

Azincourt Energy Corp.

(An Exploration Stage Company)

Condensed Interim Financial Statements

Three and Nine Months Ended June 30, 2020 and 2019

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.
(An Exploration Stage Company)
Interim Statements of Financial Position
In Canadian Dollars

ASSETS

	June 30, 2020	September 30, 2019
Current		
Cash	\$ 811,561	\$ 1,514,708
Amounts receivable	63,945	19,491
Prepaid expenses	378,018	60,327
	<u>1,245,524</u>	<u>1,594,526</u>
Mineral Properties (Note 4)	<u>2,752,248</u>	<u>2,377,248</u>
	<u>\$ 3,997,772</u>	<u>\$ 3,971,774</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 7 and 10)	\$ 61,232	\$ 70,644
Flow-through share liability (Note 5)	29,110	-
	<u>\$ 90,342</u>	<u>\$ 70,644</u>

SHAREHOLDERS' EQUITY

Share Capital (Note 5)	13,090,983	11,555,038
Reserves (Note 5)	4,230,291	3,395,233
Deficit	<u>(13,413,844)</u>	<u>(11,049,141)</u>
	<u>3,907,430</u>	<u>3,901,130</u>
	<u>\$ 3,997,772</u>	<u>\$ 3,971,774</u>

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 10)

Approved by the Board of Directors:

"Paul Reynolds"

"Terrence O'Connor"

Paul Reynolds, Director

Terrence O'Connor, Director

- See Accompanying Notes -

Azincourt Energy Corp.*(An Exploration Stage Company)***Interim Statements of Loss and Comprehensive Loss****For the Three and Nine months ended June 30, 2020 and 2019***Unaudited – Prepared by Management**In Canadian Dollars*

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
Expenses				
Audit and accounting	\$ 34,650	\$ 13,500	\$ 63,943	\$ 51,190
Consulting and directors' fees (Note 7)	265,230	117,000	461,730	623,049
Exploration and evaluation costs (Note 4c))	77,856	341,691	1,266,581	1,114,293
Filing and transfer agent fees	2,688	8,831	14,047	20,899
Insurance	1,245	1,298	3,735	3,896
Investor relations	5,985	7,510	10,985	14,535
Legal	583	764	4,184	2,315
Marketing, conferences and shareholder communications	167,250	172,245	290,721	381,248
Office and administration	21,104	19,685	67,084	70,920
Share-based compensation (Note 5f))	100,248	-	191,508	7,000
Total Expenses	(676,839)	(682,524)	(2,374,518)	(2,289,345)
Other Income				
Interest income	-	3,648	7,614	7,156
Loss on disposal of subsidiary	-	-	-	(922)
Other income (Note 5c))	2,200	-	2,200	21,000
Gain on recovery of accounts payable and accrued liabilities	-	25,017	-	25,017
Write-off of mineral property interests	-	(775,894)	-	(775,894)
Net loss and comprehensive loss for the period	\$ (674,639)	\$ (1,429,753)	\$ (2,364,704)	\$ (3,012,988)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding	173,146,439	132,626,572	158,155,560	97,847,536

– See Accompanying Notes –

Azincourt Energy Corp.
(An Exploration Stage Company)
Interim Statements of Cash Flows
For the Nine Months Ended June 30, 2020 and 2019
Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):	2020	2019
Operations:		
Loss for the period	\$ (2,364,703)	\$ (3,012,988)
Items not affecting cash:		
Share-based compensation	191,508	7,000
Other income	(2,200)	(21,000)
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	(44,454)	(12,225)
Prepaid expenses	(309,691)	81,150
Accounts payable and accrued liabilities	(9,412)	(38,567)
	<u>(2,538,952)</u>	<u>(2,045,753)</u>
Investing:		
Mineral property acquisition costs	-	(200,000)
Financing:		
Proceeds from issuance of shares	1,706,905	3,276,496
Share issuance costs	(131,100)	(267,781)
Exercise of options	172,500	-
Exercise of warrants	87,500	90,833
	<u>1,835,805</u>	<u>3,099,548</u>
Net increase (decrease) in cash	(703,147)	853,795
Cash - beginning of period	1,514,708	850,168
Cash - end of period	\$ 811,561	\$ 1,703,963

- See Accompanying Notes -

Azincourt Energy Corp.
(An Exploration Stage Company)
Interim Statements of Changes in Equity
In Canadian Dollars

	Share Capital		Reserves			Total \$
	Shares	Amount \$	Warrants \$	Options \$	Deficit \$	
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)
Relative fair value of warrants	-	(727,000)	727,000	-	-	-
Private placements – non flow-through	28,149,859	1,417,496	-	-	-	1,417,496
Relative 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
Relative 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
Loss for the period	-	-	-	-	(322,943)	(322,943)
Balance, September 30, 2019	144,321,844	11,555,038	2,473,805	921,428	(11,049,141)	3,901,130
Loss for the period	-	-	-	-	(2,364,703)	(2,364,703)
Private placements – flow-through	6,261,906	344,405	-	-	-	344,405
Flow-through liability	-	(31,310)	-	-	-	(31,310)
Relative fair value of warrants	-	(133,095)	133,095	-	-	-
Private placements – non flow-through	27,250,000	1,362,500	-	-	-	1,362,500
Relative fair value of warrants	-	(580,500)	580,500	-	-	-
Fair value of finders' fee warrants	-	(34,000)	34,000	-	-	-
Share issue costs	-	(131,100)	-	-	-	(131,100)
Shares issued to acquire mineral properties	10,000,000	375,000	-	-	-	375,000
Exercise of options	3,450,000	172,500	-	-	-	172,500
Fair value of options	-	76,935	-	(76,935)	-	-
Exercise of warrants	1,250,000	87,500	-	-	-	87,500
Fair value of warrants	-	27,110	(27,110)	-	-	-
Share-based compensation	-	-	-	191,508	-	191,508
Balance, June 30, 2020	192,533,750	13,090,983	3,194,290	1,036,001	(13,413,844)	3,907,430

– See Accompanying Notes –

Azincourt Energy Corp.
(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

*Unaudited – Prepared by Management
In Canadian Dollars*

1. Nature of Operations and Going Concern

Azincourt Energy Corp. (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 interim financial statements.

These 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, 2020, the Company had not achieved profitable operations and had an accumulated deficit of \$13,413,844. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These condensed 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 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 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, 2019.

Azincourt Energy Corp.
(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

*Unaudited – Prepared by Management
In Canadian Dollars*

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, 2020.

d) Basis of Consolidation

These financial statements included the financial statements of the Company and its wholly-owned subsidiary, Azincourt International Holdings Ltd. incorporated in British Columbia, Canada until January 23, 2019 when Azincourt International Holding Ltd. was dissolved and these financial statements included its operations to the date of dissolution.

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: recoverability and impairment of mineral property and the valuation of share-based payments.

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

Azincourt Energy Corp.
(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management
In Canadian Dollars

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 Black-Scholes to calculate the fair value stock options and of common share purchase warrants issued. Black Scholes 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 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

The following standards and amendments to existing standards have been adopted by the Company effective October 1, 2018:

IFRS 9 *Financial Instruments* – The Company retrospectively adopted IFRS 9. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. Prior periods were not restated and there was no material impact to the Company's financial statements as a result of transitioning to IFRS 9. IFRS 9 introduced a revised model for classification and measurement, and while this has resulted in financial instrument classification changes, there were no quantitative impacts from adoption. Cash has changed classification from FVTPL to amortized cost. The carrying value is equal to its fair value given the short-term nature of the asset, therefore, there is no change in the carrying value as a result of the change in classification. There are no transitional impacts regarding financial liabilities in regards to classification and measurement.

Azincourt Energy Corp.
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Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

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3. Recent Accounting Pronouncements - Continued

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets given the nature of the items and that receivables are substantially all current and there is a minimal level of default.

IFRS 15 *Revenue from Contracts with Customers* – establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. There was no impact on the financial statements as a result of adopting this standard.

The following standards, amendments to standards and interpretations have been issued but are not effective for annual periods beginning on or after January 1, 2019:

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 the impact of this new standard will be increased disclosure.

4. Mineral Properties

East Preston Project, Canada

On March 27, 2017, the Company entered into an Option Agreement with Skyharbour Resources Ltd. and Dixie Gold Inc. (formerly 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 (paid and completed) ⁽¹⁾	300,000	750,000 ⁽²⁾
On or before March 27, 2020	400,000 ⁽³⁾	1,500,000 ⁽⁴⁾
TOTAL	\$ 1,000,000	\$ 2,500,000

⁽¹⁾\$150,000 was paid to Dixie Gold 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.

⁽²⁾4,000,000 common shares with a value of \$200,000 were issued to a third party for repayment of exploration expenditures paid on behalf of the Company.

⁽³⁾ On April 7, 2020, the agreement 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 valued at \$250,000.

⁽⁴⁾ On April 15, 2020, the agreement was amended to extend the due date of the \$1,500,000 work obligation to March 27, 2021.

Azincourt Energy Corp.
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Notes to the Condensed Interim Financial Statements

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4. Mineral Properties – Continued

East Preston Project (Continued)

In addition, the Company issued 4,500,000 common shares 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, Canada

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")

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 a value of \$50,000);
- (ii) 750,000 shares on or before August 15, 2018 (issued at a 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 (incurred);
- (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 is currently negotiating new payment terms with NAM.

Azincourt Energy Corp.
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Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management
In Canadian Dollars

4. Mineral Properties – Continued

Lithium Projects – Continued

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 additional exploration expenditures of not less than \$1,000,000 on or before October 31, 2022. The Property is subject to a 2% NSR.

ELC Project, Peru

On September 5, 2018, and amended October 16, 2019 and August 4, 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 ELC Project, located in Peru as follows:

Date	Cash Payments	Common Shares	Work Obligation
On grant of the Option (completed)	\$ 100,000	4,000,000 ⁽¹⁾	\$ Nil
By November 15, 2019	Nil	5,000,000 ⁽²⁾	Nil
By September 5, 2020	250,000 ⁽³⁾	1,000,000	500,000 ⁽³⁾
By September 5, 2021	350,000	1,000,000	1,000,000
By September 5, 2022	Nil	Nil	1,500,000
TOTAL	\$ 700,000	11,000,000	\$ 3,000,000

⁽¹⁾ issued at a value of \$300,000

⁽²⁾ issued at a value of \$125,000

⁽³⁾ The Company will issue 5,000,000 common shares in lieu of cash payment of \$250,000 and work obligation of \$500,000

The Company has agreed to issue an additional 5,000,000 common shares to the Property Owners, which is subject to TSX Venture Exchange approval.

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.

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Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management

In Canadian Dollars

4. Mineral Properties – Continued

Patterson Lake North Project (“PLN Project”)

The Company owned a 10% interest in the PLN Project located in northern Saskatchewan. During the year ended September 30, 2019, the Company elected not to fund the pro rata portion of the planned expenditures at the PLN Project, therefore \$775,894 of capitalized costs were written off and the Company’s ownership was reduced to zero.

Acquisition Costs Summary

	PLN Project	East Preston Project	Lithium Projects	ELC Project	Total
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)	-	-	-	(775,894)
Balance, as at September 30, 2019	-	1,683,895	228,603	464,750	2,377,248
Option payment – shares	-	250,000	-	125,000	375,000
Balance, as at June 30, 2020	\$ -	\$ 1,933,895	\$ 228,603	\$ 589,750	\$ 2,752,248

Exploration and Evaluation Expenditures Summary

Details of exploration and evaluation costs incurred for the nine months ended June 30, 2020 and 2019 are as follows:

2020	East Preston Project	Lithium Projects	ELC Project	Total
Camp and general	\$ 448,922	\$ -	\$ 25,241	\$ 474,163
Drilling	535,301	-	-	535,301
Geological and geophysical	214,361	-	-	214,361
Helicopter charter	7,756	-	-	7,756
Legal	-	-	35,000	35,000
Total exploration and evaluation costs	\$ 1,206,340	\$ -	\$ 60,241	\$ 1,266,581

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Notes to the Condensed Interim Financial Statements For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management
In Canadian Dollars

4. Mineral Properties – Continued

Exploration and Evaluation Expenditures Summary – Continued

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

5. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value

b) Issued Share Capital

Share transactions for the nine months ended June 30, 2020;

- (i) On October 24, 2019, the Company issued 5,000,000 common shares to 1177865 BC Ltd as part of an option agreement (Note 4), valued at \$125,000.
- (ii) 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 non flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share until April 20, 2025 at \$0.07 per share. The Company incurred share issue costs of \$2,425 relating to the private placement.

Of the cash proceeds received from common shares, \$85,000 was allocated to share capital and \$65,000 was allocated to warrants based on their relative fair value.

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(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management

In Canadian Dollars

5. Shareholders' Equity - Continued

b) Issued Share Capital – Continued

Share transactions for the nine months ended June 30, 2020 (continued):

- (iii) On April 27, 2020, the Company issued 2,500,000 common shares each to Skyharbour and Dixie Gold at \$0.05 per share as per the amended agreement signed on April 7, 2020 (Note 4). The Company incurred share issue costs of \$5,886 relating to the share issuances.
- (iv) 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, paid share issue costs of \$9,349 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.

Of the cash proceeds received from non flow-through shares, \$655,000 was allocated to share capital and \$482,500 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 \$31,310 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 \$313,095, of which \$180,000 was allocated to share capital and \$133,095 was allocated to warrants based on their relative fair value.

- (v) 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 non flow-through common share and one warrant. Each warrant entitles the holder to purchase one additional non flow-through common share until June 3, 2025 at \$0.07 per share. The Company incurred share issue costs of \$1,550 relating to the private placement.

Of the cash proceeds received from common shares, \$42,000 was allocated to share capital and \$33,000 was allocated to warrants based on their relative fair value.

Azincourt Energy Corp.
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Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management

In Canadian Dollars

5. Shareholders' Equity – Continued

b) Issued Share Capital – Continued

Share transactions for the nine months ended June 30, 2020 (continued):

- (vi) During the nine months ended June 30, 2020, 3,450,000 options were exercised for gross proceeds of \$172,500. The fair value of the options exercised was \$76,935 and was transferred to share capital upon exercise.
- (vii) During the nine months ended June 30, 2020, 1,250,000 warrants were exercised for gross proceeds of \$87,500. The fair value of the warrants exercised was \$27,110 and was transferred to share capital upon exercise.

Share transactions for the year ended September 30, 2019:

- (viii) 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 share issue 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.

- (ix) 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 relative 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.
- (x) On February 13, 2019, the Company issued 4,000,000 common shares valued at \$200,000 for costs paid on the East Preston property (Note 4) on behalf of the Company.

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5. Shareholders' Equity – Continued

b) Issued Share Capital – Continued

Share transactions for the year ended September 30, 2019 (continued):

- (xi) 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 consisted of one flow-through share and one warrant and each non flow-through unit consisted 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.

- (xii) 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 consisted of one flow-through share and one warrant and each non flow-through unit consisted 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.

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For the Nine Months Ended June 30, 2020 and 2019

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In Canadian Dollars

5. Shareholders' Equity - Continued

b) Issued Share Capital – Continued

Share transactions for the year ended September 30, 2019 (continued):

(xiii) 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 consisted of one flow-through share and one warrant and each non flow-through unit consisted 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.

(xiv) 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 share issue costs related to this share issuance.

(xv) 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 consisted of one flow-through share and one warrant and each non flow-through unit consisted 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.

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Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management
In Canadian Dollars

5. Shareholders' Equity - Continued

b) Issued Share Capital – Continued

Share transactions for the year ended September 30, 2019 (continued):

(xvi) On May 24, 2019, the Company closed the fifth 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 consisted of one flow-through share and one warrant and each non flow-through unit consisted 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.

(xvii) During the year ended September 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.

c) Flow-through Share Liability

The following is a continuity of the liability portion of the flow-through share issuances:

Balance, September 30, 2018	\$ 21,000
Flow-through premium liability additions	-
Settlement of flow-through premium liability pursuant to qualifying expenditures	(21,000)
<hr/>	
Balance, September 30, 2019	-
Flow-through premium liability additions	31,310
Settlement of flow-through premium liability pursuant to qualifying expenditures	(2,200)
<hr/>	
Balance, June 30, 2020	\$ 29,110

Azincourt Energy Corp.
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Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2020 and 2019

Unaudited – Prepared by Management
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5. Shareholders' Equity - Continued

d) Warrants

Details of warrants activity for the nine months ended June 30, 2020 and the year ended September 30, 2019 are as follows:

September 30, 2019	Issued	Exercised	Expired	June 30, 2020	Exercise Price	Expiry Date
2,083,667	-	-	(2,083,667)	-	\$0.10	December 24, 2019
18,112,000	-	(1,250,000)	-	16,862,000	\$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
-	3,000,000	-	-	3,000,000	\$0.07	April 20, 2025
-	30,172,097	-	-	30,172,097	\$0.07	May 20, 2025
-	1,500,000	-	-	1,500,000	\$0.07	
65,073,193	34,672,097	(1,250,000)	(2,083,667)	96,411,623	\$0.07	

September 30, 2018	Issued	Exercised	Expired	September 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	(908,333)	(15,333,325)	65,073,193	\$0.07	

The following weighted average assumptions were used in the nine months ended June 30, 2020 and 2019:

	2020	2019
Stock price volatility	112.61%	115.14%
Risk-free interest rate	1.33%	1.62%
Expected life of options	5.00 years	4.82 years
Expected dividend yield	0.00%	0.00%

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For the Nine Months Ended June 30, 2020 and 2019

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In Canadian Dollars

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, 2020 and the year ended September 30, 2019 are as follows:

September 30, 2019	Issued	Exercised	Expired Unexercised	Cancelled	June 30, 2020**	Exercise Price	Expiry Date
870,000	-	-	-	(180,000)	690,000	\$0.10	February 6, 2022
1,410,000	-	-	-	(180,000)	1,230,000	\$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
-	3,700,000	(3,450,000)	-	-	250,000*	\$0.05	October 1, 2024
-	700,000	-	-	-	700,000	\$0.05	November 1, 2021
-	1,000,000	-	-	-	1,000,000	\$0.05	April 1, 2025
-	3,200,000	-	-	-	3,200,000*	\$0.05	May 1, 2025
3,680,000	8,600,000	(3,450,000)	(1,400,000)	(360,000)	7,070,000	\$0.06	

September 30, 2018	Issued	Exercised	Expired Unexercised	Cancelled	September 30, 2019	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	

*180,000 options were exercised subsequent to June 30, 2020

** 5,920,000 of the total options are exercisable as at June 30, 2020

- (i) 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 profit or loss and included in reserves.
- (ii) 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. The fair value of \$82,510 (2019: \$Nil) that fully vested on the grant date was recorded as share-based compensation in profit or loss and included in reserves.

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5. Shareholders' Equity - Continued

e) Stock Options – Continued

- (iii) 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. The fair value of \$8,750 (2019: \$Nil) that fully vested on the grant date was recorded as share-based compensation in profit or loss and included in reserves.
- (iv) On April 1, 2020, the Company granted to a consultant, 1,000,000 stock options with an exercise price of \$0.05 per share expiring on April 1, 2025. 25% of the options will vest on July 1, 2020 and every three months after. The fair value of \$4,683 (2019: \$Nil) that vested as at June 30, 2020 was recorded as share-based compensation in profit or loss and included in reserves.
- (v) On May 1, 2020, the Company granted to its consultants 300,000 stock options with an exercise price of \$0.05 per share expiring on May 1, 2025. 50% of the options will vests on the date of grant and on August 1, 2020. The fair value of \$8,728 (2019: \$Nil) that vested as at June 30, 2020 was recorded as share-based compensation in profit or loss and included in reserves.
- (vi) 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. The fair value of \$26,771 (2019: \$Nil) that fully vested on the grant date was recorded as share-based compensation in profit or loss and included in reserves.
- (vii) On May 1, 2020, the Company granted to its consultants 1,700,000 stock options with an exercise price of \$0.05 per share expiring on May 1, 2025. The fair value of \$60,066 (2019: \$Nil) that fully vested on the grant date was recorded as share-based compensation in profit or loss and included in reserves.

The following weighted average assumptions were used for calculating the share-based compensation in the nine months ended June 30, 2020 and 2019:

	2020	2019
Stock price volatility	133.30%	94.15%
Risk-free interest rate	0.94%	1.79%
Expected life of options	4.25 years	1.00 year
Expected dividend yield	0.00%	0.00%

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6. Segmented Information

a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and Peru.

b) Geographic Segments

The Company's geographic information as at June 30, 2020 and September 30, 2019 are as follows:

As at June 30, 2020	Canada	Peru	Total
Assets			
Mineral properties	\$ 2,162,498	\$ 589,750	\$ 2,752,248
Other assets	1,245,524	-	1,245,524
Total	\$ 3,408,022	\$ 589,750	\$ 3,997,772

As at September 30, 2019	Canada	Peru	Total
Assets			
Mineral properties	\$ 1,912,498	\$ 464,750	\$ 2,377,248
Other assets	1,594,526	-	1,594,526
Total	\$ 3,507,024	\$ 464,750	\$ 3,971,774

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 former directors and senior management including the Chief Executive Officer, Chief Financial Officer, and directors. Key management personnel compensation for the nine months ended June 30, 2020 and 2019 includes:

	2020	2019
Consulting and directors' fees	\$ 118,500	\$ 133,500
Exploration and evaluation costs	22,500	15,000
	\$ 141,000	\$ 148,500

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7. Related Party Transactions – Continued

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, 2020	September 30, 2019
Key management personnel	\$ 9,975	\$ 30,450

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.

9. Financial Instruments

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: 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.

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9. Financial Instruments – Continued

a) Fair Value of Financial Instruments – Continued

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.

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 amounts receivable. Cash is held with a major Canadian financial institution and the receivables are due 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.

(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 potential 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.

10. Subsequent Event

Subsequent to June 30, 2020, the Company issued 819,000 common shares to settle a payable of \$40,950 to a third party consultant, included in accounts payable and accrued liabilities.