

# **Azincourt Energy Corp.**

**(An Exploration Stage Company)**

## **Condensed Consolidated Interim Financial Statements**

**Three and Nine Months Ended June 30, 2024 and 2023**

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)***Condensed Consolidated Interim Statements of Financial Position***Unaudited – Prepared by Management**In Canadian Dollars*

<b>ASSETS</b>	<b>June 30, 2024</b>	<b>September 30, 2023</b>
<b>Current</b>		
Cash and cash equivalents	\$ 1,937,000	\$ 2,876,248
Amounts receivable (Note 5)	152,332	38,148
Prepaid expenses	146,459	116,715
Marketable securities (Note 4)	190,000	590,000
	<u>2,425,791</u>	<u>3,621,111</u>
<b>Mineral Properties</b> (Note 6)	<u>4,898,685</u>	<u>4,542,762</u>
	<u>\$ 7,324,476</u>	<u>\$ 8,163,873</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 111,887	\$ 313,940
Flow-through share liability (Note 7)	67,744	-
	<u>179,631</u>	<u>313,940</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 7)	28,139,411	27,216,924
<b>Reserves</b> (Note 7)	15,401,353	14,871,665
<b>Deficit</b>	<u>(36,395,919)</u>	<u>(34,238,656)</u>
	<u>7,144,845</u>	<u>7,849,933</u>
	<u>\$ 7,324,476</u>	<u>\$ 8,163,873</u>

**Nature of Operations and Going Concern** (Note 1)**Subsequent Events** (Note 12)

Approved by the Board of Directors:

"Paul Reynolds"

Paul Reynolds, Director

"Alex Klenman"

Alex Klenman, Director

- See Accompanying Notes -

**Azincourt Energy Corp.***(An Exploration Stage Company)***Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
For the Three and Nine Months Ended June 30, 2024 and 2023***Unaudited – Prepared by Management**In Canadian Dollars*

	<b>Three Months Ended June 30, 2024</b>	<b>Three Months Ended June 30, 2023</b>	<b>Nine Months Ended June 30, 2024</b>	<b>Nine Months Ended June 30, 2023</b>
<b>Operating expenses</b>				
Advertising	\$ 15,000	\$ 162,875	\$ 60,000	\$ 470,417
Audit and accounting	21,117	15,700	70,613	87,652
Communication and media (Note 9)	13,875	13,875	41,625	104,950
Consulting and directors' fees (Note 9)	148,500	178,643	449,714	661,225
Exploration and evaluation costs, net of recoveries (Note 6 and 9)	1,132,245	708,925	1,331,288	4,705,940
Filing and transfer agent fees	67,255	12,296	92,096	36,230
Insurance	2,175	2,871	6,525	8,613
Investor relations	5,585	60,059	19,860	142,567
Legal	46,370	4,451	109,022	6,531
Marketing	-	35,280	-	259,361
Office and administration	17,765	34,044	63,926	111,960
Property investigation costs (Note 9)	7,631	25,833	38,301	111,050
Rent	7,500	3,000	21,500	9,000
Travel	-	-	4,943	-
	<u>(1,485,018)</u>	<u>(1,257,852)</u>	<u>(2,309,413)</u>	<u>(6,715,496)</u>
Administration income (Note 6)	9,281	9,211	10,637	62,547
Interest income	20,548	30,248	85,539	148,642
Other income (Note 7)	189,388	-	213,688	22,271
Realized gain on marketable securities (Note 4)	23,636	-	59,786	-
Unrealized loss on marketable securities (Note 4)	(87,000)	-	(217,500)	-
Write-off of mineral property interests (Note 6)	-	(403,638)	-	(403,638)
<b>Loss and comprehensive loss for the period</b>	<u>\$ (1,329,165)</u>	<u>\$ (1,622,031)</u>	<u>\$ (2,157,263)</u>	<u>\$ (6,885,674)</u>
<b>Loss per share – basic and diluted</b>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
<b>Weighted average number of common shares outstanding</b>	<u>294,470,090</u>	<u>239,912,065</u>	<u>275,270,267</u>	<u>233,139,771</u>

– See Accompanying Notes –

**Azincourt Energy Corp.***(An Exploration Stage Company)***Condensed Consolidated Interim Statements of Cash Flows  
For the Nine Months Ended June 30, 2024 and 2023***Unaudited – Prepared by Management**In Canadian Dollars*

<b>Cash Provided By (Used In):</b>	<b>2024</b>	<b>2023</b>
<b>Operations:</b>		
Loss for the period	\$ (2,157,263)	\$ (6,885,674)
Items not affecting cash:		
Dilution of joint venture interest	(66,048)	(367,640)
Other income	(213,688)	(22,271)
Realized gain on marketable securities	(59,786)	
Unrealized loss on marketable securities	217,500	-
Write-off of mineral property interests	-	403,638
Change in non-cash working capital:		
Amounts receivable	(114,184)	(862,181)
Prepaid expenses	(29,744)	(26,915)
Accounts payable and accrued liabilities	(202,053)	207,466
	<u>(2,625,266)</u>	<u>(7,553,577)</u>
<b>Investing:</b>		
Redemption of short-term investments	-	3,000,000
Proceeds from sale of marketable securities	242,286	
Mineral property acquisition costs	(12,375)	(99,790)
	<u>229,911</u>	<u>2,900,210</u>
<b>Financing:</b>		
Proceeds from issuance of shares	1,630,120	575,000
Share issuance costs	(174,013)	(80,180)
	<u>1,456,107</u>	<u>494,820</u>
<b>Change in cash and cash equivalents</b>	<b>(939,248)</b>	<b>(4,158,547)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>2,876,248</b>	<b>6,972,821</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ 1,937,000</b>	<b>\$ 2,814,274</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 287,000	\$ 514,274
Demand deposit – guaranteed investment certificates	1,650,000	2,300,000
	<u>\$ 1,937,000</u>	<u>\$ 2,814,274</u>
<b>Non-cash transactions summary:</b>		
Interest and income taxes	\$ -	\$ -
Common shares issued for properties	\$ 277,500	\$ 191,400
Fair value of warrants issued	\$ 467,688	\$ 104,000
Fair value of warrants as finders' fees	\$ 62,000	\$ -
Share issuance costs included in accounts payable	\$ -	\$ 865
Flow-through share liability	\$ 281,432	\$ -
Joint venture receivable applied to mineral properties	\$ 66,048	\$ 367,640

- See Accompanying Notes -

**Azincourt Energy Corp.***(An Exploration Stage Company)***Condensed Consolidated Interim Statements of Changes in Shareholders' Equity***Unaudited – Prepared by Management**In Canadian Dollars*

	Share Capital		Reserves		Deficit \$	Total \$
	Shares	Amount \$	Warrants \$	Options \$		
Balance, September 30, 2022	227,384,119	26,635,569	12,395,313	2,372,352	(27,087,880)	14,315,354
Loss for the period	-	-	-	-	(6,885,674)	(6,885,674)
Private placements – non flow-through	9,583,330	575,000	-	-	-	575,000
Relative fair value of warrants	-	(104,000)	104,000	-	-	-
Shares issued to acquire mineral properties	4,785,000	191,400	-	-	-	191,400
Share issue costs	-	(81,045)	-	-	-	(81,045)
<b>Balance, June 30, 2023</b>	<b>241,752,449</b>	<b>27,216,924</b>	<b>12,499,313</b>	<b>2,372,352</b>	<b>(33,973,554)</b>	<b>8,115,035</b>
Balance, September 30, 2023	241,752,449	27,216,924	12,499,313	2,372,352	(34,238,656)	7,849,933
Loss for the period	-	-	-	-	(2,157,263)	(2,157,263)
Private placements – flow-through	45,571,991	1,595,020	-	-	-	1,595,020
Flow-through liability	-	(281,432)	-	-	-	(281,432)
Relative fair value of warrants	-	(455,588)	455,588	-	-	-
Private placements – non flow-through	1,170,000	35,100	-	-	-	35,100
Relative fair value of warrants	-	(12,100)	12,100	-	-	-
Fair value of finders' fee warrants	-	(62,000)	62,000	-	-	-
Shares issued to acquire mineral properties	9,500,000	262,500	-	-	-	262,500
Finders' fee shares issued to acquire mineral properties	500,000	15,000	-	-	-	15,000
Share issue costs	-	(174,013)	-	-	-	(174,013)
<b>Balance, June 30, 2024</b>	<b>298,494,440</b>	<b>28,139,411</b>	<b>13,029,001</b>	<b>2,372,352</b>	<b>(36,395,919)</b>	<b>7,144,845</b>

– See Accompanying Notes –

**Azincourt Energy Corp.**  
(An Exploration Stage Company)

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

**For the Nine Months Ended June 30, 2024 and 2023**

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*In Canadian Dollars*

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**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 1030 West Georgia Street, Suite 1012, Vancouver, British Columbia, V6E 2Y3, Canada. The Company is listed on the TSX Venture Exchange (the “TSX-V”) under the symbol “AAZ”.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. The Company has experienced losses and negative cash flow from operations since incorporation. As at June 30, 2024, the Company had not yet generated revenues and had an accumulated deficit of \$36,395,919. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or proceeds from the disposition of its resource property interests. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to reflect these financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern. Such adjustments could be material.

**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 IFRS Accounting 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, 2023, except for the new accounting policies adopted as discussed below.

## **Azincourt Energy Corp.**

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

**For the Nine Months Ended June 30, 2024 and 2023**

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

##### **c) Basis of Consolidation**

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned subsidiary, Minera Azincourt Energy S.A.C., incorporated on January 12, 2022, in Peru.

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

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 26, 2024.

##### **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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements are as follows:

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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 Black-Scholes option pricing model to calculate the fair value stock options and of common share purchase warrants issued. Black Scholes option pricing 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 used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 7.

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 pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact on the company and have been excluded.

IAS 1 - In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023. The amendment was adopted by the Company and does not have a material impact on the Company's financial position, results of operations or cash flows.

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**3. Recent Accounting Pronouncements – Continued**

Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. Management believes that this amendment will not have a material impact on the Company’s present or future financial position, results of operations or cash flows.

IFRS 18 – Presentation and Disclosure in Financial Statements, which will replace IAS 1, aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. Management believes that IFRS 18 will not have a material impact on the Company’s present or future financial position, results of operations or cash flows.

**4. Marketable securities**

During the year ended September 30, 2023, the Company received 1,000,000 common shares of Skyharbour Resources Ltd. (“Skyharbour”) to settle part of the exploration expenditures recoverable on the East Preston Property (Note 6). The initial common shares were recorded at cost, which was \$365,000. During the nine months ended June 30, 2024, the Company sold 500,000 Skyharbour common shares for \$242,286, resulting in a realized gain on sale of marketable securities of \$59,786 (2023: \$Nil). An unrealized loss on marketable securities of \$217,500 (2023: \$Nil) was also recorded in profit and loss with respect to the remaining Skyharbour shares.

**5. Amounts receivable**

	<b>June 30, 2024</b>	<b>September 30, 2023</b>
GST receivable	\$ 81,493	\$ 18,083
Interest receivable	70,839	20,065
Total	\$ 152,332	\$ 38,148

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#### **6. Mineral Properties**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource claims. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its claims are in good standing.

##### **East Preston Property, Saskatchewan, Canada**

The Company owns an 86.5% (September 30, 2023: 86.1%) interest in the East Preston Property, located in Saskatchewan pursuant to an option agreement with Skyharbour Resources Ltd. (“Skyharbour”) and Dixie Gold Inc. (“Dixie Gold”) dated March 27, 2017.

The project is subject to a 2% Net Smelter Return (“NSR”) royalty on commercial production and a right of first refusal of any future proposed sale of the project.

Following the acquisition of the interest, the Company entered into a joint venture agreement with Skyharbour and Dixie Gold with the remaining 30% interest split evenly between Skyharbour and Dixie Gold. The Company has been appointed the manager and operator of the joint venture and is entitled to earn a quarterly administration fee equal to 7.5% on the first \$100,000 plus 5% on any additional exploration costs greater than \$100,000.

On August 15, 2023, Skyharbour and the Company entered into an amending agreement whereby Skyharbour paid \$150,000 and issued 1,000,000 common shares valued at \$365,000 to settle any exploration expenditures owing and its interests was diluted from 15% to 9.5%. During the nine months ended June 30, 2024, the project incurred total exploration expenditures of \$1,485,956 (2023: \$5,897,439), of which \$143,448 (2023: \$914,437) is recoverable from Skyharbour for its 9.5% (2023: 15%) interest in the joint venture.

During the 2022 fiscal year, Dixie Gold elected to not participate in any exploration programs, therefore its interest of 15% has been diluted to 4.0% (September 30, 2023: 4.4%). For the nine months ended June 30, 2024, the value of the diluted interest was \$66,048 (2023: \$367,640), which the Company has accounted for as acquisition costs and included in mineral properties. Upon dilution of Dixie Gold and Skyharbour’s interest, the Company’s interest has increased to 86.5% as at June 30, 2024.

Total administration fee was \$10,637 (2023: \$62,547) for the nine months ended June 30, 2024.

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**6. Mineral Properties – Continued**

**Big Hill Lithium Project, Newfoundland, Canada**

On April 20, 2023 and subsequently amended on April 24, 2024, the Company entered into an option agreement with Atlantis Battery Metal Corp. (“Atlantis”) to earn up to 75% interest in the Big Hill Lithium Project (“Big Hill”) located in Newfoundland, Canada. Pursuant to the agreement, the Company can earn a 60% interest by making the following staged cash payments, issue common shares and incurring certain exploration expenditures:

<b>Date</b>	<b>Cash Payments</b>	<b>Common Shares</b>	<b>Work Obligation</b>
On Closing Date of May 10, 2023 (paid and issued)	\$ 75,000	3,850,000 <sup>(1)</sup>	\$ Nil
On or before May 10, 2024 (issued)	Nil	4,500,000 <sup>(2)</sup>	250,000 <sup>(3)</sup>
On or before May 10, 2025	75,000*	5,500,000	Nil
On or before May 10, 2026	Nil	Nil	2,000,000
<b>TOTAL</b>	<b>\$ 150,000</b>	<b>13,850,000</b>	<b>\$ 2,250,000</b>

(1) Issued with a fair value of \$154,000

(2) Issued with a fair value of \$112,500

(3) Work obligation was waived by Atlantis on May 28, 2024

\*Subject to an additional top-up payment in the event the volume-weighted average closing price of the common shares of the Company is less than \$0.05 in the five trading days preceding any subsequent share issuance to Atlantis.

Following the acquisition of 60% interest in the Big Hill project, the Company will have a further option, exercisable for a period of 30 days, to acquire a further 15% interest in the Big Hill project by completing a one-time cash payment to Atlantis equivalent to the fair market value of the interest at the time.

A finder's fee of \$20,000 and 1,310,000 common shares is payable to an arms-length third party, of which \$20,000 (paid) and 935,000 shares (issued with a fair value of \$37,400) is payable upon closing of the agreement of May 10, 2023 with the remaining shares issuable on or before May 10, 2025.

On October 18, 2023, the Company entered into another agreement with Atlantis to acquire additional claims, forming part of the Big Hill Lithium project. As part of the purchase agreement, the Company issued 5,000,000 common shares to Atlantis, with a fair value of \$150,000. In connection with the purchase, the Company also issued 500,000 common shares as finders' fees, with a fair value of \$15,000.

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**6. Mineral Properties – Continued**

**Acquisition Costs Summary**

	East Preston Property	Hatchet Lake Property	Big Hill Property	Total
Balance, as at September 30, 2022	\$ 2,977,920	\$ 403,638	\$ -	\$ 3,381,558
Option payment – cash	-	-	75,000	75,000
Option payment – shares	-	-	154,000	154,000
Finders' fee – cash	-	-	20,000	20,000
Finders' fee – shares	-	-	37,400	37,400
Filing fees	-	-	4,790	4,790
Joint venture partner dilution	1,273,652	-	-	1,273,652
Write-off	-	(403,638)	-	(403,638)
Balance, as at September 30, 2023	\$ 4,251,572	\$ -	\$ 291,190	\$ 4,542,762
Option payment – shares	-	-	262,500	262,500
Finders' fee – shares	-	-	15,000	15,000
Filing fees	-	-	2,375	2,375
Advisory fees	-	-	10,000	10,000
Joint venture partner dilution	66,048	-	-	66,048
Balance, as at June 30, 2024	\$ 4,317,620	\$ -	\$ 581,065	\$ 4,898,685

Details of exploration and evaluation costs incurred for the nine months ended June 30, 2024 and 2023 are as follows:

<b>2024</b>	East Preston Property	Big Hill Property	<b>2024 Total</b>
Camp and general	\$ 289,091	\$ -	\$ 289,092
Drilling	506,775	-	506,775
Geological and geophysical	195,454	27,845	223,299
Freight	9,686	-	9,686
Helicopter charter	478,081	-	478,081
Mapping and interpretation	6,868	16,347	23,215
Total exploration and evaluation costs	1,485,955	44,192	1,530,148
Recoveries pursuant to joint venture agreement	(198,859)	-	(198,859)
Net exploration and evaluation costs	\$ 1,287,096	\$ 44,192	\$ 1,331,288

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**6. Mineral Properties – Continued**

	East Preston Property	ELC Property	Hatchet Lake Property	Big Hill Property	2023 Total
Camp and general	\$ 1,225,642	\$ 12,263	\$ 310	\$ -	\$ 1,238,215
Drilling	4,097,142	-	-	-	4,097,142
Freight	87,402	-	-	-	87,402
Geological and geophysical	417,848	-	14,207	-	432,055
Mapping and interpretation	69,405	-	-	1,250	70,655
Total exploration and evaluation costs	5,897,439	12,263	14,517	1,250	5,925,469
Recoveries pursuant joint venture agreement	(1,219,529)	-	-	-	(1,219,529)
Net exploration and evaluation costs	\$ 4,677,910	\$ 12,263	\$ 14,517	\$ 1,250	\$ 4,705,940

**7. 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, 2024:

- (i) On December 21, 2023, the Company completed a first tranche of a non-brokered private placement consisting of 29,143,349 flow-through units at \$0.035 per unit and 670,000 non flow-through units at \$0.03 per unit for gross proceeds of \$1,040,117. Each flow-through unit is comprised of one flow-through common share and one warrant and each non flow-through unit is comprised of one common share and one warrant. Each warrant is exercisable at a price of \$0.05 per share until December 21, 2026. The Company paid \$81,901 as finders' fees and issued 2,340,028 finders' fee warrants valued at \$47,000 in connection with the private placement. Each finders' fee warrant is exercisable into one common share at \$0.05 per share until December 21, 2026.

Of the proceeds from non flow-through units, \$13,000 was allocated to share capital and \$7,100 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 \$145,717 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was \$874,300, of which \$556,000 was allocated to share capital and \$318,300 was allocated to warrants based on their relative fair value.

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**7. Shareholders' Equity – Continued**

**b) Issued Share Capital – Continued**

Share transactions for the nine months ended June 30, 2024 (continued):

- (ii) On December 29, 2023, the Company completed a second tranche of a non-brokered private placement consisting of 5,714,286 flow-through units at \$0.035 per unit and 500,000 non flow-through units at \$0.03 per unit for gross proceeds of \$215,000. Each flow-through unit is comprised of one flow-through common share and one warrant and each non flow-through unit is comprised of one common share and one warrant. Each warrant is exercisable at a price of \$0.05 per share until December 29, 2026. The Company paid \$15,050 as finders' fees and issued 435,000 finders' fee warrants valued at \$9,000 in connection with the private placement. Each finders' fee warrant is exercisable into one common share at \$0.05 per share until December 29, 2026.

Of the proceeds from non flow-through units, \$10,000 was allocated to share capital and \$5,000 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 \$28,571 based on the difference between the fair value price per share of the flow-through and the non flow-through shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was \$171,429, of which \$109,000 was allocated to share capital and \$62,429 was allocated to warrants based on their relative fair value.

- (iii) On April 22, 2024, the Company closed a non-brokered private placement consisting of 10,714,356 flow-through units at \$0.035 per unit for gross proceeds of \$375,002. Each flow-through unit is comprised of one flow-through common share and one warrant. Each warrant is exercisable at a price of \$0.05 per share until April 22, 2027. In connection with the private placement, the Company paid finders' fees of \$21,000 and issued 600,005 finders' fee warrants. Each finders' fee warrant is exercisable into one common share at \$0.05 per share until April 22, 2027.

The amount of the flow-through share liability associated with the flow-through shares was determined to be \$107,144 based on the difference between the fair value price per share of the flow-through and the closing trading price of the Company's shares. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was \$267,859, of which \$193,000 was allocated to share capital and \$74,859 was allocated to warrants based on their relative fair value.

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**7. Shareholders' Equity – Continued**

**b) Issued Share Capital – Continued**

Share transactions for the nine months ended June 30, 2024 (continued):

- (iv) During the nine months ended June 30, 2024, the Company issued 9,500,000 common shares to Atlantis as part of a purchase agreement (Note 6), valued at \$262,500. The Company also issued 500,000 common shares as finders' fee, valued at \$15,000, in connection to the purchase.

Share transactions for the nine months ended June 30, 2023:

- (v) On February 14, 2023, the Company closed a private placement of 9,583,334 non flow-through units at \$0.06 per unit for gross proceeds of \$575,000. Each non flow-through unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one additional non flow-through common share at \$0.10 per share for a period of 2 years. In relation to the private placement, the Company paid share issue costs of \$68,659.

Of the proceeds from non flow-through units, \$471,000 was allocated to share capital and \$104,000 was allocated to warrants based on their relative fair value.

- (vi) On May 5, 2023, the Company issued 3,850,000 common shares to Atlantis valued at \$154,000 and 935,000 finders' fee shares valued at \$37,400 as part of an option agreement (Note 6). The Company incurred \$12,385 of share issue costs relating to the share issuances.

**c) Flow-through Share Liability**

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

Balance, September 30, 2022	\$	22,271
Settlement of flow-through premium liability pursuant to qualifying expenditures		(22,271)
Balance, September 30, 2023		-
Flow-through premium liability additions		281,432
Settlement of flow-through premium liability pursuant to qualifying expenditures		(213,688)
Balance, June 30, 2024	\$	67,744

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**7. 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, 2024 and the year ended September 30, 2023 are as follows:

Stock options transactions are summarized as follows:

	Number of options outstanding	Weighted average exercise price
Balance, September 30, 2022	16,640,000	\$0.115
Expired unexercised	(492,000)	\$0.250
Balance, September 30 and June 30, 2024	16,148,000	\$0.111

The following stock options were outstanding and exercisable at June 30, 2024:

Expiry Date	Number of options outstanding	Weighted average exercise price
April 1, 2025	400,000	\$0.125
May 1, 2025	48,000	\$0.125
January 5, 2026	1,500,000	\$0.125
August 5, 2026	1,200,000	\$0.125
December 24, 2026	6,000,000	\$0.175
July 15, 2027	7,000,000	\$0.050
	16,148,000	\$0.111

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**7. Shareholders' Equity – Continued**

**e) Warrants**

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance, September 30, 2022	164,814,923	\$0.212
Issued	4,791,666	\$0.100
Balance, September 30, 2023	169,606,589	\$0.209
Issued	50,117,024	\$0.050
Expired unexercised	(47,507,346)	\$0.220
Balance, June 30, 2024	172,216,267	\$0.160

The following warrants were outstanding and exercisable as at June 30, 2024:

Expiry Date	Number of warrants outstanding	Weighted average exercise price
September 29, 2024	34,410,058	\$0.250
September 29, 2024	2,637,374	\$0.175
October 12, 2024	9,495,237	\$0.250
October 12, 2024	759,618	\$0.175
November 10, 2024	8,547,161	\$0.250
November 10, 2024	373,333	\$0.188
February 9, 2025	2,230,000	\$0.250
February 14, 2025	4,791,666	\$0.100
April 20, 2025	1,200,000	\$0.175
May 20, 2025	9,200,838	\$0.175
June 3, 2025	600,000	\$0.175
January 19, 2026	12,512,358	\$0.175
January 26, 2026	7,111,200	\$0.175
March 3, 2026	28,230,400	\$0.175
December 21, 2026	32,153,377	\$0.050
December 29, 2026	6,649,286	\$0.050
April 22, 2027	10,714,356	\$0.050
April 22, 2027	600,005	\$0.050
	172,216,267	\$0.160

The following weighted average assumptions were used in calculating the fair value of warrants issued in the nine months ended June 30, 2024 and 2023:

	2024	2023
Stock price volatility	97.30%	100.68%
Risk-free interest rate	3.81%	4.19%
Expected life of warrants	3.00 years	2.00 years
Expected dividend yield	0.00%	0.00%

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**8. Segmented Information**

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

The Company's geographic information as at June 30, 2024 and September 30, 2023 are as follows:

	June 30, 2024	September 30, 2023
<b>Total Assets</b>		
Canada	\$ 7,318,222	\$ 8,157,619
Peru	6,254	6,254
<b>Total</b>	<b>\$ 7,324,476</b>	<b>\$ 8,163,873</b>

**9. Related Party Transactions**

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

During the nine months ended June 30, 2024, the Company incurred \$31,500 (2023: \$47,500) in communication and media expenses and \$31,500 (2023: \$26,500) of consulting fees for services provided by companies controlled by family members of an officer and director of the Company.

Key management personnel consist of current and former directors and senior management including the Chief Executive Officer, Chief Financial Officer, directors and former President and Chief Executive Officer. Key management personnel compensation includes:

	2024	2023
Consulting and directors' fees	\$ 220,500	\$ 150,000
Exploration and evaluation costs	118,499	114,750
Property investigation costs	23,301	-
	<b>\$ 362,300</b>	<b>\$ 264,750</b>

As at June 30, 2024, there was \$56,337 (September 30, 2023: \$75,427) of amounts due to related parties included in accounts payable and accrued liabilities. The amounts owing are interest free, unsecured, current and without fixed terms.

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**10. 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 a regular basis. The Company is not subject to externally imposed capital requirements and there were no changes in approach during the nine months ended June 30, 2024.

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 cash equivalents, and other demand deposits, all held with major financial institutions.

**11. 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.

The fair value of cash and cash equivalents, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity. The fair value of marketable securities is measured on the statement of financial position using Level 1 of the fair value hierarchy.

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#### **11. Financial Instruments – Continued**

##### **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, short-term investments, marketable securities and amounts receivable. Cash and cash equivalents and short-term investments are 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.

**(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.