

AZINCOURT ENERGY CORP.
Management Discussion and Analysis (“MD&A”)
for the year ended September 30, 2020

The following discussion and analysis of the operations, results, and financial position of Azincourt Energy Corp. (“the Company”) for the year ended September 30, 2020 should be read in conjunction with the Company’s audited financial statements and related notes for the year ended September 30, 2020. The Company’s management is responsible for the preparation and presentation of the financial statements and this MD&A. The effective date of this report is December 15, 2020. 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.

The Company is conducting exploration activities on the East Preston Project in Saskatchewan, Canada and the ELC Project in Peru.

HIGHLIGHTS FOR THE YEAR ENDED SEPTEMBER 30, 2020 AND SUBSEQUENT PERIOD UP TO DECEMBER 15, 2020

- a) On October 1, 2019, the Company granted to its consultants 3,700,000 stock options with an exercise price of \$0.05 per share expiring on October 1, 2024.
- b) On November 1, 2019, the Company granted to its consultants 700,000 stock options with an exercise price of \$0.05 per share expiring on November 1, 2021.
- c) On October 24, 2019, the Company issued 5,000,000 common shares relating to the ELC Project option agreement, at a fair value of \$125,000.
- d) On April 7, 2020, the option agreement for East Preston Project was amended to extend the due date of the \$400,000 payment to March 31, 2021. In consideration for the extension, the Company issued 2,500,000 common shares each to Skyharbour and Dixie Gold at \$0.05 per share on April 27, 2020.
- e) On April 15, 2020, the option agreement for East Preston Project was amended to extend the due date of the \$1,500,000 work obligation to March 27, 2021.
- f) On April 1, 2020, the Company granted to its consultants 1,000,000 stock options with an exercise price of \$0.05 per share expiring on April 1, 2025.
- g) On May 1, 2020, the Company granted to its consultants 1,200,000 stock options with an exercise price of \$0.05 per share expiring on May 1, 2022.
- h) On May 1, 2020, the Company granted to its consultants 2,000,000 stock options with an exercise price of \$0.05 per share expiring on May 1, 2025.

- i) On April 20, 2020, the Company completed a private placement of 3,000,000 units at \$0.05 per unit for gross proceeds of \$150,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share until April 20, 2025 at \$0.07 per share.
- j) On May 20, 2020, the Company completed a non-brokered private placement of 22,750,000 non flow-through units at \$0.05 per unit and 6,261,906 flow-through units at \$0.055 per unit for gross proceeds of \$1,481,905. Each non flow-through unit is comprised of one common share and one warrant. Each flow-through unit is comprised of one flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional common share for 5 years at \$0.07 per share. In relation to the private placement, the Company paid finders' fees of \$111,890 and issued 1,160,191 finders' fee warrants. Each warrant entitles the holder to purchase one common share at \$0.07 per share until May 20, 2025.
- k) On June 3, 2020, the Company completed a private placement of 1,500,000 units at \$0.05 per unit for gross proceeds of \$75,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share until June 3, 2025 at \$0.07 per share.
- l) On August 10, 2020, the Company issued 6,000,000 common shares to 1177865 BC Ltd as part of an option agreement.
- m) On August 29, 2020, the Company issued 819,000 common shares to a third party consultant to settle \$40,950 of accounts payable.
- n) During the year ended September 30, 2020, 1,250,000 warrants were exercised for gross proceeds of \$87,500.
- o) During the year ended September 30, 2020, 3,630,000 stock options were exercised for gross proceeds of \$181,500.
- p) Subsequent to September 30, 2020, 600,000 warrants were exercised for gross proceeds of \$42,000.

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 September 30, 2019.

EAST PRESTON PROJECT – Athabasca Basin, Canada

As at September 30, 2020, the Company incurred total acquisition costs of \$1,933,895 (September 30, 2019 - \$1,683,895) 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.

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.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 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 2020 drill program is complete. The approximately \$1.2-million drill program focused on prospective targets generated from previous ground and airborne geophysical surveys in the Five Island Lakes area. Nine diamond drill holes totalling 2,431 meters were completed in three zones within a 7km x 2km area. All drill holes targeted combined electromagnetic \pm gravity geophysical and geochemical anomalies in concert with structural/topographic discontinuities. East Preston hosts multiple closely spaced discrete graphitic conductor trends with coincident gravity low anomalies often indicative of alteration or thicker overburden due to enhanced glacial scouring over altered, or structurally disrupted basement.

The majority of proposed holes tested multiple subparallel EM conductors (A-zone and B-zone conductor corridors), in an area of marked structural disruption. Portions of the A-zone were drilled during the 2019 winter campaign verifying that the conductor hosts significant graphite in strongly deformed (sheared) host rocks that offer both fluid pathways and a reducing host rock conducive to uranium deposition.

Three main target areas were drill tested with promising basement lithologies and graphitic structures intersected along with associated, anomalous Rare Earth Element (“REE”) mineralization and favourable alteration. The basement lithologies and litho-tectonic setting at East Preston are very similar and appear analogous to the Patterson Lake South-Arrow-Hook Lake/Spitfire uranium deposits’ host rocks and setting, and the recognition of REE mineralization setting appears to represent a basement mineralizing system similar to sandstone-hosted REE mineralization associated with uranium deposition observed at the Wheeler River project in the eastern Athabasca. The East Preston basement-hosted REE mineralization is LREE>HREE, whereas, the sandstone-hosted MAW Zone is HREE dominant, which could be related to original source-rock contents, fluid travel pathways/chemistries and depositional conditions (basement versus sandstone style). However, the presence of similar HREE mineralization in basement structures displaying silica and boron enrichment at East Preston confirms mineralizing basement fluid systems were active and, although this system is not uranium-bearing, the litho-tectonic setting and conditions remain highly prospective for basement-host uranium mineralization discovery in the vicinity. Follow-up drilling is warranted at both A-Zone and B-Zone conductor trends as both infill drilling and strike extension testing.

The 2020 drill program included additional drilling in the Swoosh zone, an over seven-kilometre-long east-west structural lineament with strongly anomalous, spatially consistent geochemical anomalies (lake sediments, radon, soil) and coincident magnetic and gravity geophysical anomalies. This zone is located along strike -- approximately five kilometres southwest of the A-zone. No graphitic rocks or anomalous geochemistry was intersected at Swoosh, and no additional follow up work is planned.

A late fall/early winter 2020 ground geophysical targeting program is currently underway to support future drill programs based on the existing property-wide heli-borne VTEM survey results where numerous untested graphitic conductive corridor trends have been identified for follow up. The program will consist of helicopter-supported ground geophysical surveys including up to 33 line km of line cutting and Horizontal Loop Electromagnetic (HLEM).

A winter 2021 diamond drill program is currently being planned, with exploration permitting work already underway. The proposed drill program will follow-up encouraging results from previous drilling and will also incorporate new targets generated during the latest ground geophysical program.

LITHIUM PROJECTS – Manitoba, Canada

The Company has decided not to pursue acquiring interest in the Lithium Projects, therefore total acquisition costs of \$228,603 have been written off as at September 30, 2020.

ELC PROJECT – Peru

As at September 30, 2020, the Company has incurred total acquisition costs of \$739,750 (September 30, 2019 - \$464,750).

On September 5, 2018, and amended October 16, 2019 and July 29, 2020, the Company entered into an option agreement with 1177865 BC Ltd. ("Property Owners") whereby the Company may acquire an undivided 100% interest in the Escalera ("ELC") project, located in Peru, by paying an aggregate of \$450,000 in staged cash payments, issuing 16,000,000 common shares, and incurring an aggregate of \$2,500,000 of staged expenditures.

The ELC project consists of three concessions (Lituania, Condorlit, Escalera) covering a combined area of 7,400 hectares of prospective exploration targets for volcanic hosted supergene/surficial uranium and lithium on the Picotani Plateau, Puno, Peru. Located in a mineral-rich district where mining giants like Minsur and Rio Tinto operate, as well as growing mid-tiers and juniors like Bear Creek Mining and Plateau Energy Metals. Surface rock samples obtained in 2017 from the ELC project were processed by ALS Minerals, in Lima, Peru, and returned values of up to 3,560 ppm uranium and 153 ppm lithium. Historical samples taken from the ELC project have yielded values up to 6,812 ppm uranium.

In 2018 Azincourt initiated first phase ground work that included detailed reconnaissance to locate favourable outcroppings and known host rock formations, focused ground radiometric geophysical surveys using hand portable scintillometers to test for elevated radioactivity at surface, and a comprehensive channel sampling program. Sampling at the priority ELC project has identified two new prospective uranium areas measuring an estimated combined 6.5 kilometers. Rock grab samples yielded highlight laboratory results of up to 8,061 ppm uranium (0.95% U₃O₈). Additional highlight samples return 6,812 ppm, 6,126 ppm, 3,560 ppm and 3,438

ppm uranium. 11 rock samples reporting above 1,000-ppm uranium (0.12% U3O8)*.

* Rock grab samples are selective by nature and do not necessarily represent average grades on the property

QUALIFIED PERSON

The technical information respecting 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 information regarding the ELC project has been reviewed by Michael Moore (P. Geo.). Mr. Moore is a Qualified Person ("QP") as defined in the "Canadian Institute of Mining, Metallurgy and Petroleum, CIM standards on Mineral Resources and Reserves" and NI 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, 2020 or incurred during the years ended September 30, 2020, 2019 and 2018:

	2020	2019	2018
Capitalized mineral acquisition costs	\$2,673,645	\$2,377,248	\$2,853,142
Expensed mineral exploration costs	\$1,274,364	\$1,150,828	\$521,321
General and administrative expenses	\$1,347,146	\$1,461,283	\$1,723,768
Any material costs (capitalized, deferred or expensed) not referred to above:			
Share-based compensation	\$195,795	\$7,000	\$291,000

SUMMARY OF QUARTERLY RESULTS

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

	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Expenses (Recovery)	\$442,787	\$676,839	\$1,285,056	\$412,623	\$329,766	\$682,524	\$1,166,883	\$439,938
Loss (income) for the period	\$661,276	\$674,639	\$1,283,145	\$406,920	\$322,943	\$1,429,753	\$1,145,387	\$437,848
Weighted average shares outstanding	167,651,942	173,146,439	152,414,152	149,006,627	108,204,439	132,626,572	77,754,421	73,259,511
Loss (earnings) per share	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01
Mineral property acquisition costs	\$150,000	\$250,000	-	\$125,000	-	\$300,000	-	-
Mineral property interests write-off	\$228,603	-	-	-	-	\$775,894	-	-
Mineral property exploration costs	\$7,783	\$77,856	\$1,110,321	\$78,404	\$36,535	\$341,691	\$636,446	\$136,156

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 200,132,750 shares outstanding. The following table summarizes maximum number of common shares outstanding as at September 30, 2020 and as of the date of this MD&A if all outstanding options and warrants were exercised to purchase common shares:

	September 30, 2020	As of the date of this MD&A
Common shares	199,532,750	200,132,750
Warrants to purchase common shares	96,411,623	95,811,623
Options to purchase common shares	6,890,000	6,890,000
	<u>302,834,373</u>	<u>302,834,373</u>

SELECTED ANNUAL INFORMATION

	2020	2019	2018
	\$	\$	\$
Revenue	Nil	Nil	Nil
Loss and comprehensive loss for the year	3,025,980	3,335,931	2,460,925
Loss per common share, basic and diluted	0.02	0.03	0.04
Weighted average number of common shares outstanding	167,651,942	108,204,439	61,093,142
Statement of Financial Position Data			
Working capital (deficit)	755,948	1,523,882	998,371
Total assets	3,500,837	3,971,774	3,944,360
Dividends paid	Nil	Nil	Nil

RESULTS OF OPERATIONS

Year ended September 30, 2020 ("2020") compared with year ended September 30, 2019 ("2019").

The loss for the year ended September 30, 2020 was \$3,025,980, compared with \$3,335,931 for the year ended September 30, 2019. The increase in the loss from 2019 to 2020 was mainly due to an increase in share-based compensation expense, and exploration and evaluation expenditures, offset by a decrease in marketing, conferences, property investigation costs and write-off of mineral property interests. Major differences are explained as follows:

- Exploration and evaluation expenditures increased from \$1,150,828 in 2019 to \$1,274,364 in 2020. During 2020, the Company increased exploration expenditures on the East Preston Project;
- Marketing, conferences and shareholder relations decreased from \$464,180 in 2019 to \$408,971 in 2020. The decrease is due to decreased marketing and branding efforts to promote the Company's properties;
- Property investigation costs decreased from \$61,000 in 2019 to \$Nil in 2020. During 2019, the Company incurred management and consulting fees exploring new properties;
- Share-based compensation expense increased from \$7,000 in 2019 to \$195,795 in 2020. The share-based compensation expense in 2020 was from the 8,600,000 stock options issued to consultants. The share-based compensation expense in 2019 was from the 400,000 stock options issued to consultants; and
- Write-off of mineral property interests decreased from \$775,894 in 2019 to \$228,603 in 2020. During 2020, the Company wrote off \$228,603 of accumulated acquisition costs relating to the Lithium projects. During 2019, the Company wrote off \$775,894 of accumulated acquisition costs relating to the PLN Property.

Three months ended September 30, 2020 ("Q4 2020") compared with the three months ended September 30, 2019 ("Q4 2019").

The loss for the quarter ended September 30, 2020 was \$661,276, compared with \$322,943 for the quarter ended September 30, 2019. The increase in the loss from Q4 2019 to Q4 2020 was mainly due to an increase in consulting and directors' fees and marketing, conferences and shareholder communications, an increase in write-off of mineral property interests, offset by a decrease in property investigation costs. Major differences are explained as follows:

- Consulting and directors' fees increased from \$87,000 in Q4 2019 to \$245,691 in Q4 2020. The increase is due to increased third party business and market advisory services used during Q4 2020;
- Marketing, conferences and shareholder communications increased from \$82,932 in Q4 2019 to \$118,250 in Q4 2020. The increase was due to an increase in social media and marketing efforts in promoting the Company's properties during 2020;
- Property investigation costs decreased from \$61,000 in Q4 2019 to \$Nil in Q4 2020. During 2019, the Company incurred management and consulting fees exploring new properties; and
- Write-off of mineral property interests increased from \$Nil in Q4 2019 to \$228,603 in Q4 2020. During Q4 2020, the Company wrote off \$228,603 of accumulated acquisition costs relating to the Lithium projects.

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, 2019, the Company's working capital was \$755,948, compared with \$1,523,882 as at September 30, 2019. The decrease in working capital was a result of cash spent on operating expenses and exploration and evaluation expenditures, offset by cash received from private placements that closed during the current year, exercise of warrants and options.

Cash

On September 30, 2020, the Company had \$722,125 of cash, compared with \$1,514,708 of cash on September 30, 2019. Cash was mostly spent on consulting and directors' fees, exploration and evaluation expenditures, and marketing, conferences and shareholder relations. The Company also received net proceeds of \$1,841,038 from issuance of shares, exercises of options and warrants during the current year.

Cash Used in Operating Activities

Cash used in operating activities during the year ended September 30, 2020 was \$2,633,621. 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, 2019 was \$2,235,008. Cash was mostly spent on consulting and directors' fees, exploration and evaluation expenditures, and marketing, conferences and shareholder relations.

Cash Used in Investing Activities

Cash used in investing activities during the year ended September 30, 2020 was \$Nil (2019: \$200,000). During the year ended September 30, 2019, the Company paid \$200,000 of acquisition costs relating to the East Preston property.

Cash Generated by Financing Activities

During the year ended September 30, 2020, the Company received gross cash proceeds of \$1,706,905 from three private placements and spent \$134,867 of costs associated with the private placements. The Company also received \$181,500 from the exercise of options and \$87,500 from the exercise of warrants during the 2020 fiscal year. During the year ended September 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.

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, 2020, the Company raised \$1,841,038 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.

SUBSEQUENT EVENT

Subsequent to September 30, 2020, 600,000 warrants were exercised at \$0.07 per share for gross proceeds of \$42,000.

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, 2020 and 2019 includes:

Name of related party	Nature of transactions	Years ended September 30	
		2020	2019
0949570 BC Ltd.	Consulting and directors' fees	\$ 142,500	\$ 142,500
TKLD Geological Inc.	Exploration and evaluation expenditures	-	18,000
Westview Consulting Ltd.	Consulting and directors' fees	-	7,500
Westview Consulting Ltd.	Exploration and evaluation expenditures	30,000	22,500
VC Consulting Corp.	Consulting and directors' fees	18,000	18,000
Total		\$ 190,500	\$ 208,500

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, 2020	September 30, 2019
Key management personnel	\$ 13,125	\$ 30,450

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 investigate other prospective projects.

To finance the above plans, the Company completed a private placement in in April 2019 of \$1,221,226, in May 2019 of \$540,000, in April 2020 of \$150,000, in May 2020 of \$1,481,905 and in June 2020 of \$75,000.

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: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity. Cash is measured using level I of the fair value hierarchy.

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. 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 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

IFRS 16 *Leases* – This standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. It eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The Company has determined there was no impact from this new standard on the Company's 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 financial statements for the years ended September 30, 2020 and 2019. Additional information about the Company can also be found on www.sedar.com.

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