

AZINCOURT ENERGY CORP.
Management Discussion and Analysis (“MD&A”)
for the year ended September 30, 2018

The following discussion and analysis of the operations, results, and financial position of Azincourt Energy Corp. (“the Company”) for the year ended September 30, 2018 should be read in conjunction with the Company’s audited financial statements and related notes for the year ended September 30, 2018. The effective date of this report is December 20, 2018. All figures are presented in Canadian dollars, unless otherwise indicated.

COMPANY OVERVIEW

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on April 7, 2011. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company’s primary objective is to explore mineral properties to a stage where they can be developed profitably or sold to a third party.

On April 30, 2012, the Company completed an initial public offering (“IPO”) of 6,000,000 common shares at a price of \$0.15 per common share for gross proceeds for \$900,000. On May 1, 2012, the Company was listed on the TSX Venture Exchange (“TSX-V”) and commenced trading under the symbol “AAZ”.

The Company owns a 10% interest in the Patterson Lake North Project (the “PLN Project” or “PLN”) located in the Athabasca Basin, Saskatchewan, Canada (refer to Mineral Properties below for details). The project is subject to a 2% net smelter returns (“NSR”) royalty.

HIGHLIGHTS FOR THE YEAR ENDED SEPTEMBER 30, 2018 AND SUBSEQUENT PERIOD UP TO DECEMBER 20, 2018

On October 6, 2017, the Company completed the second tranche of a non-brokered private placement. The second tranche closing consisted of the issuance of 3,900,000 units at \$0.05 per unit for gross proceeds of \$195,000.

On December 21, 2017, the Company granted 1,410,000 stock options to directors, officers and consultants of the Company. Each option is exercisable to purchase one common share of the Company until December 21, 2022 at \$0.10 per share.

On January 11, 2018 (amended July 9, 2018), the Company signed a Property Option Agreement with New Age Metals to acquire 100% interest in several property claims in Manitoba, Canada. The Company paid \$100,000 and issued 1,000,000 common shares in relation to the agreement.

On January 23 2018, the Company completed a non-brokered private placement by issuing 11,033,325 units at \$0.15 per unit for gross proceeds of \$1,655,000.

On February 1, 2018, the Company issued 1,000,000 stock options to consultants at an exercise price of \$0.20 per share until February 1, 2020.

During the year ended September 30, 2018, 12,925,579 warrants were exercised for total proceeds of \$1,364,799.

During the year ended September 30, 2018, 180,000 options were exercised for total proceeds of \$18,000.

MINERAL PROPERTY EXPLORATION

PATTERSON LAKE NORTH – Athabasca Basin, Canada

As at September 30, 2018, the Company has incurred total acquisition costs of \$775,894 (September 30, 2017 - \$775,894) and additional exploration costs to acquire its interest.

Summary of the PLN and exploration update

The Athabasca Basin is a premier geologic district notable for hosting the world's richest uranium deposits, with a well-established and politically stable uranium exploration and mining sector. Recent discoveries of high-grade uranium in the southwestern region of the Athabasca Basin are considered by the Company to indicate the prospective merit of this underexplored area.

PLN lies adjacent to the north end of Fission Uranium's Patterson Lake South (PLS) property, where uranium mineralization has been traced by drilling over 2.24 kilometres strike length. Fission Uranium has defined significant high grade U₃O₈ mineral resources at PLS.

PLN is prospective for hosting structurally controlled high-grade uranium mineralization that is often associated with basement graphitic shear zones within clay-altered metasedimentary basement lithologies. These features have unique characteristics that can be identified by various geophysical surveys.

PLN lies within a large-basin-scale northeast-trending gravity low structural corridor that also incorporates the adjacent PLS property. The former Cluff Lake mine (greater than 60 million pounds U₃O₈ produced) and the UEX-Areva Shea Creek deposits (42 km and 27 km to the north respectively) lie along the western margin of this structural feature. The recently discovered high-grade uranium mineralization found at PLS located 5.7 km to the south also lies within this structural corridor. Coincidentally, PLN also lies within a complex magnetic corridor showing magnetic highs and lows, and breaks in regional major features. Several electromagnetic anomalies are evident within PLN, including what may be interpreted to be the southern extension of the Saskatoon Lake EM conductor, which itself is associated with the Shea Creek deposit to the north.

Prior to initiating the joint venture (JV) Fission spent approximately \$4.7million on exploration on PLN, ranging from airborne to ground geophysics to a first-pass drilling of a few select targets. Portions of PLN are currently drill ready, and other areas require further ground geophysical surveys and interpretation to bring them up to drill-ready stage. Work to date on PLN since the JV was initiated, has consisted of the following:

Airborne VTEM Max Geophysical Survey & Ground MT Survey Follow up

An airborne VTEM Max (versatile time-domain electromagnetic) airborne geophysics survey completed in August 2013 - The outcome of this survey resulted in the discovery of an 8.5 km long north-south trending package of conductive basement rocks in the northern PLN project area. A 5-km follow-up Internal Field Gradient Magneto-Tellurics (MT) ground geophysics

survey test line over the northern portion of this package has been completed by EMPulse Geophysics Inc. at 100m stations. The preliminary interpretation suggests that the conductive basement package is comprised of a series of 3, parallel west dipping basement EM conductors referred to as the N Conductor system. Conductive basement rocks (EM conductors) are important criteria in targeting Athabasca-type unconformity uranium deposits.

Outcrop, historical drill core and soil sampling work:

Outcrop, historical drill core and soil sampling work was completed by Athabasca Basin expert, Dr. Paul Ramaekers, to enhance knowledge of local and regional Athabasca sandstone stratigraphy. A total of 56 soil and 16 outcrop samples were collected from throughout the project area and available historical diamond drill core was re-logged from the central project area. This work will also assist in standardizing sandstone logging procedures and interpretation for the project team.

As a result of the work described above, a number of high-priority drill targets were selected for the 2014 winter drill program. Geophysics followed up results from October's MT survey to further refine drill targets.

Year 1 Winter 2014 Exploration Program – highlights:

- Approximately 2000m of drilling was completed in seven holes testing 3 separate basement electromagnetic (EM) conductors: four holes were completed to target depth, one hole was partially completed before being lost due to technical difficulties and 2 attempts were abandoned in thick overburden.
- Drilling encountered a lithological setting with structural complexity similarly analogous to that of the PL-3B conductor and its association with uranium mineralization at Fission Uranium's PLS project. Although only limited radioactivity was encountered, encouraging basement lithology, alteration and structural features confirm the high prospectivity of the target areas. Further drilling is required to evaluate these target areas.
- Drilling of the shallow southern lake targets was not undertaken as a result of unsuitable winter ice conditions. However anomalous radon in water survey results confirm the high prospectivity of these targets and additional Squid EM surveys were completed in the Broach Lake area.
- Azincourt and its JV partner, Fission 3.0, are encouraged with the winter results. The plan will be to continue follow up drilling those targets identified, and confirmed on land through the remainder of this year, and refine the lake targets for testing next winter.

Year 2 Spring/Summer Exploration Program Plan - highlights:

- Linecutting and a pole-pole DC Resistivity survey was completed on a 76.5 line km grid over the N Conductor system in northern PLN.
- Linecutting and a pole-dipole DC resistivity survey were completed on a 34 line km grid located over the Broach Lake conductor system in southern PLN.
- 6 Diamond Drill holes (2100 m) were planned for Summer 2014 testing along the A1 conductor and the A4 Conductor as follow-up to the encouraging previous winter drilling

using geochemistry and alteration as a vector. These targets are not dependant on ice conditions and proved accessible year-round. The summer drill program commenced, and was completed in July 2014. Results were extremely encouraging with prospective basement lithologies, structure, alteration, anomalous radioactivity and weak uranium mineralization intersected.

- The Year 2 spring/summer geophysical and diamond drill program was budgeted at \$1.5 million and was completed on budget. This represents 50% of the Year 2 earn-in commitment.

Year 2 Proposed Winter Exploration Plan - highlights:

- Seven additional diamond drill holes totalling approximately 3,250 m were planned for Winter 2015 testing as follow-up on the anomalous uranium found along the A1 conductor and on new resistivity targets generated during the summer program on the N and Broach Lake conductor systems. Additional 35.2 line-km of SMLTEM ground geophysics was planned on two prospective EM conductors identified from previously-flown VTEM airborne survey located in the northern region of the property.
- The Year 2 winter drill and geophysical program was designed to test all 3 prospective conductor systems. The budget for this program was approximately \$1.5 million, which represented the final 50% of the Year 2 earn-in commitment at PLN.
- The winter exploration program did not commence, as financing by the Company was unsuccessful.
- Azincourt has earned, and will maintain its 10% interest in PLN.

2018 Exploration Plan – proposed by Fission 3.0:

- A drill program has been proposed by Fission 3.0 for PLN. The program will include multiple holes focused on high-priority targets within a 700m mineralized corridor identified during the previous drill program.

EAST PRESTON PROJECT – Athabasca Basin, Canada

As at September 30, 2018, the Company incurred total acquisition costs of \$1,383,895 (September 30, 2017 - \$1,233,895) pursuant to an option agreement to acquire a 70% interest in the East Preston Project.

The East Preston project is part of the formerly larger Preston Project explored by Skyharbour, and its predecessor partners. In excess of \$4.7 million has been spent on the Preston uranium project to date, including ground gravity, airborne and ground electromagnetics, radon, soil, silt, biogeochem, lake sediment, and geological mapping surveys, as well as two exploratory drill programs. Fifteen high-priority drill target areas associated with six prospective exploration corridors have been successfully delineated at Preston through methodical, multiphased exploration work. AREVA has recently optioned the adjacent Preston Project for up to \$7.3 million in exploration expenditures, highlighting the exploration prospectivity of the area.

The East Preston project currently under Azincourt Option, has had extensive regional

exploration work completed in 2013 and 2014, including: airborne electromagnetic (VTEM), magnetic and radiometric surveys. Three prospective conductive, low magnetic signature corridors have been discovered on the property. The three distinct corridors have a total strike length of over 25 km, each with multiple EM conductor trends identified.

Ground prospecting and sampling work completed to date has identified outcrop, soil, biogeochemical and radon anomalies, which are key pathfinder elements for unconformity uranium deposit discovery.

Only one of the corridors has been successfully drill tested to date, intersecting structurally disrupted graphitic metasedimentary rocks at the Swoosh S6 target using a combination of Horizontal Loop EM (HLEM) and gravity as primary targeting tools.

Azincourt has acquired all historical airborne electromagnetic, magnetic and radiometric data as well as the ground gravity and electromagnetic raw data on the project and has engaged an external geophysical consultant for interpretation, target generation and follow-up survey planning. This work will be completed by the end of August.

Azincourt completed a winter exploration program aimed at generating new drill targets within the previously untested corridors and refining additional targets along the Swoosh corridor. The proposed work included additional 50 line-km of line cutting, ground electromagnetic survey work (HLEM) and ground gravity planned on new grids established over the prospective airborne VTEM conductive trends. The winter 2018 ground geophysical program commenced in January 2018, following the grant of Exploration Work and Temporary Camp Permits from the Saskatchewan Ministry of the Environment. The Linecutting, HLEM and Gravity survey work was completed February 14th and the camp and crew demobilized. Survey data has been interpreted by Lawrence Bzdel, P.Geo., a highly experienced consulting geophysicist and prioritized drill targets have been generated for future testing.

A helicopter-borne Versatile Time-Domain Electromagnetic (VTEM™ Max) and Magnetic survey is planned for mid-December 2018 over the southeastern portion of the East Preston Project to complete VTEM survey coverage over the entire project area. The survey will facilitate the Company to generate additional quality geophysical drill targets and providing us the ability to assess and evaluate the prospectivity of the entire project.

A winter drill program is currently being permitted and is planned to start in early 2019.

LITHIUM PROJECTS – Manitoba, Canada

As at September 30, 2018, the Company has incurred total acquisition costs of \$228,603 (September 30, 2017 - \$Nil) and additional exploration costs to acquire its interest.

The agreement covers the Lithium One, Lithium Two, Catlake Project, Lithman West, Lithman East and Lithman North projects. The land package included in this agreement represents the largest mineral claim holdings (~6000 hectares) of projects for the lithium group or type of minerals in the Bird River Greenstone Belt, which contains the Winnipeg River Pegmatite Field.

Pursuant to terms of the Option, the Company can acquire a fifty percent (50%) interest in the Projects by: (i) completing a series of cash payments totaling \$200,000 over an eighteen-month period, (ii) issuing 1,750,000 common shares over a thirty-six-month period, and (iii) completing a minimum of \$2,750,000 of exploration expenditures on the Projects prior to August 31,

2020. Once the Company has acquired this interest, it can acquire a further ten percent (10%) interest in the Projects by completing the issuance of a further 1,000,000 common shares, and incurring further exploration expenditures of at least \$750,000 prior to October 31, 2021. The remaining forty percent (40%) interest in the Projects can be acquired by completing the issuance of a further 1,000,000 common shares, and incurring expenditures of at least \$1,000,000 prior to October 31, 2022.

Once the Company has acquired a one-hundred percent (100%) interest in the Projects, it will grant to the Optionor a two percent (2%) net smelter returns royalty on commercial production from the Projects. In addition, the Projects are subject to an existing one percent (1%) royalty on lithium production from the Projects which can be purchased for a one-time cash payment of \$250,000.

The Winnipeg River Pegmatite Field is host to numerous lithium-rich pegmatites in addition to the world-class Tanco Pegmatite, a highly fractionated lithium-cesium-tantalum (LCT) type pegmatite that has been mined at the Tanco Mine since 1969 in varying capacities for spodumene (a major rock unit for lithium (Li)), tantalum (Ta), cesium (Cs), rubidium (Rb), and beryllium (Be) ores.

Exploration work was scheduled to begin in late March to early April, but due to a late spring and late granting of work permits, and field program was delayed until late May. The field program includes detailed mapping of known pegmatite outcroppings on the Lithium One and Lithium Two projects. This will be followed immediately by a comprehensive chip sampling program designed to prioritize targets for the initial drill programs anticipated at both properties during the latter part of summer. A fractionation study of the feldspars and micas of the pegmatites at the Lithman North and Lithman East Projects will be carried out to better understand how evolved the large pegmatite system may be.

The Lithium Two Project, adjacent to Quantum Minerals Corp Cat Lake Lithium Project (aka Irgon Lithium Mine), includes an historical estimate* from the 1947 drilling of the Eagle Pegmatite that defined 545,000 tonnes of 1.4% Li₂O, drilled to a depth of 60 meters. Field work in 2016 confirmed that the Eagle and FD5 Pegmatites contained significant surface spodumene. The Eagle Pegmatite is approximately 1100 meters in length, up to 12 meters wide and open to depth.

* Note: The mineral reserve estimate cited above as part of the Lithium Two project is presented as a historical estimate which does not conform to current NI43-101 standards. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. Although the historical estimates are believed to be based on reasonable assumptions, they were calculated prior to the implementation of National Instrument 43-101 standards. These historical estimates therefore do not meet current standards as defined under sections 1.2 and 1.3 of NI 43-101; consequently, the issuer is not treating the historical estimate as current mineral resources or mineral reserves.

12 samples collected in 2016 returned a range of 0.02% to 3.04% Li₂O from the Eagle Pegmatite, and up to 2.08% Li₂O from the FD5 Pegmatite. Select sampling will concentrate on the Eagle and FD5 pegmatites at Lithium Two, and on the Silverleaf Pegmatite at the Lithium One Project, which returned values as high as 4.33% Li₂O in the 2016 exploration program.

QUALIFIED PERSON

The technical information respecting Patterson Lake and East Preston, in this MD&A, has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed on behalf of the company by Terrence O'Connor, P.Geo., director of Azincourt Energy Corp., a qualified person.

The technical content with respect to the lithium exploration projects has been reviewed and approved by Mr. Carey Galeschuk, P. Geo., principal consulting geoscientist for New Age Metals and a Qualified Person, as defined by National Instrument 43-101.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company did not have significant revenue from operations, the following is a breakdown of the material costs capitalized at September 30, 2018 or incurred during the years ended September 30, 2018, 2017 and 2016:

	2018	2017	2016
Capitalized mineral acquisition costs	\$2,853,142	\$1,233,895	-
Expensed mineral exploration costs	\$521,321	\$1,650	\$40,000
General and administrative expenses	\$1,723,768	\$715,684	\$188,984
Any material costs (capitalized, deferred or expensed) not referred to above:			
Share-based compensation	\$291,000	\$100,000	-

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly for the previous eight quarters:

	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
Expenses (Recovery)	\$417,310	\$485,620	\$1,183,262	\$449,897	\$235,553	\$211,716	\$297,851	\$72,214
Loss (income) for the period	\$413,882	\$481,718	\$1,115,928	\$449,397	\$244,797	\$190,472	\$297,851	\$72,214
Weighted average shares outstanding	61,093,142	68,130,319	63,006,158	43,726,567	21,433,359	32,361,617	18,982,200	12,222,398
Loss (earnings) per share	\$0.01	\$0.01	\$0.02	\$0.01	\$0.01	\$0.01	\$0.02	\$0.01
Mineral property acquisition costs	\$583,353	-	\$250,000	\$10,000	-	\$1,227,761	\$6,134	-
Mineral property exploration costs	\$98,396	\$154,627	\$250,898	\$17,400	\$328	-	\$1,322	-

The Company's operating losses are due to ongoing mineral exploration and general and administrative costs, such as management, consulting, legal, accounting and audit incurred during the process of managing the Company's operations and to ensure regulatory compliance and can vary from quarter to quarter based on planned exploration activities, resource constraints, and share-based compensation.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 72,880,319 shares outstanding. The following table summarizes maximum number of common shares outstanding as at September 30, 2018 and as of the date of this MD&A if all outstanding options and warrants were exercised to purchase common shares:

	September 30, 2018	As of the date of this MD&A
Common shares	72,880,319	72,880,319
Warrants to purchase common shares	15,333,325	11,033,325
Options to purchase common shares	3,280,000	3,280,000
	91,493,644	87,193,644

SELECTED ANNUAL INFORMATION

	2018	2017	2016
	\$	\$	\$
Revenue	Nil	Nil	Nil
Loss and comprehensive loss for the year	2,460,925	805,334	222,700
Loss per common share, basic and diluted	0.04	0.04	0.02
Weighted average number of common shares outstanding	61,093,142	21,433,359	9,655,827
Statement of Financial Position Data			
Working capital (deficit)	998,371	518,718	(125,247)
Total assets	3,944,360	2,662,154	809,369
Dividends paid	Nil	Nil	Nil

RESULTS OF OPERATIONS

Year ended September 30, 2018 (“2018”) compared with year ended September 30, 2017 (“2017”).

The loss for the year ended September 30, 2018 was \$2,460,925, compared with \$805,334 for the year ended September 30, 2017. The increase in the loss from 2017 to 2018 was mainly due to an increase in consulting and directors’ fees, exploration and evaluation expenditures, marketing, conferences and share-based compensation expense. Major differences are explained as follows:

- Consulting and directors’ fees increased from \$341,750 in 2017 to \$531,000 in 2018. The increase is due to an increase in fees paid to the Company’s management team as well as an increase in consulting services relating to business development;
- Exploration and evaluation expenditures increased from \$1,650 in 2017 to \$521,321 in 2018. During 2017, the Company incurred \$1,650 for management fees for the PLN

property. During 2018, the Company incurred exploration expenditures on the East Preston, Lithium and ELC projects;

- Marketing, conferences and shareholder relations increased from \$243,132 in 2017 to \$853,001 in 2018. The increase is due to increased marketing and branding efforts to promote the Company's properties; and
- Share-based compensation expense increased from \$100,000 in 2017 to \$291,000 in 2018. During 2017, the Company issued 1,050,000 stock options to directors, officers and consultants and during 2018, the Company issued 2,410,000 stock options to directors, officers and consultants.

Three months ended September 30, 2018 ("Q4 2018") compared with the three months ended September 30, 2017 ("Q4 2017").

The loss for the quarter ended September 30, 2018 was \$387,811, compared with \$244,797 for the quarter ended September 30, 2017. The increase in the loss from Q4 2017 to Q4 2018 was mainly due to an increase in audit and accounting fees and exploration and evaluation expenditures, and marketing, conferences. Major differences are explained as follows:

- Audit and accounting fees increased from \$25,500 in Q4 2017 to \$35,500 in Q4 2018. The increase is due to an increase in audit fees and monthly fees for bookkeeping fees;
- Exploration and evaluation expenditures increased from \$328 in Q4 2017 to \$98,396 in Q4 2018. During Q4 2017, the Company incurred \$328 for management fees for the PLN property. During Q4 2018, the Company incurred exploration expenditures on the East Preston, Lithium and ELC projects; and
- Marketing, conferences and shareholder relations increased from \$37,558 in Q4 2017 to \$77,457 in Q4 2018. The increase is due to increased marketing and branding efforts to promote the Company's properties.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options or through the issuance of debt. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities.

Working Capital

As of September 30, 2018, the Company's working capital was \$998,371, compared with \$518,718 as at September 30, 2017. The increase in working capital was a result an increase in cash from two private placements that closed during the current year, exercise of warrants and options offset by cash spent on operating expenses and exploration and evaluation expenditures.

Cash

On September 30, 2018, the Company had \$850,168 of cash, compared with \$502,158 of cash on September 30, 2017. Cash was mostly spent on consulting and directors' fees, exploration and evaluation expenditures, marketing, conferences and shareholder relations and acquisition costs relating to the East Preston, Lithium and ELC projects. The Company also received net proceeds of \$3,079,181 from issuance of shares during the current year.

Cash Used in Operating Activities

Cash used in operating activities during the year ended September 30, 2018 was \$2,301,568. Cash was mostly spent on consulting and directors' fees, exploration and evaluation expenditures, and marketing, conferences and shareholder relations. Cash used in operating activities during the year ended September 30, 2017 was \$941,355. Cash was mostly spent on consulting and directors' fees, office and administration, and marketing, conferences and shareholder relations costs.

Cash Used in Investing Activities

Cash used in investing activities during the year ended September 30, 2018 was \$429,603 (2017: \$156,134). During the year ended September 30, 2018, the Company paid \$150,000 of acquisition costs relating to the East Preston property, \$100,000 relating to the Lithium projects and \$100,000 relating to the ELC project.

Cash Generated by Financing Activities

During the year ended September 30, 2018, the Company received gross cash proceeds of \$1,830,000 from two private placements and spent \$133,618 of costs associated with the private placements. The Company also received \$18,000 from the exercise of options and \$1,364,799 from the exercise of warrants during the 2018 fiscal year. During the year ended September 30, 2017, the Company received gross cash proceeds of \$1,584,887 from three private placements and spent \$81,404 of costs associated with the private placements. The Company also received \$46,950 from exercise of warrants and \$20,000 from subscriptions received in advance relating to a private placement that closed subsequent to year end.

Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its ongoing operating costs. During the year ended September 30, 2018, the Company raised \$3,079,181 in net proceeds from financing. Until the Company starts generating profitable operations from extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities.

PROPOSED TRANSACTIONS

The Company continues to evaluate new opportunities to expand its exploration project portfolio, however, there are no proposed transactions as at the date of this report.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Compensation of Key Management Personnel

Key management personnel consist of current and former directors and senior management including the Chief Executive Officer and Chief Financial Officer. Key management personnel compensation for the year ended September 30, 2018 and 2017 includes:

Name of related party	Nature of transactions	Years ended September 30	
		2018	2017
0949570 BC Ltd.	Consulting and directors' fees	\$ 120,000	\$ 72,500
TKLD Geological Inc.	Exploration and evaluation expenditures	20,000	-
Promaco Limited	Consulting and directors' fees	32,500	43,750
Westview Consulting Ltd.	Consulting and directors' fees	30,000	37,500
VC Consulting Corp.	Consulting and directors' fees	18,000	12,000
Total		\$ 220,500	\$ 165,750

During the year ended September 30, 2018, the fair value of share-based compensation expense for options issued to related parties was \$99,043 (2017: \$56,190).

The accounts payable and accrued liabilities of the Company include amounts due to related parties. The amounts owing are interest free, unsecured, current and without fixed terms and are as follows:

	September 30, 2018	September 30, 2017
Key management personnel	\$ 1,575	\$ 17,325

PLAN OF OPERATIONS AND FUNDING

The Company's plan of significant operations for the next twelve months is as follows:

- to maintain its 10% interest in the PLN project; and if PLN remains highly prospective, continue to fund its pro rata share of expenditures, or alternatively, seek to monetize the PLN interest;
- to complete and continue with the acquisition of the 70% interest in the East Preston property; and
- to complete and continue with the acquisition of the 50% interest in the Manitoba property; and
- to investigate other prospective projects.

To finance the above plans, the Company completed a private placement in November 2016 for

proceeds of \$200,000, a private placement in February 2017 for proceeds of \$1,024,887, a private placement in August 2017 for gross proceeds of \$360,000, a private placement in October 2017 of \$195,000 and a private placement in January 2018 of \$1,655,000.

FINANCIAL INSTRUMENTS

The classification of the financial instruments as well as their carrying values as at September 30, 2018 is shown in the table below:

Loans and receivables	\$	868,202
Financial liabilities measured at amortized cost	\$	92,847

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity.

The Company is exposed to potential loss from various risks including commodity price risk, credit risk, liquidity risk and interest rate risk. These risks are described in more details in Risk and Uncertainties section of this MD&A.

RISK AND UNCERTAINTIES

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors: management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfil the Company's obligations under any applicable agreements. Other risks and uncertainties include:

Competitive industry

The mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Exploration risks

Mineral exploration is highly speculative in nature. The Company's exploration projects involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of mineral resources or mineral reserves.

Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of precious any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

The following are risks related to the Company's financial instruments:

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. Cash is held with a major Canadian financial institution and the receivables are from Government entities. Management is of the view that these amounts are fully collectible.

(ii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year. The Company is also required to incur certain expenditures related to flow-through shares.

(iii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest income. Presently, the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments as the Company has no interest-bearing debt and due to the short-term nature of cash investments.

(iv) Commodity Price Risk - The Company's future success is linked to the price of minerals, because the value of mineral resources is tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

CAPITAL MANAGEMENT

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

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

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash, which is held with a major financial institution.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB. The following have not yet been adopted by the Company:

IFRS 9 *Financial Instruments* – New standard that replaces IAS 39, *Financial instruments: recognition and measurement*, for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers* – New standard to establish principles for reporting nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018. The Company expects the impact on its financial statements to be limited to disclosure.

IFRS 16 *Leases* – New standards to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is assessing the impact of this standards on its financial statements.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause

actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

ADDITIONAL INFORMATION

For further detail, see the Company's consolidated financial statements for the years ended September 30, 2018 and 2017. Additional information about the Company can also be found on www.sedar.com.

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Vivien Chuang (Chief Financial Officer)
Terrence O'Connor (Director)

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