | -          | -                                                     | 7,885                                          |
| <b>Total Nunavik – Diamond</b>    |         |                       | -                                | 66,941     | -                  | -                                 | (6,108)       | 60,833                           | -                                                     | -          | -                                                     | 60,833                                         |
| <b>Nunavik – Uranium</b>          |         |                       |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| North Rae *                       |         | 100                   |                                  |            |                    |                                   |               |                                  |                                                       |            |                                                       |                                                |
| Acquisition costs                 |         |                       | 484,838                          | 139        | -                  | -                                 | -             | 484,977                          | (484,838)                                             | (139)      | (484,977)                                             | -                                              |
| Exploration costs                 |         |                       | 709,305                          | -          | -                  | -                                 | -             | 709,305                          | (709,305)                                             | -          | (709,305)                                             | -                                              |
| <b>Total Nunavik – Uranium</b>    |         |                       | 1,194,143                        | 139        | -                  | -                                 | -             | 1,194,282                        | (1,194,143)                                           | (139)      | (1,194,282)                                           | -                                              |
| <b>Total Nunavik</b>              |         |                       | 9,751,946                        | 154,805    | -                  | -                                 | (23,619)      | 9,883,132                        | (7,653,578)                                           | (139)      | (7,653,717)                                           | 2,229,415                                      |
| <b>Total E&amp;E assets</b>       |         |                       | 26,326,796                       | 17,016,937 | (20,000)           | (1,906,238)                       | (2,365,293)   | 39,052,202                       | (9,103,787)                                           | (17,629)   | (9,121,416)                                           | 29,930,786                                     |

\* Fully impaired properties for which mining claims are still held by the Company.

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### 11 Exploration and evaluation assets (cont'd)

|                                              | August 31,<br>2023<br>\$ | August 31,<br>2022<br>\$ |
|----------------------------------------------|--------------------------|--------------------------|
| Acquisition and exploration – Net book value | 35,572,779               | 29,930,786               |
| Prepaid exploration expenses                 | 57,570                   | 77,000                   |
|                                              | <u>35,630,349</u>        | <u>30,007,786</u>        |

The 2022 E&E assets have been regrouped where necessary to reflect the same area of interest and to conform with the 2023 presentation.

- a) The James Bay Strategic Alliance (the “JB Alliance”) was formed between Azimut and SOQUEM on September 22, 2016, to identify, acquire and explore highly prospective gold targets in the Eeyou Istchee James Bay Territory (the “James Bay region”) of Quebec. Under the terms of the JB Alliance, the Company delivered a target report to SOQUEM in exchange for a cash payment of \$100,000.

On April 25, 2019, Azimut and SOQUEM signed an agreement to amend the terms of the James Bay Alliance. Under the amended agreement, SOQUEM had earned its 100% interest in four (4) properties (Munischiwan, Pikwa, Pontois and Desceliers; the “SOQUEM Properties”) by investing \$2,715,992 in work expenditures and granting Azimut a 50% back-in option on the SOQUEM Properties in exchange for \$3,317,427 in work expenditures over three (3) years, which represents the same amount of SOQUEM’s cumulative investment in work expenditures on the SOQUEM Properties, and the Dalmas and Galinée properties. Azimut was the operator during the earn-in option period. During field seasons, SOQUEM has the right to provide up to 30% of the Company’s field personnel at a mutually agreed upon imputed rate. On May 31, 2021, Azimut fulfilled its obligations to exercise its back-in option to regain a 50% interest in the SOQUEM Properties. Since then, the SOQUEM Properties have been held as 50/50 JV projects, each property subject to a JV agreement between Azimut and SOQUEM. Azimut remains the operator of Munischiwan, Pontois and Desceliers. SOQUEM is the operator of Pikwa.

- b) The Dalmas and Galinée properties are subject to a JV agreement between Azimut and SOQUEM. On April 25, 2019, SOQUEM acquired a 50% interest in the Dalmas Property by making a cash payment of \$12,421 for the claim staking cost and \$107,045 for work expenditures, and a 50% interest in the Galinée Property by making a cash payment of \$87,900 for the claim staking cost and \$494,390 for work expenditures. Azimut remains the operator. During field seasons, SOQUEM has the right to provide up to 30% of the Company’s field personnel at a mutually agreed upon imputed rate.

- c) The Opinaca A and B properties are subject to a JV agreement with the following parties:

1. Opinaca A is a 50/50 JV project with Everton Resources Inc. (“Everton”). Everton earned 50% interest in March 2010 by making cumulative cash payments of \$180,000 and incurring \$2.8 million in work expenditures.
2. Opinaca B is a 25/50/25 JV project with Hecla Quebec Inc. (“Hecla”) and Everton. Everton earned its interest after it reached cumulative cash payments of \$160,000 in March 2010 and incurred \$2 million in work expenditures. Hecla earned its 50% interest after it reached cumulative cash payments of \$580,000 in November 2018 and incurred \$6 million in work expenditures. Of the total cash payment made by Hecla, Azimut received \$290,000.

- d) The Wabamisk Property was held 49% by Azimut and 51% by Newmont as at August 31, 2022. Newmont had earned its interest by making cumulative cash payments of \$500,000 and incurring \$4 million in work expenditures. On August 8, 2022, Newmont exercised its right to voluntarily withdraw from the Wabamisk JV in consideration for a nominal sum of \$1 from Azimut. In connection with the withdrawal, Newmont would cease to be a participant in the Wabamisk JV (the “Wabamisk Transaction”). The Wabamisk Transaction closed on September 9, 2022, giving Azimut a 100% interest in the 333 mining claims comprising the Wabamisk Property.

- e) The Wapatik Property was the subject of a letter of offering in which an exclusive offer was made to Mont Royal Resources Limited (“Mont Royal”) in exchange for a cash payment of \$20,000 to Azimut. On September 21, 2020, the Company granted Mont Royal the option to earn a 50% interest in the Wapatik Property by making cash payments to Azimut aggregating \$80,000, funding a minimum of \$4 million in work expenditures over four (4) years and performing a minimum 4,000 metres of diamond drilling. Under the terms of the agreement, Mont Royal may earn an additional 20% interest, for a total interest of 70%, by making an additional cash payment of \$120,000 and incurring an additional \$3 million in work expenditures over three (3) years from the election date, and by delivering a - preliminary economic assessment under

# Azimut Exploration Inc.

## Statements of Cash Flows

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### 11 Exploration and evaluation assets (cont'd)

National Instrument 43-101 on or before the third anniversary of the election notice.

- f) On November 30, 2022, the Company granted KGHM International Ltd (“KGHM”) the option to earn an initial 50% interest (the “first option”) in the Kukamas Property by making cash payments to Azimut aggregating \$250,000, funding a minimum of \$5 million in work expenditures over four (4) years and performing a minimum of 5,000 metres of diamond drilling. Azimut shall act as the operator during the first option phase.

KGHM may earn an additional 20% interest for a total interest of 70% (the “second option”) by making an additional cash payment of \$225,000 and incurring an additional \$4.2 million in work expenditures over three (3) years from the election date, and by delivering a preliminary economic assessment under National Instrument 43-101 on or before the third anniversary of the election notice. The second option period may be extended by up to three (3) years by incurring work expenditures of \$1,700,000 per extension year and making cash payments to Azimut of \$100,000 per extension year. KGHM will act as the operator during the second option phase.

If KGHM has exercised the first option and elects not to exercise the second option, it must pay Azimut \$75,000 in cash as a final payment.

- g) The Duquet Property was transferred to Azimut on September 30, 2015, in consideration of an aggregate 2.25% NSR royalty on the property under an agreement reached with SOQUEM, Osisko Exploration James Bay Inc. and Newmont Northern Mining ULC. The Duquet Property was grouped with the Rex Property to form a single entity (the Rex-Duquet Property) and became subject to the Nunavik Alliance (see h).
- h) The Nunavik Strategic Alliance (the “Nunavik Alliance”) was formed between Azimut and SOQUEM on April 25, 2019, under which SOQUEM has the option to earn an initial 50% interest in the Rex (now Rex-Duquet), Rex South and Nantais properties by investing \$16 million in exploration work over four (4) years, of which the first two (2) have a firm commitment of \$4 million per year. SOQUEM may also acquire an additional 10% interest by investing \$8 million per designated property over two (2) years, including the delivery of a preliminary economic assessment. Azimut is the operator of the Nunavik Alliance. During field seasons, SOQUEM has the right to provide up to 30% of the Company’s field personnel at a mutually agreed upon imputed rate.

On April 1, 2023, SOQUEM could decide to a) extend the suspension of its financial obligations for a maximum additional period of 1 year, b) pursue the option within the Alliance, including assuming the costs incurred by Azimut or c) abandon the option.

SOQUEM decided to extend the suspension of its financial obligations for a maximum additional period of one (1) year.

- i) On July 7, 2023, the Company signed two (2) Option to Joint Venture agreements with Rio Tinto Exploration Canada Inc (“Rio Tinto”) for its wholly owned Corvet and Kaanaayaa lithium properties.

Under the agreements, Rio Tinto can acquire a 50% interest on each property over four (4) years by funding \$1.5 million in exploration expenditures the first year and \$5.5 million in subsequent years and making cash payments totalling \$850,000, including \$250,000 per property on signing. The Company is the operator during this first option phase. Rio Tinto can earn an additional 20% interest over five (5) years with further work expenditures of \$50 million per property. Rio Tinto will act as the operator during this second option phase.

Upon Rio Tinto earning a 70% interest in a property, Azimut will have the option to be funded to production by way of a secured loan from Rio Tinto in exchange for an additional 5% interest in the property. At this stage, the respective interests in the property will be Azimut 25% and Rio Tinto 75%. If exercised, the loan shall accrue interest at SOFR + 4.5% per annum, to be paid back from 50% of the cash flow from production.

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 12 Leases liabilities

The Company leases office space, warehouse facilities and exploration equipment. The office lease is for five (5) years until June 30, 2023, with an option to renew for an additional year under the same conditions. In February 2023, the lease was extended until June 30, 2025. The warehouses and exploration equipment are covered by monthly leases and represent low-value items. The Company has elected not to recognize right-of-use assets or lease liabilities for these leases.

|                                    | 2023           | 2022          |
|------------------------------------|----------------|---------------|
|                                    | \$             | \$            |
| Opening balance                    | 73,438         | 118,658       |
| Addition                           | 84,983         | -             |
| Principal repayment for the year   | (53,264)       | (45,220)      |
| <b>Ending balance</b>              | <b>105,157</b> | <b>73,438</b> |
| Less: Current lease liability      | 54,485         | 36,976        |
| <b>Non-current lease liability</b> | <b>50,672</b>  | <b>36,462</b> |

### 13 Asset retirement obligations

The following tables summarize the Company's asset retirement obligations as at August 31, 2023 and 2022:

|                                                       | 2023                           |                |                  | 2022                           |                |                  |
|-------------------------------------------------------|--------------------------------|----------------|------------------|--------------------------------|----------------|------------------|
|                                                       | Rex-Duquet,<br>Rex South<br>\$ | Elmer<br>\$    | Total<br>\$      | Rex-Duquet,<br>Rex South<br>\$ | Elmer<br>\$    | Total<br>\$      |
| Opening balance                                       | 969,713                        | 543,389        | 1,513,102        | 987,764                        | -              | 987,764          |
| Addition                                              | -                              | -              | -                | -                              | 543,389        | 543,389          |
| Change in estimate                                    | (29,607)                       | (32,808)       | (62,415)         | (102,420)                      | -              | (102,420)        |
| Unwinding of discount on asset retirement obligations | 66,043                         | 33,194         | 99,237           | 84,369                         | -              | 84,369           |
| <b>Balance – End of year</b>                          | <b>1,006,149</b>               | <b>543,775</b> | <b>1,549,924</b> | <b>969,713</b>                 | <b>543,389</b> | <b>1,513,102</b> |

The following are the assumptions used to estimate the provisions for asset retirement obligation:

|                                                                      | Rex-Duquet,<br>Rex South<br>\$ | Elmer<br>\$ | Total<br>\$ |
|----------------------------------------------------------------------|--------------------------------|-------------|-------------|
| Estimated undiscounted cash flows to settle obligations              | \$1,094,929                    | \$758,316   | \$1,853,245 |
| Weighed average discount rate                                        | 9.43%                          | 6.13%       |             |
| Estimated number of years before disbursements to settle obligations | 2.5 years                      | 9.5 years   |             |

### 14 Share capital

An unlimited number of common shares are authorized, without par value, voting and participating.

### 15 Underwriters' options

On July 16, 2021, a total of 501,695 options were issued pursuant to a private placement. Each option was exercisable for one (1) common share of the Company at a price of \$1.90 per share until January 16, 2023. These unexercised options have expired.

### 16 Stock option plan

The Company maintains a stock option plan in which a maximum of 8,190,000 stock options may be granted. The number of shares reserved for issuance under the stock option plan is approximately 9.99% of the Company's 81,903,844 common shares issued and outstanding as at April 4, 2022, at which time the Company filed for an increase in the stock option plan. The exercise price of the options is set at the closing price of the Company's shares on the TSXV the day before the grant date. The options have a maximum term of ten (10) years following the grant date. If a blackout period should be in effect at the end of the term, the expiry date will be extended by ten (10) business days following the end of the blackout period. The options vest immediately unless otherwise approved and disclosed by the Board of Directors.

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 16 Stock option plan (cont'd)

The following tables summarize the information about stock options outstanding and their vesting status as at August 31, 2023 and 2022:

|                                   | 2023      |                                    | 2022      |                                    |
|-----------------------------------|-----------|------------------------------------|-----------|------------------------------------|
|                                   | Number    | Weighted average exercise price \$ | Number    | Weighted average exercise price \$ |
| Outstanding – Beginning of period | 6,079,000 | 0.77                               | 5,085,000 | 0.72                               |
| Granted                           | 300,000   | 0.89                               | 1,682,000 | 0.95                               |
| Exercised                         | (670,000) | 0.32                               | (440,000) | 0.47                               |
| Expired                           | (111,000) | 1.26                               | (110,000) | 1.146                              |
| Forfeited                         | -         | -                                  | (138,000) | 1.389                              |
| Outstanding – End of period       | 5,598,000 | 0.82                               | 6,079,000 | 0.77                               |
| Vested – End of period            | 5,139,000 |                                    | 5,752,000 |                                    |

  

| Exercise price \$   | Options outstanding | Options vested | Weighted average remaining contractual life (years) |
|---------------------|---------------------|----------------|-----------------------------------------------------|
| Between 0.19 – 0.50 | 1,335,000           | 1,335,000      | 3.54                                                |
| Between 0.51 – 1.00 | 2,795,000           | 2,645,000      | 7.39                                                |
| Between 1.01 – 1.50 | 1,460,000           | 1,151,000      | 9.37                                                |
| Between 1.51 – 2.00 | 8,000               | 8,000          | 6.93                                                |
|                     | 5,598,000           | 5,139,000      | 6.82                                                |

During the 2023 fiscal year, 300,000 stock options were granted to an employee, having a fair value of \$229,345. These stock options vest 1/3 immediately and 1/3 each year after the grant date. The options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the vesting period and the following assumptions:

|                                                              | Year ended August 31, 2023 | Year ended August 31, 2022 |
|--------------------------------------------------------------|----------------------------|----------------------------|
| Weighted average closing price the day before the grant date | \$0.89                     | \$0.95                     |
| Weighted average exercise price                              | \$0.89                     | \$0.95                     |
| Weighted average risk-free interest rate                     | 2.90%                      | 2.68%                      |
| Weighted average expected volatility                         | 87%                        | 87%                        |
| Weighted average expected life                               | 10 years                   | 10 years                   |
| Weighted average expected dividend yield                     | 0%                         | 0%                         |
| Weighted average fair value of options granted               | \$0.764                    | \$0.81                     |

# Azimut Exploration Inc.

## Statements of Cash Flows

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(in Canadian dollars)

### 17 Expenses by nature

|                                                                                     | 2023<br>\$       | 2022<br>\$       |
|-------------------------------------------------------------------------------------|------------------|------------------|
| Salaries and fringe benefits                                                        | 379,346          | 210,865          |
| Stock-based compensation                                                            | 114,833          | 824,766          |
| Professional and maintenance fees                                                   | 324,489          | 201,541          |
| Administration and office                                                           | 113,986          | 96,711           |
| Business development and administration fees                                        | 256,039          | 109,925          |
| Advertising                                                                         | 7,029            | 11,381           |
| Rent                                                                                | 7,912            | 4,139            |
| Insurance                                                                           | 88,567           | 49,352           |
| Conferences and meetings                                                            | 105,447          | 101,924          |
| Depreciation of property and equipment                                              | 19,045           | 12,372           |
| Amortization of intangible assets                                                   | 6,199            | 1,692            |
| Depreciation on right-of-use asset                                                  | 54,266           | 47,924           |
| <b>General and administrative expenses</b>                                          | <b>1,477,158</b> | <b>1,672,592</b> |
| Salaries for project generation                                                     | 32,205           | 6,730            |
| Other exploration expenses                                                          | 8,680            | 21,657           |
| Stock-based compensation                                                            | 153,546          | 192,601          |
| Refundable duties credit for losses and<br>refundable tax credit for resources, net | -                | (12,391)         |
| <b>General exploration</b>                                                          | <b>194,431</b>   | <b>208,597</b>   |

### 18 Related party transactions

#### Compensation of key management

Key management includes the directors, the President and Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), the Vice-President of Corporate Development (starting May 16, 2022) (“VPD”) and the Vice-President of Exploration (starting April 13, 2023) (“VPE”). The Vice-President of Technology and Business Development vacated the position on December 1, 2021. The compensation paid or payable for services provided by key management was as follows:

|                          | 2023<br>\$       | 2022<br>\$       |
|--------------------------|------------------|------------------|
| Salaries                 | 947,000          | 554,215          |
| Director fees            | 140,000          | 98,629           |
| Stock-based compensation | 223,698          | 807,516          |
|                          | <b>1,310,698</b> | <b>1,460,360</b> |

An amount of \$531,000 for salaries (\$282,158 in 2022) is capitalized to E&E assets.

As at August 31, 2023, accounts payable and accrued liabilities include an amount of \$168,874 (\$234,807 at August 31, 2022) owed to key management. These amounts are unsecured, non-interest bearing and due on demand.

If termination of employment is for reasons other than gross negligence, the CEO and CFO will be entitled to receive an indemnity equal to twelve (12) months of salary, and the VPD shall be entitled to receive an indemnity equal to twelve (12) weeks of salary after completing the first year of employment, increasing by four (4) weeks for every additional year of employment to a maximum of one (1) year of salary. The VPE shall be entitled to receive an indemnity equal to four (4) weeks of salary after completing up to the first year of employment, to twelve (12) weeks after one (1) year of employment and increasing by four (4) weeks for every additional year of employment to a maximum of one (1) year of salary after two (2) years of employment. The indemnity paid must not represent more than 10% of the Company’s cash and cash equivalents at such time. As at August 31, 2023, the entitled indemnity amounted to \$593,077.

In the event of a change of control or a termination of employment following a change of control, the CEO will be entitled to receive an indemnity of \$680,000, equal to twenty-four (24) months of salary. The CFO will be entitled to receive an indemnity of \$285,000, equal to eighteen (18) months of salary. The VPD will be entitled to receive an indemnity of \$266,667 within the

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 18 Related party transactions (cont'd)

#### Compensation of key management (cont'd)

twelve (12) months following the change of control, equal to sixteen (16) months of salary. The VPE will be entitled to receive an indemnity of \$146,667 within the twelve (12) months following the change of control, equal to eight (8) months of salary.

### 19 Income taxes

#### Component of income tax

The deferred tax expense consists of the following items:

|                                             | 2023 | 2022        |
|---------------------------------------------|------|-------------|
|                                             | \$   | \$          |
| Deferred income tax expense                 | -    | -           |
| Amortization of flow-through share premiums | -    | (3,399,557) |
| Recovery of deferred income taxes           | -    | (3,339,557) |

The effective income tax rate differs from the Canadian statutory tax rate due to the following items:

|                                                                              | 2023        | 2022        |
|------------------------------------------------------------------------------|-------------|-------------|
|                                                                              | \$          | \$          |
| Loss before income taxes                                                     | (1,830,966) | (1,782,707) |
| Combined federal and provincial income tax of 26.50% impair (26.50% in 2022) | (485,206)   | (472,417)   |
| Non-deductible expenses                                                      | 50,729      | 299,720     |
| Change in unrecognized deductible temporary differences                      | 425,399     | (2,519,450) |
| Tax effect of renounced flow-through share expenditures                      | -           | 2,835,412   |
| Amortization of flow-through share premiums                                  | -           | (3,399,557) |
| Other                                                                        | 9,078       | (143,265)   |
| Recovery of deferred income taxes                                            | -           | (3,399,557) |

The ability to realize the tax benefits is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Unrecognized deferred tax assets amounted to \$450,000.

As at August 31, 2023 and 2022, the significant components of the Company's deferred income tax assets and liabilities are as follows:

|                                              | 2023        | 2022        |
|----------------------------------------------|-------------|-------------|
|                                              | \$          | \$          |
| Deferred income tax assets                   |             |             |
| Non-capital losses                           | 2,565,000   | 2,079,000   |
| Capital losses                               | 38,000      | 37,000      |
| Investments                                  | 88,000      | 86,000      |
| Share and warrant issue expenses             | 280,000     | 427,000     |
| Property and equipment and intangible assets | 220,000     | 216,000     |
| E&E assets                                   | (3,150,000) | (3,221,000) |
| Asset retirement obligations                 | 411,000     | 401,000     |
| Right-of-use asset                           | (30,000)    | (21,000)    |
| Lease liability                              | 28,000      | 19,000      |
| Unrecognized deferred income tax assets      | 450,000     | 23,000      |



# Azimut Exploration Inc.

## Statements of Cash Flows

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(in Canadian dollars)

### 19 Income taxes (cont'd)

*Component of income tax (cont'd)*

As at August 31, 2023, the amounts and expiry dates of the losses available to reduce income tax in future years' are as follows:

|      | <b>Federal</b>   | <b>Provincial</b> |
|------|------------------|-------------------|
|      | <b>\$</b>        | <b>\$</b>         |
| 2043 | 1,838,000        | 1,824,000         |
| 2042 | 1,076,000        | 1,076,000         |
| 2041 | 797,000          | 797,000           |
| 2040 | 702,000          | 700,000           |
| 2039 | 74,000           | 74,000            |
| 2038 | 211,000          | 210,000           |
| 2037 | 185,000          | 184,000           |
| 2036 | 306,000          | 306,000           |
| 2035 | 410,000          | 409,000           |
| 2034 | 514,000          | 512,000           |
| 2033 | 436,000          | 434,000           |
| 2032 | 790,000          | 787,000           |
| 2031 | 687,000          | 705,000           |
| 2030 | 719,000          | 719,000           |
| 2029 | 816,000          | 818,000           |
| 2026 | 139,000          | 99,000            |
|      | <u>9,700,000</u> | <u>9,654,000</u>  |

As at August 31, 2023, the Corporation has accumulated capital losses in Canada for income tax purposes amounting to approximately \$283,000 (\$283,000 – August 31, 2022), and these can be carried forward indefinitely against future capital gains.

### 20 Net loss (earnings) per share

For the year ended August 31, 2023, the diluted loss per share was the same as the basic loss per share since the potential dilutive instruments had an anti-dilutive effect. Accordingly, the basic and diluted loss per share for 2023 was calculated using the basic weighted average number of shares outstanding of 79,671,460 in 2023.

For the year ended August 31, 2022, the diluted net earnings per share was calculated using the basic weighted average number of shares outstanding of 81,938,858 adjusted by the potential dilutive instruments of each stock option where the exercise price was lower than the average market price of the Company's share. During the year ended August 31, 2022, there were 2,484,671 stock options vested with an exercise price lower than the average market price of the Company's shares. As a result, the diluted weighted average number of shares of 84,423,528 was used to calculate the diluted net earnings per share in 2022.

### 21 Financial instruments, financial risks and capital management

#### Classification

The Company's financial instruments as at August 31, 2023, consist of cash and cash equivalents, amounts receivable, investments and accounts payable, accrued liabilities, and advances received for exploration work. The fair value of these financial instruments is either equal to their fair value (investments) or approximates their carrying value due to their short-term maturity or the fact that they bear interest at current market rates.

The classification of the Company's financial instruments is summarized as follows:

|                                          |                                         | <b>Fair value</b> |                   |
|------------------------------------------|-----------------------------------------|-------------------|-------------------|
|                                          |                                         | <b>2023</b>       | <b>2022</b>       |
|                                          |                                         | <b>\$</b>         | <b>\$</b>         |
| <b>Financial assets</b>                  | <b>Classification</b>                   |                   |                   |
| Cash and cash equivalents                | Amortized cost                          | 3,320,226         | 14,035,435        |
| Amounts receivable                       | Amortized cost                          | 1,419,640         | 777,556           |
| Investments                              | Fair value through profit and loss      | 36,251            | 51,940            |
|                                          |                                         | <u>4,776,117</u>  | <u>14,864,931</u> |
| <b>Financial liabilities</b>             |                                         |                   |                   |
| Accounts payable and accrued liabilities | Financial liabilities at amortized cost | 1,265,981         | 4,985,144         |
| Advances received for exploration work   | Financial liabilities at amortized cost | 217,609           | 458,196           |
|                                          |                                         | <u>1,483,590</u>  | <u>5,443,340</u>  |

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

## 21 Financial instruments, financial risks and capital management (cont'd)

### Classification (cont'd)

The Company defines the fair value hierarchy under which its financial instruments are valued as follows: Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 includes inputs other than quoted prices in Level 1 that are observable for assets or liabilities, either directly or indirectly; and Level 3 includes inputs for assets or liabilities that are not based on observable market data. There was no transfer of hierarchy level during the years ended August 31, 2023, and 2022.

### Financial risks

The Company is exposed to various financial risks, such as credit risk, liquidity risk and market risk, from its use of financial instruments.

### Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash and cash equivalents are deposited in Canadian chartered bank accounts or invested in a diversified manner in securities having an investment-grade rating, from which management believes the risk of loss to be minimal.

The credit risk associated with trade accounts receivable from partners arises from the possibility that the partners may be unable to repay their debts. These receivables result from expenditures incurred on behalf of partners. In 2023 and 2022, no allowance for doubtful accounts was recorded. The Company closely follows its cash position to reduce its credit risk on amounts receivable.

### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. As at August 31, 2023, the Company had sufficient funds, with a cash and cash equivalents balance of \$3,320,226 (\$14,035,435 – August 31, 2022), to settle current liabilities of \$1,538,075 (\$5,480,317 – August 31, 2022). In addition, a bought deal was closed in September 2023 for an amount of \$8.18 million (Note 23).

The following are the contractual maturities of financial liabilities, including interest where applicable, as at August 31, 2023:

|                                           | Carrying<br>amount<br>\$ | Contractual<br>cash flows<br>\$ | 0 to 12<br>months<br>\$ | 12 to 24<br>months<br>\$ | More than<br>24 months<br>\$ |
|-------------------------------------------|--------------------------|---------------------------------|-------------------------|--------------------------|------------------------------|
| Accounts payable and accrued liabilities, |                          |                                 |                         |                          |                              |
| advances received for exploration work    | 1,483,590                | 1,483,590                       | 1,483,590               | -                        | -                            |
| Lease liabilities                         | 105,157                  | 117,680                         | 64,189                  | 53,491                   | -                            |

### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's risk in that respect arises from its cash and cash equivalents and is not significant.

### Equity price risk

Equity price risk is the risk that the fair value of a financial instrument varies due to the changes in the Canadian mining sector and equity market. Changes in the fair value of investments at fair value through profit and loss are recorded under other gains and losses in the Statement of Net Loss (Earnings) and Comprehensive Loss (Income). For the Company's investments at fair value through profit and loss, a variation of  $\pm 10\%$  of the quoted market price as at August 31, 2023, would result in an estimated effect on the net income (loss) of \$4,000 for the year ended August 31, 2023 (\$5,000 – August 31, 2022).

The fair values of the investments in common shares of Canadian publicly traded companies are classified as Level 1 in the fair value hierarchy.

### Capital management

The Company considers the items included in equity as capital components.

In terms of capital management, the objectives of the Company are to maximize its ability to continue as a going concern. Management reviews its capital management approach on an ongoing basis, and as needed, the Company raises funds through private placements.

# Azimut Exploration Inc.

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(in Canadian dollars)

### 21 Financial instruments, financial risks and capital management (cont'd)

#### Capital management (cont'd)

There were no significant changes in the Company's approach to capital management during the year ended August 31, 2023. The Company is not subject to any externally imposed capital requirements unless the Company closes a flow-through placement, in which case the funds so raised are committed to being spent on qualifying exploration expenses. The variation of capital components is depicted in the Statements of Changes in Equity.

### 22 Additional cash flow information

|                                                                                                                         | 2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Acquisition of E&E assets included in accounts payable and accrued liabilities                                          | 836,855    | 3,919,545  |
| Depreciation of property & equipment and right-of-use assets included in E&E assets                                     | 250,871    | 58,540     |
| Refundable duties credit for losses and refundable tax credit for resources presented as a reduction in E&E assets, net | 4,381,262  | 2,365,293  |
| Stock-based compensation included in E&E assets                                                                         | -          | 5,150      |

### 23 Subsequent events

- On September 28, 2023, the Company closed a \$8.18 million bought deal private placement financing. The private placement consisted of 2,442,100 premium flow-through common shares at a price of \$2.0475 that will be used for critical mineral exploration expenditures, 550,600 flow-through common shares at a price of \$1.8165 per share and 2,082,100 common shares at a price of \$1.05.
- On October 16, 2023, the Company issued 100,000 common shares upon exercise of stock options with an exercise price of \$0.20.
- On October 26, 2023, the Company granted 1,032,000 stock options to its directors, officers, employees and consultants, with an exercise price of \$0.95 per stock option, expiring after ten 10 years.
- On December 8, 2023, the Company signed an Option to Joint Venture agreement with Ophir Gold Corp. ("Ophir Gold") for its wholly-owned Pilipas Property. Under the agreement, Ophir Gold can earn up to a 70% interest in the property from the Company over three (3) years by funding \$4 million in exploration expenditures and by making payments totalling 6 million Ophir Gold shares and \$100,000 in cash. The agreement is subject to regulatory approvals by the TSXV.