

**Azncourt Energy Corp.  
(formerly Azincourt Uranium Inc.)**

**(An Exploration Stage Company)**

**Condensed Consolidated Interim Financial Statements**

**Three and Nine Months Ended June 30, 2019 and 2018**

Unaudited – Expressed in Canadian Dollars

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

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

**Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)***(An Exploration Stage Company)***Consolidated Interim Statements of Financial Position***In Canadian Dollars*

<b>ASSETS</b>	<b>June 30, 2019</b>	<b>September 30, 2018</b>
<b>Current</b>		
Cash	\$ 1,703,963	\$ 850,168
Amounts receivable	30,259	18,034
Prepaid expenses	141,866	223,016
	<u>1,876,088</u>	<u>1,091,218</u>
<b>Mineral Properties (Note 4)</b>	<u>2,377,248</u>	<u>2,853,142</u>
	<u>\$ 4,253,336</u>	<u>\$ 3,944,360</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 29,263	\$ 92,847
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 5)</b>	11,555,038	9,633,265
<b>Reserves (Note 5)</b>	3,395,233	1,931,458
<b>Deficit</b>	<u>(10,726,198)</u>	<u>(7,713,210)</u>
	<u>4,224,073</u>	<u>3,851,513</u>
	<u>\$ 4,253,336</u>	<u>\$ 3,944,360</u>

**Nature of Operations and Going Concern (Note 1)**

Approved by the Board of Directors:

*"Paul Reynolds"**"Terrence O'Connor"*\_\_\_\_\_  
Paul Reynolds, Director\_\_\_\_\_  
Terrence O'Connor, Director

- See Accompanying Notes -

**Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)**

*(An Exploration Stage Company)*

**Consolidated Interim Statements of Loss and Comprehensive Loss  
For the Three and Nine Months Ended June 30, 2019 and 2018**

*Unaudited – Prepared by Management*

*In Canadian Dollars*

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
<b>Expenses</b>				
Audit and accounting	\$ 13,500	\$ 13,500	\$ 51,190	\$ 49,710
Consulting and directors' fees (Note 7)	117,000	127,000	623,049	391,500
Exploration and evaluation costs (Note 4c))	341,691	154,627	1,114,293	422,925
Filing and transfer agent fees	8,831	7,550	20,899	28,851
Insurance	1,298	1,238	3,896	3,713
Investor relations	7,510	-	14,535	26,071
Legal	764	4,400	2,315	12,981
Marketing, conferences and shareholder communications	172,245	123,575	381,248	775,544
Office and administration	19,685	15,950	70,920	43,155
Property investigation costs	-	37,780	-	99,400
Share-based compensation (Note 5f))	-	-	7,000	291,000
<b>Total Expenses</b>	<b>(682,524)</b>	<b>(485,620)</b>	<b>(2,289,345)</b>	<b>(2,144,850)</b>
<b>Other Income</b>				
Interest income	3,648	3,902	7,156	6,736
Loss on disposal of subsidiary	-	-	(922)	-
Other income (Note 5c))	-	-	21,000	65,000
Gain on recovery of accounts payable and accrued liabilities	25,017	-	25,017	-
Write-off of mineral property interests	(775,894)	-	(775,894)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,429,753)</b>	<b>\$ (481,718)</b>	<b>\$ (3,012,988)</b>	<b>\$ (2,073,114)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>	<b>132,626,572</b>	<b>68,130,319</b>	<b>97,847,536</b>	<b>58,324,203</b>

– See Accompanying Notes –

**Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)***(An Exploration Stage Company)***Consolidated Interim Statements of Cash Flows  
For the Nine Months Ended June 30, 2019 and 2018***Unaudited – Prepared by Management**In Canadian Dollars*

<b>Cash Provided By (Used In):</b>	<b>2019</b>	<b>2018</b>
<b>Operations:</b>		
Loss for the period	\$ (3,012,988)	\$ (2,073,114)
Items not affecting cash:		
Common		
Share-based compensation	7,000	291,000
Other income	(21,000)	(65,000)
Gain on recovery of accounts payable and accrued liabilities	(25,017)	-
Shares issued for exploration and evaluation costs	200,000	-
Write-off of mineral property interests	775,894	-
Change in non-cash working capital:		
Amounts receivable	(12,225)	1,334
Prepaid expenses	81,150	(98,863)
Accounts payable and accrued liabilities	(38,567)	(26,574)
	<u>(2,045,753)</u>	<u>(1,966,217)</u>
<b>Investing:</b>		
Mineral property acquisition costs	<u>(200,000)</u>	<u>(210,000)</u>
<b>Financing:</b>		
Proceeds from issuance of shares	3,276,496	1,829,999
Share issuance costs	(267,781)	(133,617)
Exercise of options	-	18,000
Exercise of warrants	90,833	1,364,799
	<u>3,099,548</u>	<u>3,079,181</u>
<b>Net increase (decrease) in cash</b>	<b>853,795</b>	<b>902,964</b>
<b>Cash - beginning of period</b>	<b>850,168</b>	<b>502,158</b>
<b>Cash - end of period</b>	<b>\$ 1,703,963</b>	<b>\$ 1,405,122</b>

- See Accompanying Notes -

# Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)

(An Exploration Stage Company)

## Interim Statements of Changes in Equity

In Canadian Dollars

	Share Capital		Reserves		Subscriptions received in advance \$	Deficit \$	Total \$
	Shares	Amount \$	Warrants \$	Options \$			
Balance, September 30, 2017	39,841,415	6,437,391	682,830	640,571	20,000	(5,252,285)	2,528,507
Loss for the period	-	-	-	-	-	(2,073,114)	(2,073,114)
Private placements – non flow-through	14,933,325	1,849,999	-	-	(20,000)	-	1,829,999
Fair value of warrants	-	(651,999)	651,999	-	-	-	-
Share issue costs	-	(133,617)	-	-	-	-	(133,617)
Exercise of warrants	12,925,579	1,364,799	-	-	-	-	1,364,799
Fair value of warrants exercised	-	317,799	(317,799)	-	-	-	-
Exercise of options	180,000	18,000	-	-	-	-	18,000
Fair value of options exercised	-	17,143	-	(17,143)	-	-	-
Shares issued to acquire mineral properties	250,000	50,000	-	-	-	-	50,000
Share-based compensation	-	-	-	291,000	-	-	291,000
Balance, June 30, 2018	68,130,319	9,269,515	1,017,030	914,428	-	(7,325,399)	3,875,574
Loss for the period	-	-	-	-	-	(387,811)	(387,811)
Shares issued to acquire mineral properties	4,750,000	363,750	-	-	-	-	363,750
Balance, September 30, 2018	72,880,319	9,633,265	1,017,030	914,428	-	(7,713,210)	3,851,513
Loss for the period	-	-	-	-	-	(3,012,988)	(3,012,988)
Private placements – flow-through	36,383,333	1,859,000	-	-	-	-	1,859,000
Flow-through liability	-	(21,000)	-	-	-	-	(21,000)
Fair value of warrants	-	(727,000)	727,000	-	-	-	-
Private placements – non flow-through	28,149,859	1,417,496	-	-	-	-	1,417,496
Fair value of warrants	-	(600,496)	600,496	-	-	-	-
Fair value of finders' fee warrants	-	(139,000)	139,000	-	-	-	-
Exercise of warrants	908,333	90,833	-	-	-	-	90,833
Fair value of warrants exercised	-	9,721	(9,721)	-	-	-	-
Share issue costs	-	(267,781)	-	-	-	-	(267,781)
Shares issued to acquire mineral properties	2,000,000	100,000	-	-	-	-	100,000
Shares issued for exploration and evaluation costs	4,000,000	200,000	-	-	-	-	200,000
Share-based compensation	-	-	-	7,000	-	-	7,000
Balance, June 30, 2019	144,321,844	11,555,038	2,473,805	921,428	-	(10,726,198)	4,224,073

– See Accompanying Notes –

# **Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)**

*(An Exploration Stage Company)*

## **Notes to the Condensed Consolidated Interim Financial Statements**

**For the Nine Months Ended June 30, 2019 and 2018**

*Unaudited – Prepared by Management*

*In Canadian Dollars*

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### **1. Nature of Operations and Going Concern**

Azincourt Energy Corp. (formerly Azincourt Uranium Inc.) (the “Company”) was incorporated on April 7, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The head office, principal address, and records office of the Company are located at 800 West Pender Street, Suite 1430, Vancouver, British Columbia, V6C 2V6, Canada.

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these condensed consolidated interim financial statements.

These consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At June 30, 2019, the Company had not achieved profitable operations and had an accumulated deficit of \$10,726,198. Based on the Company’s working capital, the Company estimates it will have sufficient funds to continue operations for the upcoming year. These consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities.

### **2. Basis of Presentation**

#### **a) Statement of compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

#### **b) Basis of presentation**

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s audited financial statements for the year ended September 30, 2018.

## **Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)**

*(An Exploration Stage Company)*

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the Nine Months Ended June 30, 2019 and 2018**

*Unaudited – Prepared by Management*

*In Canadian Dollars*

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#### **2. Basis of Presentation - Continued**

##### **c) Approval of the Financial Statements**

These financial statements were approved and authorized for issue by the Board of Directors on August 28, 2019.

##### **d) Basis of Consolidation**

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned subsidiary, Azincourt International Holding Ltd., incorporated and located in British Columbia. As at January 23, 2019, Azincourt International Holding Ltd. was dissolved.

##### **e) Functional and Presentation Currency**

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of the Company's subsidiary does not differ from that of the parent company.

##### **f) Critical accounting judgments and estimates**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of mineral property; inputs used in the valuation of share-based payments; and provision for deferred income tax, including the effects of flow-through shares.

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

## **Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)**

*(An Exploration Stage Company)*

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the Nine Months Ended June 30, 2019 and 2018**

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#### **2. Basis of Presentation - Continued**

##### **f) Critical Accounting Judgments and Estimates – Continued**

###### Recoverability of capitalized mineral property costs

The Company capitalizes mineral property acquisition costs that are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's capitalized mineral property costs is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the greater of: fair value less costs to sell and value in use.

###### Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value stock options and of common share purchase warrants issued. The model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The assumptions and models used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 5.

Critical judgments in applying the Company's accounting policies include the determination of the Company's ability to continue as a going concern (Note 1).

#### **3. 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 of these new pronouncements on its financial statements to be limited to disclosure.

## Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)

(An Exploration Stage Company)

### Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

#### 3. Recent Accounting Pronouncements - Continued

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 standard on its financial statements.

#### 4. Mineral Properties

##### Patterson Lake North Project (“PLN Project”)

The Company owns a 10% interest in the Patterson Lake North Project located in northern Saskatchewan. 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

On March 27, 2017, the Company entered into an Option Agreement with Skyharbour Resources Ltd. and Clean Commodities Corp. (“Property Owners”) whereby the Company may acquire an undivided 70% interest in the East Preston Project, located in Saskatchewan, by incurring an aggregate of \$2,500,000 of staged expenditures and paying an aggregate of \$1,000,000 in staged cash payments as follows:

Date	Consideration	Work Obligation
On execution of Option Agreement (paid)	\$ 150,000	\$ Nil
On or before March 27, 2018 (paid and completed)	150,000	250,000
On or before March 27, 2019*	300,000	750,000
On or before March 27, 2020	400,000	1,500,000
<b>TOTAL</b>	<b>\$ 1,000,000</b>	<b>\$ 2,500,000</b>

\* \$150,000 was paid to Clean Commodities Corp. In lieu of paying \$150,000 to Skyharbour Resources Ltd., the Company paid \$50,000 and issued 2,000,000 common with a fair value of \$100,000.

In addition, the Company issued 4,500,000 common shares of the Company to the Property Owners on April 4, 2017 at a value of \$990,000. The Company issued 398,913 common shares of the Company as finders’ fees, valued at \$87,761. The project is subject to a 2% NSR royalty on commercial production and a Right of First Refusal of any future proposed sale of the project.

##### Lithium Projects

On January 11, 2018, the Company entered into an option agreement, subsequently amended, with New Age Metals Inc. (“NAM”) and its wholly-owned subsidiary, Lithium Canada Development Inc. (“LCD”) to acquire up to a 100% interest in certain mineral claims in Manitoba, Canada including claims in the Catlake Project, Lithium East Extension, and Lithium West Extension (collectively the “Property”).

## **Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)**

*(An Exploration Stage Company)*

### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the Nine Months Ended June 30, 2019 and 2018**

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#### **4. Mineral Properties – Continued**

##### **Lithium Projects – Continued**

To acquire an initial 50% interest in the Property (“Initial Option”), the Company must make cash payments of \$200,000, issue 1,750,000 shares, and complete a minimum of \$2,750,000 of exploration expenditures as follows:

##### Cash payments:

- (i) \$50,000 on January 28, 2018 (“Closing Date”)(paid);
- (ii) \$50,000 on or before July 28, 2018 (paid);
- (iii) \$50,000 on or before January 28, 2019; and
- (iv) \$50,000 on or before July 28, 2019.

##### Share issuances:

- (i) 250,000 shares on January 28, 2018 (issued at fair value of \$50,000);
- (ii) 750,000 shares on or before August 15, 2018 (issued at a fair value of \$63,750);
- (iii) 250,000 shares on or before January 28, 2019;
- (iv) 250,000 shares on or before January 28, 2020; and
- (v) 250,000 shares on or before January 28, 2021.

##### Exploration Expenditures:

- (i) \$500,000 on or before January 28, 2019, of which \$150,000 must be completed prior to May 31, 2018 and at least \$300,000 must be completed prior to August 31, 2018 (\$410,000 has been transferred to NAM for exploration and evaluation expenditures and \$55,388 remain as exploration advances at June 30 2019 and is included in prepaid expenses);
- (ii) \$600,000 on or before January 28, 2020, of which \$200,000 must be completed prior to May 31, 2019 and at least \$400,000 must be completed prior to August 31, 2019; and
- (iii) \$1,650,000 on or before January 28, 2021, of which \$300,000 must be completed prior to May 31, 2020 and at least \$600,000 must be completed prior to August 31, 2020.

The Company has the right to acquire an additional 10% interest in the Property (“Secondary Option”) by completing the issuance of a further 1,000,000 shares within 10 days of notice and completing exploration expenditures of not less than \$750,000 on or before October 31, 2021.

For a period of 90 days following the Secondary Option, NAM and LCD has the right to enter into a joint venture arrangement with the Company to develop the property. If NAM and LCD do not elect to form a joint venture with the Company, the Company has the right to acquire the remaining 40% of the Property by completing the issuance of a further 1,000,000 shares within 10 business days of committing to the Secondary Option and completing an additional exploration expenditures of not less than \$1,000,000 on or before October 31, 2022. The Property is subject to a 2% NSR.

During the year ended September 30, 2018, the Company paid a non-refundable \$10,000 signing bonus to NAM.

## Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)

(An Exploration Stage Company)

### Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

#### 4. Mineral Properties – Continued

##### ELC Project

On September 5, 2018, the Company entered into Definitive Option Agreement with 1177865 BC Ltd. (“Property Owners”) whereby the Company may acquire an undivided 100% interest in the ELC Project, located in Peru, by paying an aggregate of \$850,000 in staged cash payments, issuing 7,000,000 common shares, and incurring an aggregate of \$3,250,000 of staged expenditures as follows:

Date	Cash Payments	Common Shares	Work Obligation
On grant of the Option (completed)	\$ 100,000	4,000,000*	\$ Nil
By September 5, 2019	150,000	1,000,000	250,000
By September 5, 2020	250,000	1,000,000	500,000
By September 5, 2021	350,000	1,000,000	1,000,000
By September 5, 2022	Nil	Nil	1,500,000
<b>TOTAL</b>	<b>\$ 850,000</b>	<b>7,000,000</b>	<b>\$ 3,250,000</b>

\*issued at a fair value of \$300,000

The project is subject to a 1.5% NSR royalty on commercial production. In connection with the Option Agreement, the Company paid \$64,750 of advisory fees.

##### Acquisition Costs Summary

	PLN Project	East Preston Project	Lithium Projects	ELC Project	Total
Balance, as at September 30, 2017	\$ 775,894	\$ -	\$ -	\$ -	\$ 2,009,789
Signing bonus	-	-	10,000	-	10,000
Acquisition fees	-	-	4,853	64,750	69,603
Option payment – cash	-	150,000	100,000	100,000	350,000
Option payment – shares	-	-	113,750	300,000	413,750
Balance, as at September 30, 2018	775,894	1,383,895	228,603	464,750	2,853,142
Option payment – cash	-	200,000	-	-	200,000
Option payment – shares	-	100,000	-	-	100,000
Write-off	(775,894)	-	-	-	-
Balance, as at June 30, 2019	\$ -	\$ 1,683,895	\$ 228,603	\$ 464,750	\$ 2,377,248

**Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)***(An Exploration Stage Company)***Notes to the Condensed Consolidated Interim Financial Statements****For the Nine Months Ended June 30, 2019 and 2018***Unaudited – prepared by Management**In Canadian Dollars***4. Mineral Properties – Continued****Exploration and Evaluation Expenditures Summary**

Details of exploration and evaluation costs incurred for the nine months ended June 30, 2019 and 2018 are as follows:

**Nine months ended June 30, 2019**

	East Preston Project	Lithium Projects	ELC Project	Total
Camp and general	\$ 359,525	\$ 31,308	\$ 61,128	\$ 451,961
Drilling	135,926	-	-	135,926
Geological and geophysical	241,312	52,987	51,313	345,612
Helicopter charter	153,898	-	-	153,898
Management fee	-	8,429	-	8,429
Mapping and interpretation	17,000	-	1,467	18,467
Total exploration and evaluation costs	\$ 907,661	\$ 92,724	\$ 113,908	\$ 1,114,293

**Nine months ended June 30, 2018**

	East Preston Project	Lithium Projects	ELC Project	Total
Camp and general	\$ 388	\$ 121,034	\$ -	\$ 121,422
Geological and geophysical	199,357	25,280	-	224,637
Helicopter charter	56,065	-	-	56,065
Management fee	-	14,301	-	14,301
Mapping and interpretation	6,500	-	-	6,500
Total exploration and evaluation costs	\$ 262,310	\$ 160,615	\$ -	\$ 422,925

**5. Shareholders' Equity****a) Authorized**

Unlimited number of common shares without par value.

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### **Notes to the Condensed Consolidated Interim Financial Statements**

**For the Nine Months Ended June 30, 2019 and 2018**

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*In Canadian Dollars*

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#### **5. Shareholders' Equity - Continued**

##### **b) Issued Share Capital**

###### Share transactions for the nine months ended June 30, 2019:

- (i) On December 24, 2018, the Company completed a non-brokered private placement of 1,000,333 non flow-through units at \$0.06 per unit and 3,983,333 flow-through units at \$0.06 per unit for total proceeds of \$299,020. Each non flow-through unit consisted of one non flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at \$0.10 per share for a period of 1 year. Each flow-through unit consisted of one flow-through common share and one-half warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share at \$0.10 per share for a period of 1 year. The Company incurred costs of \$10,389 relating to the private placement.

Of the cash proceeds received from non flow-through shares, \$49,000 was allocated to share capital and \$11,020 was allocated to warrants based on their relative fair value.

The amount of the flow-through share liability associated with the flow-through shares was determined to be \$21,000 based on the difference between the fair value price per share of the flow-through shares and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was \$218,000, of which \$197,000 was allocated to share capital and \$21,000 was allocated to warrants based on their relative fair value.

- (ii) 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 (Note 4). In consideration of the financing, the Company issued 4,000,000 common shares at a fair value of \$200,000.
- (iii) 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 \$300,000 and \$563,600, respectively. Each flow-through unit will consist of one flow-through share and one warrant and each non flow-through unit will consist of one non flow-through share and one warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years at a price of \$0.07 per share. Of the proceeds from flow-through units, \$170,000 was allocated to share capital and \$130,000 was allocated to warrants based on their relative fair value. Of the proceeds from non flow-through units, \$319,000 was allocated to share capital and \$244,600 was allocated to warrants based on their relative fair value.

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.

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#### **5. Shareholders' Equity - Continued**

##### **b) Issued Share Capital – Continued**

Share transactions for the nine months ended June 30, 2019 (continued):

- (iv) 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 \$80,000 and \$272,650, respectively. Each flow-through unit will consist of one flow-through share and one warrant and each non flow-through unit will consist of one non flow-through share and one warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years at a price of \$0.07 per share. Of the proceeds from flow-through units, \$45,000 was allocated to share capital and \$35,000 was allocated to warrants based on their relative fair value. Of the proceeds from non flow-through units, \$155,000 was allocated to share capital and \$117,650 was allocated to warrants based on their relative fair value.

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.

- (v) 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 \$50,000 and \$143,900, respectively. Each flow-through unit will consist of one flow-through share and one warrant and each non flow-through unit will consist of one non flow-through share and one warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years at a price of \$0.07 per share. Of the proceeds from flow-through units, \$28,000 was allocated to share capital and \$22,000 was allocated to warrants based on their relative fair value. Of the proceeds from non flow-through units, \$81,000 was allocated to share capital and \$62,900 was allocated to warrants based on their relative fair value.

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.

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#### **5. Shareholders' Equity - Continued**

##### **b) Issued Share Capital – Continued**

Share transactions for the nine months ended June 30, 2019 (continued):

- (vi) On April 30, 2019, the Company closed the fourth 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 \$750,000 and \$277,326, respectively. Each flow-through unit will consist of one flow-through share and one warrant and each non flow-through unit will consist of one non flow-through share and one warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years at a price of \$0.07 per share. Of the proceeds from flow-through units, \$422,000 was allocated to share capital and \$328,000 was allocated to warrants based on their relative fair value. Of the proceeds from non flow-through units, \$156,000 was allocated to share capital and \$121,326 was allocated to warrants based on their relative fair value.

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.

- (vii) On May 24, 2019, the Company closed the fourth 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 \$440,000 and \$100,000, respectively. Each flow-through unit will consist of one flow-through share and one warrant and each non flow-through unit will consist of one non flow-through share and one warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years at a price of \$0.07 per share. Of the proceeds from flow-through units, \$249,000 was allocated to share capital and \$191,000 was allocated to warrants based on their relative fair value. Of the proceeds from non flow-through units, \$57,000 was allocated to share capital and \$43,000 was allocated to warrants based on their relative fair value.

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.

- (viii) On April 11, 2019, the Company issued 2,000,000 common shares to Skyharbour Resources Ltd. in lieu of an option payment (Note 4), valued at \$100,000. The Company paid \$2,520 in costs related to these share issuances
- (ix) During the nine months ended June 30, 2019, 908,333 warrants were exercised for gross proceeds of \$90,833. The fair value of the warrants exercised was \$9,721 and was transferred to share capital upon exercise.

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#### **5. Shareholders' Equity - Continued**

##### **b) Issued Share Capital – Continued**

###### Share transactions for the year ended September 30, 2018:

- (x) On October 6, 2017, the Company completed the second tranche of a non-brokered private placement of 3,900,000 units at \$0.05 per unit for gross proceeds of \$195,000, of which \$20,000 was received in the year ended September 30, 2017. Each unit comprised of one non flow-through common share and one warrant. Each warrant entitles the holder to purchase one non flow-through common share at \$0.12 per share until October 6, 2018. The Company incurred \$2,775 in share issue costs related to the private placement.

Of the cash proceeds received from non flow-through shares, \$142,000 was allocated to share capital and \$53,000 was allocated to warrants based on their relative fair value.

- (xi) On January 23, 2018, the Company completed a non-brokered private placement of 11,033,325 units at \$0.15 per unit for gross proceeds of \$1,655,000. Each unit is comprised of one non flow-through common share and one warrant. Each warrant entitles the holder to purchase one non flow-through common share until January 23, 2019 at \$0.22 per share. The Company paid \$78,450 of cash commissions as finders' fees and \$52,393 of share issuances costs related to the private placement.

Of the cash proceeds received from non flow-through shares, \$1,056,000 was allocated to share capital and \$598,999 was allocated to warrants based on their relative fair value.

- (xii) On January 25, 2018, the Company issued 250,000 common shares to NAM as part of an option agreement (Note 4), valued at \$50,000.
- (xiii) On August 7, 2018, the Company issued 750,000 common shares to NAM as part of an option agreement (Note 4), valued at \$63,750.
- (xiv) On September 13, 2018, the Company issued 4,000,000 common shares to 1177865 BC Ltd as part of an option agreement (Note 4), valued at \$300,000.
- (xv) During the year ended September 30, 2018, 12,925,579 warrants were exercised for gross proceeds of \$1,364,799. The fair value of the warrants exercised was \$317,799 and was transferred to share capital upon exercise.
- (xvi) During the year ended September 30, 2018, 180,000 options were exercised for gross proceeds of \$18,000. The fair value of the warrants exercised was \$17,143 and was transferred to share capital upon exercise.

**Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)***(An Exploration Stage Company)***Notes to the Condensed Consolidated Interim Financial Statements****For the Nine Months Ended June 30, 2019 and 2018***Unaudited – Prepared by Management**In Canadian Dollars***5. Shareholders' Equity – Continued****c) Warrants**

Details of warrants activity for the nine months ended June 30, 2019 and the year ended September 30, 2018 are as follows:

September 30, 2018	Issued	Exercised	Expired	June 30, 2019	Exercise Price	Expiry Date
400,000	-	-	(400,000)	-	\$0.05	November 10, 2018
3,900,000	-	-	(3,900,000)	-	\$0.12	October 6, 2018
11,033,325	-	-	(11,033,325)	-	\$0.22	January 23, 2019
-	2,992,000	(908,333)	-	2,083,667	\$0.10	December 24, 2019
-	18,112,000	-	-	18,112,000	\$0.07	February 26, 2024
-	7,133,000	-	-	7,133,000	\$0.07	March 20, 2024
-	4,086,000	-	-	4,086,000	\$0.07	April 8, 2024
-	22,046,526	-	-	22,046,526	\$0.07	April 30, 2024
-	11,612,000	-	-	11,612,000	\$0.07	May 24, 2024
15,333,325	65,981,526	-	(15,333,325)	65,073,193	\$0.07	

  

September 30, 2017	Issued	Exercised	Expired	September 30, 2018	Exercise Price	Expiry Date
6,399,245	-	(6,032,579)	(366,666)	-	\$0.12	February 24, 2018
7,296,000	-	(4,232,000)	(3,064,000)	-	\$0.12	August 14, 2018
3,061,000	-	(2,661,000)	-	400,000	\$0.05	November 10, 2018
-	3,900,000	-	-	3,900,000	\$0.12	October 6, 2018
-	11,033,325	-	-	11,033,325	\$0.22	January 23, 2019
16,756,245	14,933,325	(12,925,579)	(3,430,666)	15,333,325	\$0.19	

The following weighted average assumptions were used in the nine months ended June 30, 2019 and 2018:

	2019	2018
Stock price volatility	115.14%	150.50%
Risk-free interest rate	1.62%	1.70%
Expected life of options	4.82 years	1.0 year
Expected dividend yield	0.00%	0.00%

## Azincourt Energy Corp. (formerly Azincourt Uranium Inc.)

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### Notes to the Condensed Consolidated Interim Financial Statements

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#### 5. Shareholders' Equity – Continued

##### d) Stock Options

The Company has a rolling stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

Details of activity in stock options for the nine months ended June 30, 2019 and the year ended September 30, 2018 are as follows:

September 30, 2018	Issued	Exercised	Expired Unexercised	December 31, 2018	Exercise Price	Expiry Date
870,000	-	-	-	870,000	\$0.10	February 6, 2022
1,410,000	-	-	-	1,410,000	\$0.10	December 21, 2022
1,000,000	-	-	-	1,000,000	\$0.20	February 1, 2020
-	400,000	-	-	400,000	\$0.05	February 11, 2020
3,280,000	400,000	-	-	3,680,000	\$0.12	

September 30, 2017	Issued	Exercised	Expired Unexercised	September 30, 2018	Exercise Price	Expiry Date
156,250	-	-	(156,250)	-	\$1.44	June 24, 2018
1,050,000	-	(180,000)	-	870,000	\$0.10	February 6, 2022
-	1,410,000	-	-	1,410,000	\$0.10	December 21, 2022
-	1,000,000	-	-	1,000,000	\$0.20	February 1, 2020
1,206,250	2,410,000	-	(156,250)	3,280,000	\$0.13	

- (i) On December 21, 2017, the Company granted to its directors, officers and consultants 1,410,000 stock options with an exercise price of \$0.10 per share expiring on December 21, 2022. The fair value of \$147,000 that fully vested on the grant date was recorded as share-based compensation in the statement of operations and included in reserves.
- (ii) On February 1, 2018, the Company granted to its directors, officers and consultants 1,000,000 stock options with an exercise price of \$0.20 per share expiring on February 1, 2020. The fair value of \$144,000 that fully vested on the grant date was recorded as share-based compensation in the statement of operations and included in reserves.

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#### 5. Shareholders' Equity – Continued

##### d) Stock Options – Continued

(iii) On February 11, 2019, the Company granted to its directors, officers and consultants 400,000 stock options with an exercise price of \$0.05 per share expiring on February 11, 2020. The fair value of \$7,000 that fully vested on the grant date was recorded as share-based compensation in the statement of operations and included in reserves.

The following weighted average assumptions were used in the nine months ended June 30, 2019 and 2018:

	2019	2018
Stock price volatility	94.15%	145.04%
Risk-free interest rate	1.79%	1.86%
Expected life of options	1.00 year	3.76 years
Expected dividend yield	0.00%	0.00%

#### 6. Segmented Information

The Company's geographic information as at June 30, 2019 and September 30, 2018 are as follows:

As at June 30, 2019	Canada	Peru	Total
<u>Assets</u>			
Mineral properties	\$ 1,912,498	\$ 464,750	\$ 2,377,248
Other assets	1,876,088	-	1,876,088
Total	\$ 3,788,586	\$ 464,750	\$ 4,253,336

  

As at September 30, 2018	Canada	Peru	Total
<u>Assets</u>			
Mineral properties	\$ 2,388,392	\$ 464,750	\$ 2,853,142
Other assets	1,091,218	-	1,091,218
Total	\$ 3,479,610	\$ 464,750	\$ 3,944,360

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#### 7. Related Party Transactions

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 nine months ended June 30, 2019 and 2018 includes:

	2019	2018
Consulting and directors' fees	\$ 133,500	\$ 163,500
Exploration and evaluation costs	15,000	20,000
Share-based compensation	-	99,043
	\$ 148,500	\$ 282,543

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

#### 8. 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.

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

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

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#### 9. Financial Instruments

The classification of the financial instruments as well as their carrying values as at June 30, 2019 is shown in the table below:

Loans and receivables	\$	1,734,222
Financial liabilities measured at amortized cost	\$	29,263

##### a) Fair Value of Financial Instruments

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.

##### b) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

**(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 cash equivalents and amounts receivable. Cash and cash equivalents are 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 subject to liquidity risk.

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#### **9. Financial Instruments – Continued**

##### **b) Management of Risks Arising From Financial Instruments - Continued**

**(iii) 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 subject to liquidity risk.

**(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 and the Company's future revenues are 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.