

AZINCOURT ENERGY CORP. (FORMERLY AZINCOURT URANIUM INC.)
Management Discussion and Analysis (“MD&A”)
for the nine months ended June 30, 2019

The following discussion and analysis of the operations, results, and financial position of Azincourt Energy Corp. (formerly Azincourt Uranium Inc.) (“the Company”) for the nine months ended June 30, 2019 and should be read in conjunction with the Company’s unaudited financial statements and related notes for the nine months ended June 30, 2019 and the audited financial statements for the year ended September 30, 2018. The effective date of this report is August 28, 2019. 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 is conducting exploration activities on the East Preston Project in Saskatchewan, Canada, certain mineral claims in Manitoba, Canada and the ELC Project in Peru.

HIGHLIGHTS FOR THE NINE MONTHS ENDED JUNE 30, 2019 AND SUBSEQUENT PERIOD UP TO AUGUST 28, 2019

- a) On December 24, 2018, the Company completed a non-brokered private placement by issuing 1,000,333 non flow-through units at \$0.06 per unit and 3,983,333 flow-through unit at \$0.06 per unit for total proceeds of \$299,020.
- b) On February 13, 2019, the Company signed a Letter Agreement with an arm’s length investor of \$200,000 to be used towards the development of the East Preston property. In consideration of the financing, the Company issued 4,000,000 common shares at a fair value of \$200,000.
- c) On February 26, 2019, the Company closed the first tranche of a non-brokered private placement by issuing 6,000,000 flow-through and 11,272,000 non flow-through units at \$0.05 per unit for gross proceeds of \$863,600. The Company paid finders’ fee of \$42,000, issued 840,000 finders’ fee warrants valued at \$32,000 and \$40,643 of share issuance costs relating to the private placement.
- d) On March 20, 2019, the Company closed the second tranche of a non-brokered private placement by issuing 1,600,000 flow-through and 5,453,000 non flow-through units at \$0.05 per unit for gross proceeds of \$352,650. The Company paid finders’ fee of \$9,500, issued 80,000 finders’ fee warrants valued at \$3,000 and \$4,284 of share issuance costs relating to the private placement.

- e) On April 8, 2019, the Company closed the third tranche of a non-brokered private placement by issuing 1,000,000 flow-through and 2,878,000 non flow-through units at \$0.05 per unit for gross proceeds of \$148,900. The Company paid finders' fee of \$10,400, issued 208,000 finders' fee warrants valued at \$9,000 and \$8,645 of share issuance costs relating to the private placement.
- f) On April 30, 2019, the Company closed the third tranche of a non-brokered private placement by issuing 15,000,000 flow-through and 5,546,526 non flow-through units at \$0.05 per unit for gross proceeds of \$1,027,326. The Company paid finders' fee of \$83,020, issued 1,500,000 finders' fee warrants valued at \$64,000 and \$5,978 of share issuance costs relating to the private placement.
- g) On May 24, 2019, the Company closed the final tranche of a non-brokered private placement by issuing 8,800,000 flow-through and 2,000,000 non flow-through units at \$0.05 per unit for gross proceeds of \$540,000. The Company paid finders' fee of \$43,600, issued 812,000 finders' fee warrants valued at \$31,000 and \$5,302 of share issuance costs relating to the private placement.
- h) On April 11, 2019, the Company issued 2,000,000 common shares relating to the East Preston Project option agreement, at a fair value of \$100,000.

MINERAL PROPERTY EXPLORATION

PATTERSON LAKE NORTH – Athabasca Basin, Canada

The Company has elected not to retain its 10% interest and therefore accumulated acquisition costs of \$775,894 have been written off as at June 30, 2019.

EAST PRESTON PROJECT – Athabasca Basin, Canada

As at June 30, 2019, the Company incurred total acquisition costs of \$1,683,895 (September 30, 2018 - \$1,383,895) 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 2018 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.Geol., 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 initially planned for mid-December 2018 was completed in January-February 2019 over the southeastern portion of the East Preston Project to complete VTEM survey coverage over the entire project area. The VTEM survey data was interpreted by Bingham Geoscience, highly experienced Saskatchewan-based consultants. The geophysical survey results and interpretation has generated additional conductor corridors and trends that represent quality drill targets which now provides the ability to assess and evaluate the prospectivity of the entire project.

The 2019 winter drill program was managed by TerraLogic Exploration Inc. and co-planned with Azincourt management and consultants. The program commenced in late February 2019 with road building and mobilization. The sudden onset of spring required shifting from entirely overland-supported drilling to helicopter-supported drilling based out of Bolton Lake Wilderness retreat, which severely impacted the extent of the program due to budget constraints.

Drilling commenced in mid-March with the program consisting of three inclined diamond drill holes targeting three areas along the Main and M1 conductor trend, with a total of 552 m drilled.

All drill holes intersected at least two intervals of graphitic pelitic gneiss/schist, sufficiently explaining the HLEM and VTEM conductors targeted. The graphitic rocks intersected in two drill holes were primarily stratigraphic with little associated structural disruption. The third drill hole intersected moderate to strong structural upgrading within the upper graphitic-pyritic unit encountered. Anomalous radioactivity was observed immediately in the hanging wall upper contact of this graphitic fault interval associated with partial melt pegmatite.

This initial drill campaign confirmed the prospectivity of the East Preston project. Basement lithologies and graphitic structures intersected in drilling are very similar, and appear analogous to the Patterson Lake South-Arrow-Hook Lake/Spitfire uranium deposit host rocks and setting.

Trace element geochemistry from East Preston drill core sampling shows anomalous results for basement-hosted unconformity uranium deposit pathfinder elements: Ni, Co, Cu, Zn and As associated with graphitic intervals. Graphitic rocks hosting uranium mineralization are often associated with Ni-Co-As; Cu and Zn sulphides in anomalous, to substantial quantities. The presence of these pathfinder elements adds additional information and will enhance vectoring towards the most prospective areas of the conductor systems.

A winter 2019-20 drill program is currently being scoped, with estimated 2,000-2,500 m diamond drill program being planned and permitted.

LITHIUM PROJECTS – Manitoba, Canada

As at June 30, 2019, the Company has incurred total acquisition costs of \$228,603 (September 30, 2018 - \$228,603) 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.

RESULTS OF OPERATIONS

Nine months ended June 30, 2019 (“2019 period”) compared with the nine months ended June 30, 2018 (“2018 period”).

The loss for the nine months ended June 30, 2019 was \$3,012,988, compared with \$2,073,114 for the nine months ended June 30, 2018. The increase in the loss from the 2018 period to 2019 period was mainly due to an increase in consulting and directors' fees, exploration and evaluation costs and write-off of mineral property interests, offset by decreases in marketing, advertising and conferences and share-based compensation expense. Major differences are explained as follows:

- Consulting and directors' fees increased from \$391,500 in the 2018 period to \$623,049 in the 2019 period. The increase is due to an increase in fees paid to the Company's management team;

- Exploration and evaluation costs increased from \$422,925 in the 2018 period to \$1,114,293 in the 2019 period. The increase was due to an increase in exploration activities on the East Preston, Lithium properties and ELC Project;
- Marketing, advertising and conferences decreased from \$775,544 in the 2018 period to \$381,248 in the 2019 period. The decrease was due to a decrease in marketing campaigns and lesser conferences attended;
- Share-based compensation expense decreased from \$291,000 in the 2018 period to \$7,000 in the 2018 period. The share-based compensation expense in the 2018 period was from issuance of 1,410,000 stock options in December 2017 and 1,000,000 stock options in February 2018. The share-based compensation expense in the 2019 period was from the 400,000 stock options issued in February 2019; and
- During the nine months ended June 30, 2019, the Company wrote off \$775,894 of accumulated acquisition costs relating to the PLN Property.

Three months ended June 30, 2019 (“Q3 2019”) compared with the quarter ended June 30, 2018 (“Q3 2018”).

The loss for the quarter ended June 30, 2019 was \$1,429,753, compared with \$481,718 for the quarter ended June 30, 2018. The increase in the loss from Q3 2018 to Q3 2019 was mainly due to an increase in exploration and evaluation costs, marketing, advertising and conferences, and write-off of mineral property interests, offset by a decrease in property investigation costs. Major differences are explained as follows:

- Exploration and evaluation costs increased from \$154,627 in Q3 2018 to \$341,691 in Q3 2019. The increase was due to an increase in exploration activities on the East Preston, Lithium properties and ELC Project;
- Marketing, advertising and conferences increased from \$123,575 in Q3 2018 to \$172,245 in Q3 2019. The increase was due to an increase in marketing campaigns and more conferences attended;
- Property investigation costs decreased from \$37,780 in Q3 2018 to \$Nil in Q3 2019. As the Company was focused on its East Preston, Lithium Properties and ELC Projects in Q3 2019, there were \$Nil spent on investigating new properties during the current quarter; and
- During Q3 2019, the Company wrote off \$775,894 of accumulated acquisition costs relating to the PLN Property.

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 June 30, 2019, the Company's working capital was \$1,846,825, compared with \$998,371 of working capital as of September 30, 2018.

Cash

On June 30, 2019, the Company had \$1,703,963 of cash, compared with \$850,168 of cash on September 30, 2018. Cash was mostly spent on consulting and directors' fees, exploration and evaluation costs, marketing, conferences and shareholder relations. The Company also received net proceeds of \$3,099,548 from issuance of shares during the current period.

Cash Used in Operating Activities

Cash used in operating activities during the nine months ended June 30, 2019 was \$2,045,753. Cash was mostly spent on consulting and directors' fees, exploration and evaluation costs, marketing, conferences and office and administration costs. Cash used in operating activities during the six months ended March 31, 2018 was \$1,736,024. Cash was mostly spent on consulting and directors' fees, exploration and evaluation costs, and marketing, conferences and property investigation costs.

Cash Used in Investing Activities

During the nine months ended June 30, 2019, the Company paid \$200,000 of option payment in relation to the East Preston Project. During the nine months ended June 30, 2018, the Company paid \$10,000 as part of a signing bonus and \$50,000 of option payment relating to the option agreement with New Age Metals and \$150,000 of option payment in relation to the East Preston Project.

Cash Generated by Financing Activities

During the nine months ended June 30, 2019, the Company received gross cash proceeds of \$3,276,496 from private placements, spent \$267,781 of costs associated with the private placement, and received \$90,833 for exercise of warrants. During the nine months ended June 30, 2018, the Company received gross cash proceeds of \$1,829,999 from private placements, spent \$133,617 of costs associated with the private placements, received \$18,000 from exercise of options and received \$1,364,799 from exercise of warrants.

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 nine months ended June 30, 2019, the Company raised \$3,099,548 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 senior management including the President, Chief Executive Officer and Corporate Secretary and Chief Financial Officer. Key management personnel compensation for the six months ended March 31, 2019 and 2018 includes:

Name of related party	Nature of transactions	2019	2018
TKLD Geological Inc.	Exploration and evaluation expenditures	\$ -	\$ 20,000
0949570 BC Ltd.	Consulting and directors' fees	112,500	97,500
Promaco Limited	Consulting and directors' fees	-	32,500
Westview Consulting Ltd.	Consulting and directors' fees	7,500	20,000
Westview Consulting Ltd.	Geological consulting	15,000	-
VC Consulting Corp.	Consulting and directors' fees	13,500	13,500
Total		\$ 148,500	\$ 183,500

During the nine months ended June 30, 2019, the Company granted stock options to related parties with fair value of \$Nil (2018: \$99,043) which was recorded as share-based compensation expense.

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:

	June 30, 2019	September 30, 2018
Key management personnel	\$ 4,200	\$ 1,575

PLAN OF OPERATIONS AND FUNDING

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

- 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 January 2018 of \$1,655,000, in December 2018 of \$299,020, in February 2019 of \$863,600, in March 2019 of \$352,650, in April 2019 of \$1,221,226 and in May 2019 of \$540,000.

RISK AND UNCERTAINTIES

Readers of this interim MD&A are encourage to read the “Risk and Uncertainties” section of the Company’s Annual MD&A dated December 20, 2018 under the Company’s SEDAR profile on www.sedar.com. Important risk factors to consider among others are:

- Competitive industry
- Exploration risks
- Fluctuating metal and share prices
- Ability to continue as a going concern

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 unaudited consolidated interim financial statements for the three and nine months ended June 30, 2019. Additional information about the Company can also be found on www.sedar.com.

CORPORATE DIRECTORY

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Exchange - TSX-V

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Terrence O'Connor (Director)

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