

# **Azimut Exploration Inc.**

Unaudited Condensed Interim Financial Statements  
**February 29, 2024**

# Azimut Exploration Inc.

## Interim Statements of Financial Position

(in Canadian dollars)

(Unaudited)

	As at February 29, 2024 \$	As at August 31, 2023 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	8,631,043	3,320,226
Amounts receivable (Note 4)	5,960,296	1,486,176
Prepaid expenses	95,667	160,048
	<u>14,687,006</u>	<u>4,966,450</u>
<b>Non-current assets</b>		
Tax credit and mining rights receivable (Note 4)	846,010	4,388,216
Investments	274,793	36,251
Property and equipment (Note 5)	1,551,772	1,537,871
Intangible assets (less accumulated amortization of \$33,071; \$32,021 as at August 31, 2023)	1,010	2,060
Right-of-use assets	80,816	111,119
Exploration and evaluation assets (Note 6)	37,854,131	35,630,349
	<u>40,608,532</u>	<u>41,705,866</u>
<b>Total assets</b>	<u>55,295,538</u>	<u>46,672,316</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,144,029	1,265,981
Advances received for exploration work	1,061,660	217,609
Lease liabilities	57,836	54,485
Flow-through shares premium liability (Note 8)	2,098,432	-
	<u>4,361,957</u>	<u>1,538,075</u>
<b>Non-current liabilities</b>		
Lease liabilities	20,871	50,672
Asset retirement obligations (Note 7)	1,875,847	1,549,924
	<u>1,896,718</u>	<u>1,600,596</u>
<b>Total liabilities</b>	<u>6,258,675</u>	<u>3,138,671</u>
<b>Equity</b>		
Share capital (Note 8)	65,126,783	60,035,081
Underwriters' options (Note 9)	52,464	-
Stock options (Note 10)	4,575,787	3,747,701
Contributed surplus	4,857,941	4,857,941
Deficit	(25,576,112)	(25,107,078)
	<u>49,036,863</u>	<u>43,533,645</u>
<b>Total equity</b>	<u>49,036,863</u>	<u>43,533,645</u>
<b>Total liabilities and equity</b>	<u>55,295,538</u>	<u>46,672,316</u>

The accompanying notes are an integral part of these financial statements.

### Approved by the Board of Directors

(s) Jean-Charles Potvin Director

(s) Jean-Marc Lulin Director

# Azimet Exploration Inc.

Interim Statements of Net Loss (Earnings) and Comprehensive Loss (Income)

For the three and six months ended February 29, 2024

(in Canadian dollars, except number of common shares)

	Three-month period ended		Six-month period ended	
	February 29, 2024 \$	February 28, 2023 \$	February 29, 2024 \$	February 28, 2023 \$
<b>Revenues</b>				
Operator income (Notes 6a, b, e, f and i)	107,072	4,116	193,259	28,926
<b>Expenses</b>				
General and administrative (Note 11)	382,707	24,871	1,682,897	268,943
General exploration (Note 11)	6,241	51,323	20,198	66,826
Impairment of exploration and evaluation assets (Note 6)	100,925	-	100,925	-
<b>Operating expenses</b>	489,873	76,194	1,804,020	335,769
<b>Financing cost (income), net</b>				
Interest income	(96,638)	(68,038)	(204,478)	(168,141)
Interest and bank charges	1,803	1,952	2,216	2,347
Unwinding of discount on asset retirement obligations	18,078	24,117	36,669	47,861
Interest on lease liabilities	2,627	5,302	5,644	12,105
	(74,130)	(36,667)	(159,949)	(105,828)
<b>Other losses (gains)</b>				
Change in fair value – investments	3,381	(3,966)	1,458	(3,585)
Gain on option payments on exploration and evaluation assets	(202,076)	-	(206,119)	-
Gain on sale of assets	-	-	-	(377,793)
	(198,695)	(3,966)	(204,661)	(381,378)
<b>Loss (earnings) before income taxes</b>	109,976	31,445	1,246,151	(180,363)
Deferred income tax expense (recovery)	127,882	-	(777,117)	-
<b>Net loss (earnings) and comprehensive loss (income) for the period</b>	237,858	31,445	469,034	(180,363)
<b>Basic and diluted net loss (earnings) per share</b> (Note 13)	0.003	0.000	0.006	0.000
<b>Weighted average number of shares outstanding</b> (Note 13)	85,324,523	79,449,066	84,997,471	79,522,850

The accompanying notes are an integral part of these financial statements.

# Azimut Exploration Inc.

## Interim Statements of Changes in Equity

For the three and six months ended February 29, 2024

(in Canadian dollars, except number of common shares)

	Share capital		Underwriter options	Stock options	Contributed surplus	Deficit	Total
	Number <sup>(1)</sup>	\$	\$	\$	\$	\$	\$
<b>Balance as at September 1, 2023</b>	79,963,844	60,035,081	-	3,747,701	4,857,941	(25,107,078)	43,533,645
Net loss and comprehensive loss for the period	-	-	-	-	-	(469,034)	(469,034)
Common shares private placement (Note 8)	2,082,100	2,186,205	-	-	-	-	2,186,205
Flow-through private placement (Note 8)	2,992,700	6,000,365	-	-	-	-	6,000,365
Less: Premium	-	(3,037,592)	-	-	-	-	(3,037,592)
Stock options exercised (Note 10)	355,000	269,974	-	(122,124)	-	-	147,850
Stock-based compensation (Note 10)	-	-	-	950,210	-	-	950,210
Share issue expenses	-	(327,250)	52,464	-	-	-	(274,786)
<b>Balance as at February 29, 2024</b>	<b>85,393,644</b>	<b>65,126,783</b>	<b>52,464</b>	<b>4,575,787</b>	<b>4,857,941</b>	<b>(25,576,112)</b>	<b>49,036,863</b>
<b>Balance as at September 1, 2022</b>	82,193,844	61,933,968	635,182	3,779,214	4,102,973	(23,276,112)	47,175,225
Net earnings and comprehensive income for the period	-	-	-	-	-	180,363	180,363
Common shares returned to treasury	(2,900,000)	(2,291,000)	-	-	-	-	(2,291,000)
Stock options exercised	295,000	170,000	-	(47,750)	-	-	122,250
Stock options expired	-	-	-	(13,013)	13,013	-	-
Stock-based compensation	-	-	-	127,552	-	-	127,552
Underwriter options expired	-	-	(635,182)	-	635,182	-	-
<b>Balance as at February 28, 2023</b>	<b>79,588,844</b>	<b>59,812,968</b>	<b>-</b>	<b>3,846,003</b>	<b>4,751,168</b>	<b>(23,095,749)</b>	<b>45,314,390</b>

<sup>(1)</sup> There were no common shares that were unpaid as at February 29, 2024 (Nil in 2023).

The accompanying notes are an integral part of these financial statements.

# Azimet Exploration Inc.

## Statements of Cash Flows

For the three and six months ended February 29, 2024

(in Canadian dollars)

	Six-month period ended	
	February 29,	February 28,
	2024	2023
	\$	\$
<b>Cash flows (used in) from operating activities</b>		
Net (loss) earnings for the period	(469,034)	180,363
Items not affecting cash		
Depreciation of property and equipment	42,402	6,353
Amortization of intangible assets	1,050	1,014
Depreciation of right-of-use assets	30,303	21,967
Change in fair value, investments	1,458	(3,584)
Gain on option payments on exploration and evaluation assets	(206,119)	-
Gain on sale of exploration property	-	(377,793)
Stock-based compensation cost	869,204	127,552
Impairment of exploration and evaluation assets	100,925	-
Unwinding of discount on asset retirement obligations	36,669	47,861
Recovery of deferred income taxes	(777,117)	-
	<u>(370,259)</u>	<u>3,733</u>
Changes in non-cash working capital items		
Amounts receivable	410,532	1,063,600
Prepaid expenses	64,381	14,739
Accounts payable and accrued liabilities	486,147	(671,690)
	<u>961,060</u>	<u>406,649</u>
	<u>590,801</u>	<u>410,382</u>
<b>Cash flows from financing activities</b>		
Issuance of common shares	2,186,205	-
Issuance of flow-through shares	6,000,365	-
Share issue expenses	(436,829)	-
Stock options exercised	147,850	122,250
Repayment of lease liabilities	(26,450)	(18,488)
	<u>7,871,141</u>	<u>103,762</u>
<b>Cash flows used in investing activities</b>		
Advance received for exploration work, net	2,742,439	600,000
Additions to property and equipment	-	(53,668)
Proceeds for insured property and equipment	88,100	-
Additions to exploration and evaluation assets	(6,071,664)	(10,536,424)
Proceeds from sale of options on E&E assets	90,000	70,000
Tax credit and mining rights received	-	2,467,285
	<u>(3,151,125)</u>	<u>(7,452,807)</u>
<b>Net change in cash and cash equivalents</b>	<u>5,310,817</u>	<u>(6,938,663)</u>
<b>Cash and cash equivalents – Beginning of the period</b>	<u>3,320,226</u>	<u>14,035,435</u>
<b>Cash and cash equivalents – End of the period</b>	<u>8,631,043</u>	<u>7,096,772</u>
<b>Additional information</b>		
Interest received	204,479	168,141
Interest paid	(5,644)	(12,105)
<b>Additional cash flow information</b> (Note 13)		

The accompanying notes are an integral part of these financial statements.

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 1 Nature of operations and general information

Azimut Exploration Inc. (“Azimut” or the “Company”), governed by the *Business Corporations Act (Quebec)*, is in the business of acquiring and exploring mineral properties. The Company’s registered office is at 110 De La Barre Street, Suite 224, Longueuil, Quebec, Canada. The mining and mineral exploration business involves a high degree of risk, and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company’s shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol AZM and on the OTCQX Market (“OTCQX”) under the symbol AZMTF.

Until it is determined that a property contains mineral reserves or resources that can be economically mined, it is classified as an exploration and evaluation asset (“E&E asset”). It has not yet been determined whether the Company’s properties contain economically recoverable ore reserves. The recoverability of the amounts shown for E&E assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation of its properties, and the profitable sale of the E&E assets.

Although management has taken steps to verify the titles to mineral properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration and evaluation of the properties, these procedures do not guarantee the Company’s title. Property titles may be subject to unregistered prior agreements and may not comply with regulatory requirements.

## 2 Summary of significant accounting policies

The significant accounting policies used in preparing these financial statements are described below.

### Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). Unless otherwise stated, the accounting policies applied to these unaudited, condensed interim financial statements are consistent with those applied in previous fiscal years. The Company’s Board of Directors approved these financial statements for issue on April 18, 2024.

## 3 Cash and cash equivalents

As at February 29, 2024, the Company’s cash and cash equivalents of \$8,631,043 (\$3,320,266 – August 31, 2023) included \$2,389,187 of high-interest saving accounts bearing interest at 4.15% (\$2,339,695 bearing interest 3.27% – August 31, 2023), cashable any time without any penalties.

## 4 Amounts receivable

	As at February 29, 2024 \$	As at August 31, 2023 \$
Tax credit and mining rights receivable	4,793,716	4,388,216
Less: Tax credit and mining rights receivable – Non-current	<u>846,010</u>	<u>4,388,216</u>
Tax credit and mining rights receivable – Current	3,947,706	-
Commodity taxes	275,339	66,536
Amounts receivable	<u>1,737,251</u>	<u>1,419,640</u>
Current amount receivable	<u>5,960,296</u>	<u>1,486,176</u>

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 5 Property and equipment

	Office furniture \$	Office equipment \$	Computer equipment \$	Specialized equipment \$	Camp <sup>(1)</sup> \$	Vehicles <sup>(1)</sup> \$	Total \$
<b>Period ended February 29, 2024</b>							
Opening net book amount	1,650	5,606	32,430	256,366	1,241,727	92	1,537,871
Additions	-	-	-	-	-	-	-
Proceeds from insurance	-	-	-	(88,100)	-	-	(88,100)
Change in estimate	-	-	-	-	289,254	-	289,254
Depreciation for the period <sup>(1)</sup>	(161)	(547)	(4,682)	(37,012)	(144,837)	(14)	(187,253)
<b>Closing net book amount</b>	<b>1,489</b>	<b>5,059</b>	<b>27,748</b>	<b>131,254</b>	<b>1,386,144</b>	<b>78</b>	<b>1,551,772</b>
<b>As at February 29, 2024</b>							
Cost	22,663	29,914	112,831	189,576	2,567,978	3,702	2,926,664
Accumulated depreciation	(21,174)	(24,855)	(85,083)	(58,322)	(1,181,834)	(3,624)	(1,374,892)
<b>Net book amount</b>	<b>1,489</b>	<b>5,059</b>	<b>27,748</b>	<b>131,254</b>	<b>1,386,144</b>	<b>78</b>	<b>1,551,772</b>
<b>Year ended August 31, 2023</b>							
Opening net book amount	1,413	6,882	33,238	76	1,508,327	126	1,550,062
Additions	538	-	10,105	262,844	46,653	-	320,140
Change in estimate	-	-	-	-	(62,415)	-	(62,415)
Depreciation for the period <sup>(1)</sup>	(301)	(1,276)	(10,913)	(6,554)	(250,838)	(34)	(269,916)
<b>Closing net book amount</b>	<b>1,650</b>	<b>5,606</b>	<b>32,430</b>	<b>256,366</b>	<b>1,241,727</b>	<b>92</b>	<b>1,537,871</b>
<b>As at August 31, 2023</b>							
Cost	22,663	29,914	112,831	277,676	2,281,289	3,702	2,728,075
Accumulated depreciation	(21,013)	(24,308)	(80,401)	(21,310)	(1,039,562)	(3,610)	(1,190,204)
<b>Net book amount</b>	<b>1,650</b>	<b>5,606</b>	<b>32,430</b>	<b>256,366</b>	<b>1,241,727</b>	<b>92</b>	<b>1,537,871</b>

<sup>(1)</sup> Depreciation of property and equipment included in E&E assets in the amount of \$144,851 (\$250,871 – August 31, 2023)

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 6 Exploration and evaluation assets

All mineral properties are located in the Province of Quebec.

### Change in E&E assets for the period

Mineral property	Undivided interest	Cost as at August 31, 2023	Additions	Option payments	Tax credit	Cost as at February 29, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at February 29, 2024	Net book value as at February 29, 2024
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay – Gold</b>										
Elmer	100									
Acquisition costs		198,676	-	-	-	198,676	-	-	-	198,676
Exploration costs		28,793,141	688,255	-	(137,200)	29,344,196	-	-	-	29,344,196
		28,991,817	688,255	-	(137,200)	29,542,872	-	-	-	29,542,872
SOQUEM – JB Alliance	(a) 50									
Acquisition costs		219,999	4,590	-	-	224,589	-	-	-	224,589
Exploration costs		2,361,027	370,952	-	(160,200)	2,571,779	-	-	-	2,571,779
		2,581,026	375,542	-	(160,200)	2,796,368	-	-	-	2,796,368
Opinaca *	(c) 25 - 100									
Acquisition costs		166,159	-	-	-	166,159	(148,416)	(17,743)	(166,159)	-
Exploration costs		286,580	-	-	-	286,580	(264,231)	(22,349)	(286,580)	-
		452,739	-	-	-	452,739	(412,647)	(40,092)	(452,739)	-
Wabamisk	(d) 100									
Acquisition costs		65,418	-	-	-	65,418	-	-	-	65,418
Exploration costs		220,987	1,580	-	(700)	221,867	-	-	-	221,867
		286,405	1,580	-	(700)	287,285	-	-	-	287,285
Wapatik	(e) 100									
Acquisition costs		-	-	-	-	-	-	-	-	-
Exploration costs		15,957	351	(15,957)	-	351	-	-	-	351
		15,957	351	(15,957)	-	351	-	-	-	351
Kukamas	(f) 100									
Acquisition costs		36,718	-	(36,718)	-	-	-	-	-	-
Exploration costs		69,258	-	(13,282)	-	55,976	-	-	-	55,976
		105,976	-	(50,000)	-	55,976	-	-	-	55,976
Other	100									
Acquisition costs		99,632	3,400	-	-	103,032	(57,706)	-	(57,706)	45,326
Exploration costs		36,880	21,696	-	(9,500)	49,076	(37,442)	-	(37,442)	11,634
		136,512	25,096	-	(9,500)	152,108	(95,148)	-	(95,148)	56,960
<b>Total James Bay – Gold</b>		<b>32,570,432</b>	<b>1,090,824</b>	<b>(65,957)</b>	<b>(307,600)</b>	<b>33,287,699</b>	<b>(507,795)</b>	<b>(40,092)</b>	<b>(547,887)</b>	<b>32,739,812</b>



# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 6 Exploration and evaluation assets (cont'd)

### Change in E&E assets for the period (cont'd)

Mineral property	Undivided interest	Cost as at August 31, 2023	Additions	Option payments	Tax credit	Cost as at February 29, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at February 29, 2024	Net book value as at February 29, 2024
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay – Chromium-PGE</b>										
Chromaska	100									
Acquisition costs		46,029	-	-	-	46,029	(32,929)	-	(32,929)	13,100
Exploration costs		921,721	-	-	-	921,721	(916,580)	-	(916,580)	5,141
<b>Total James Bay – Chromium-PGE</b>		<b>967,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>967,750</b>	<b>(949,509)</b>	<b>-</b>	<b>(949,509)</b>	<b>18,241</b>
<b>James Bay – Base Metals</b>										
Mercator	100									
Acquisition costs		112,671	-	-	-	112,671	-	-	-	112,671
Exploration costs		38,529	-	-	-	38,529	-	-	-	38,529
		151,200	-	-	-	151,200	-	-	-	151,200
Corne	100									
Acquisition costs		56,817	-	-	-	56,817	-	-	-	56,817
Exploration costs		36,738	100	-	-	36,838	-	-	-	36,838
		93,555	100	-	-	93,655	-	-	-	93,655
Others	100									
Acquisition costs		1,502	-	-	-	1,502	(822)	-	(822)	680
Exploration costs		835	-	-	-	835	-	-	-	835
		2,337	-	-	-	2,337	(822)	-	(822)	1,515
<b>Total James Bay – Base Metals</b>		<b>247,092</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>247,192</b>	<b>(822)</b>	<b>-</b>	<b>(822)</b>	<b>246,370</b>
<b>James Bay – Nickel</b>										
JBN	100									
Acquisition costs		502,527	9,845	-	-	512,372	-	-	-	512,372
Exploration costs		102,596	55,026	-	(24,000)	133,622	-	-	-	133,622
<b>Total James Bay – Nickel</b>		<b>605,123</b>	<b>64,871</b>	<b>-</b>	<b>(24,000)</b>	<b>645,994</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>645,994</b>
<b>James Bay – Lithium</b>										
Dalmas & Galinée	(b)	50								
Acquisition costs		78,662	-	-	-	78,662	-	-	-	78,662
Exploration costs		229,883	1,419,024	-	(55,500)	1,593,407	-	-	-	1,593,407
		308,545	1,419,024	-	(55,500)	1,672,069	-	-	-	1,672,069
Corvet & Kaanaayaa	(i)	100								
Acquisition costs		-	-	-	-	-	-	-	-	-
Exploration costs		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Pilipas	(j)	100								
Acquisition costs		20,790	-	(20,790)	-	-	-	-	-	-
Exploration costs		26,749	11,885	(37,134)	(1,500)	-	-	-	-	-
		47,539	11,885	(57,924)	(1,500)	-	-	-	-	-

# Azimet Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 6 Exploration and evaluation assets (cont'd)

### Change in E&E assets for the period (cont'd)

Mineral property	Undivided interest	Cost as at August 31, 2023	Additions	Option payments	Tax credit	Cost as at February 29, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at February 29, 2024	Net book value as at February 29, 2024
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay – Lithium (cont'd)</b>										
JBL	100									
Acquisition costs		73,448	-	-	-	73,448	-	-	-	73,448
Exploration costs		450,864	96,952	-	(8,900)	538,916	-	-	-	538,916
		524,312	96,952	-	(8,900)	612,364	-	-	-	612,364
<b>Total James Bay – Lithium</b>		880,396	1,527,861	(57,924)	(65,900)	2,284,433	-	-	-	2,284,433
<b>Total James Bay</b>		35,270,793	2,683,656	(123,881)	(397,500)	37,433,068	(1,458,126)	(40,092)	(1,498,218)	35,934,850
<b>Nunavik – Gold</b>										
Rex-Duquet	(g & h)									
Acquisition costs		1,372,065	12,765	-	-	1,384,830	(1,148,800)	-	(1,148,800)	236,030
Exploration costs		4,176,913	31,068	-	(1,200)	4,206,781	(3,527,133)	-	(3,527,133)	679,648
		5,548,978	43,833	-	(1,200)	5,591,611	(4,675,933)	-	(4,675,933)	915,678
Rex South	(h)									
Acquisition costs		521,539	9,450	-	-	530,989	(264,351)	-	(264,351)	266,638
Exploration costs		593,531	61,711	-	(300)	654,942	(327,810)	-	(327,810)	327,132
		1,115,070	71,161	-	(300)	1,185,931	(592,161)	-	(592,161)	593,770
Nantais	(h)									
Acquisition costs		180,457	5,030	-	-	185,487	(95,299)	-	(95,299)	90,188
Exploration costs		325,984	122	-	-	326,106	(204,913)	-	(204,913)	121,193
		506,441	5,152	-	-	511,593	(300,212)	-	(300,212)	211,381
Other	100									
Acquisition costs		738,409	-	-	-	738,409	(738,282)	-	(738,282)	127
Exploration costs		982,241	-	-	-	982,241	(982,241)	-	(982,241)	-
		1,720,650	-	-	-	1,720,650	(1,720,523)	-	(1,720,523)	127
<b>Total Nunavik – Gold</b>		8,891,139	120,146	-	(1,500)	9,009,785	(7,288,829)	-	(7,288,829)	1,720,956
<b>Nunavik – Base Metals</b>										
Doran	100									
Acquisition costs		59,732	66,272	-	-	126,004	-	-	-	126,004
Exploration costs		37,237	15,520	-	(6,500)	46,257	-	-	-	46,257
<b>Total Nunavik – Base Metals</b>		96,969	81,792	-	(6,500)	172,261	-	-	-	172,261

# Azimet Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 6 Exploration and evaluation assets (cont'd)

### Change in E&E assets for the period (cont'd)

Mineral property	Undivided interest	Cost as at August 31, 2023	Additions	Option payments	Tax credit	Cost as at February 29, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at February 29, 2024	Net book value as at February 29, 2024
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Nunavik – Diamonds</b>										
Diamrex *	100									
Acquisition costs		52,948	-	-	-	52,948	-	(52,948)	(52,948)	-
Exploration costs		7,885	-	-	-	7,885	-	(7,885)	(7,885)	-
<b>Total Nunavik – Diamonds</b>		<b>60,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,833</b>	<b>-</b>	<b>(60,833)</b>	<b>(60,833)</b>	<b>-</b>
<b>Nunavik – Uranium</b>										
North Rae*	100									
Acquisition costs		484,977	152	-	-	485,129	(484,977)	-	(484,977)	152
Exploration costs		709,305	-	-	-	709,305	(709,305)	-	(709,305)	-
<b>Total Nunavik – Uranium</b>		<b>1,194,282</b>	<b>152</b>	<b>-</b>	<b>-</b>	<b>1,194,434</b>	<b>(1,194,282)</b>	<b>-</b>	<b>(1,194,282)</b>	<b>152</b>
<b>Total Nunavik</b>		<b>10,243,223</b>	<b>202,090</b>	<b>-</b>	<b>(8,000)</b>	<b>10,437,313</b>	<b>(8,483,111)</b>	<b>(60,833)</b>	<b>(8,543,944)</b>	<b>1,893,369</b>
<b>Total E&amp;E assets</b>		<b>45,514,016</b>	<b>2,885,746</b>	<b>(123,881)</b>	<b>(405,500)</b>	<b>47,870,381</b>	<b>(9,941,237)</b>	<b>(100,925)</b>	<b>(10,042,162)</b>	<b>37,828,219</b>

\* Fully impaired properties for which the Company still holds mining claims.

	February 29, 2024	August 31, 2023
	\$	\$
Acquisition and exploration – Net book value	37,828,219	35,572,779
Prepaid exploration expenses	25,912	57,570
	<u>37,854,131</u>	<u>35,630,349</u>

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 6 Exploration and evaluation assets (cont'd)

The 2023 E&E assets have been regrouped where necessary to reflect the same area of interest and to conform with the 2024 presentation.

- a) The James Bay Strategic Alliance (the “JB Alliance”) was formed between Azimut and SOQUEM on September 22, 2016, to identify, acquire and explore highly prospective gold targets in the Eeyou Istchee James Bay Territory (the “James Bay region”) of Quebec. Under the terms of the JB Alliance, the Company delivered a target report to SOQUEM in exchange for a cash payment of \$100,000.

On April 25, 2019, Azimut and SOQUEM signed an agreement to amend the terms of the James Bay Alliance. Under the amended agreement, SOQUEM had earned its 100% interest in four (4) properties (Munischivan, Pikwa, Pontois and Desceliers; the “SOQUEM Properties”) by investing \$2,715,992 in work expenditures and granting Azimut a 50% back-in option on the SOQUEM Properties in exchange for \$3,317,427 in work expenditures over three (3) years, which represents the same amount of SOQUEM’s cumulative investment in work expenditures on the SOQUEM Properties, and the Dalmas and Galinée properties. Azimut was the operator during the earn-in option period. During field seasons, SOQUEM has the right to provide up to 30% of the Company’s field personnel at a mutually agreed upon imputed rate. On May 31, 2021, Azimut fulfilled its obligations to exercise its back-in option to regain a 50% interest in the SOQUEM Properties. Since then, the SOQUEM Properties have been held as 50/50 JV projects, each property subject to a JV agreement between Azimut and SOQUEM. Azimut remains the operator of Munischivan, Pontois and Desceliers. SOQUEM is the operator of Pikwa.

- b) The Dalmas and Galinée properties are subject to a JV agreement between Azimut and SOQUEM. On April 25, 2019, SOQUEM acquired a 50% interest in the Dalmas Property by making a cash payment of \$12,421 for the claim staking cost and \$107,045 for work expenditures, and a 50% interest in the Galinée Property by making a cash payment of \$87,900 for the claim staking cost and \$494,390 for work expenditures. Azimut remains the operator. During field seasons, SOQUEM has the right to provide up to 30% of the Company’s field personnel at a mutually agreed upon imputed rate.

- c) The Opinaca A and B properties are subject to a JV agreement with the following parties:

1. Opinaca A is a 50/50 JV project with Everton Resources Inc. (“Everton”). Everton earned 50% interest in March 2010 by making cumulative cash payments of \$180,000 and incurring \$2.8 million in work expenditures.
2. Opinaca B is a 25/50/25 JV project with Hecla Quebec Inc. (“Hecla”) and Everton. Everton earned its interest after it reached cumulative cash payments of \$160,000 in March 2010 and incurred \$2 million in work expenditures. Hecla earned its 50% interest after it reached cumulative cash payments of \$580,000 in November 2018 and incurred \$6 million in work expenditures. Of the total cash payment made by Hecla, Azimut received \$290,000.

- d) The Wabamisk Property was held 49% by Azimut and 51% by Newmont as at August 31, 2022. Newmont had earned its interest by making cumulative cash payments of \$500,000 and incurring \$4 million in work expenditures. On August 8, 2022, Newmont exercised its right to voluntarily withdraw from the Wabamisk JV in consideration for a nominal sum of \$1 from Azimut. In connection with the withdrawal, Newmont would cease to be a participant in the Wabamisk JV (the “Wabamisk Transaction”). The Wabamisk Transaction closed on September 9, 2022, giving Azimut a 100% interest in the 333 mining claims comprising the Wabamisk Property.

- e) The Wapatik Property was the subject of a letter of offering in which an exclusive offer was made to Mont Royal Resources Limited (“Mont Royal”) in exchange for a cash payment of \$20,000 to Azimut. On September 21, 2020, the Company granted Mont Royal the option to earn a 50% interest in the Wapatik Property by making cash payments to Azimut aggregating \$80,000, funding a minimum of \$4 million in work expenditures over four (4) years and performing a minimum 4,000 metres of diamond drilling. Under the terms of the agreement, Mont Royal may earn an additional 20% interest, for a total interest of 70%, by making an additional cash payment of \$120,000 and incurring an additional \$3 million in work expenditures over three (3) years from the election date, and by delivering a - preliminary economic assessment under National Instrument 43-101 on or before the third anniversary of the election notice.

- f) On November 30, 2022, the Company granted KGHM International Ltd (“KGHM”) the option to earn an initial 50% interest (the “first option”) in the Kukamas Property by making cash payments to Azimut aggregating \$250,000, funding a minimum of \$5 million in work expenditures over four (4) years and performing a minimum of 5,000 metres of diamond drilling. Azimut shall act as the operator during the first option phase.

KGHM may earn an additional 20% interest for a total interest of 70% (the “second option”) by making an additional cash payment of \$225,000 and incurring an additional \$4.2 million in work expenditures over three (3) years from the election date, and by delivering a preliminary economic assessment under National Instrument 43-101 on or before the third

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 6 Exploration and evaluation assets (cont'd)

anniversary of the election notice. The second option period may be extended by up to three (3) years by incurring work expenditures of \$1,700,000 per extension year and making cash payments to Azimut of \$100,000 per extension year. KGHM will act as the operator during the second option phase.

If KGHM has exercised the first option and elects not to exercise the second option, it must pay Azimut \$75,000 in cash as a final payment.

g) The Duquet Property was transferred to Azimut on September 30, 2015, in consideration of an aggregate 2.25% NSR royalty on the property under an agreement reached with SOQUEM, Osisko Exploration James Bay Inc. and Newmont Northern Mining ULC. The Duquet Property was grouped with the Rex Property to form a single entity (the Rex-Duquet Property) and became subject to the Nunavik Alliance (see *h*).

h) The Nunavik Strategic Alliance (the “Nunavik Alliance”) was formed between Azimut and SOQUEM on April 25, 2019, under which SOQUEM has the option to earn an initial 50% interest in the Rex (now Rex-Duquet), Rex South and Nantais properties by investing \$16 million in exploration work over four (4) years, of which the first two (2) have a firm commitment of \$4 million per year. SOQUEM may also acquire an additional 10% interest by investing \$8 million per designated property over two (2) years, including the delivery of a preliminary economic assessment. Azimut is the operator of the Nunavik Alliance. During field seasons, SOQUEM has the right to provide up to 30% of the Company’s field personnel at a mutually agreed upon imputed rate.

On April 1, 2023, SOQUEM could decide to a) extend the suspension of its financial obligations for a maximum additional period of 1 year, b) pursue the option within the Alliance, including assuming the costs incurred by Azimut or c) abandon the option.

SOQUEM decided to extend the suspension of its financial obligations for an additional period of one (1) year.

i) On July 7, 2023, the Company signed Option to Joint Venture agreements with Rio Tinto Exploration Canada Inc (“Rio Tinto”) for its wholly owned Corvet and Kaanaayaa lithium properties.

Under the agreements, Rio Tinto can acquire a 50% interest in each property over four (4) years by funding \$1.5 million in exploration expenditures the first year and \$5.5 million in subsequent years and making cash payments totalling \$850,000, including \$250,000 per property on signing. The Company is the operator during this first option phase. Rio Tinto can earn an additional 20% interest over five (5) years with further work expenditures of \$50 million per property. Rio Tinto will act as the operator during this second option phase.

Upon Rio Tinto earning a 70% interest in a property, Azimut will have the option to be funded to production by way of a secured loan from Rio Tinto in exchange for an additional 5% interest in the property. At this stage, the respective interests in the property will be Azimut 25% and Rio Tinto 75%. If exercised, the loan shall accrue interest at SOFR + 4.5% per annum, to be paid back from 50% of the cash flow from production.

j) On December 8, 2023, the Company signed an Option to Joint Venture agreement with Ophir Gold Corp. (“Ophir Gold”) for its wholly-owned Pilipas Property. Under the agreement, Ophir Gold can earn up to a 70% interest in the property from the Company over three (3) years by funding \$4 million in exploration expenditures and by making payments totalling 6 million Ophir Gold shares and \$100,000 in cash.

## 7 Asset retirement obligations

The following tables summarize the Company’s asset retirement obligations as at February 29, 2024 and August 31, 2023:

	February 29, 2024			August 31, 2023		
	Rex-Duquet, Rex South	Elmer	Total	Rex-Duquet, Rex South	Elmer	Total
	\$	\$	\$	\$	\$	\$
Opening balance	1,006,149	543,775	1,549,924	969,713	543,389	1,513,102
Addition	-	-	-	-	-	-
Change in estimate	145,029	144,225	289,254	(29,607)	(32,808)	(62,415)
Unwinding of discount on asset retirement obligations	24,485	12,184	36,669	66,043	33,194	99,237
<b>Balance – End of the period</b>	<b>1,175,663</b>	<b>700,184</b>	<b>1,875,847</b>	<b>1,006,149</b>	<b>543,775</b>	<b>1,549,924</b>

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 7 Asset retirement obligations (cont'd)

The following are the assumptions used to estimate the provisions for asset retirement obligation:

	<b>Rex-Duquet, Rex South</b>	<b>Elmer</b>	<b>Total</b>
	\$	\$	\$
Estimated undiscounted cash flows to settle obligations	\$1,094,929	\$758,316	\$1,853,245
Weighted average discount rate	4.08%	3.51%	
Estimated number of years before disbursements to settle obligations	2.00 years	9.00 years	

## 8 Share capital

An unlimited number of common shares are authorized, without par value, voting and participating.

### Issuance of shares and flow-through shares

On September 28, 2023, the Company closed a \$8.18 million bought deal private placement financing. The private placement consisted of 2,442,100 premium flow-through common shares at a price of \$2.0475 that will be used for critical mineral exploration expenditures, 550,600 flow-through common shares at a price of \$1.8165 per share and 2,082,100 common shares at a price of \$1.05.

The underwriters received: (a) a cash commission of \$250,509 and (b) 152,244 non-transferable compensation options, representing 3% of the total number of offered shares sold under the offering, each exercisable for one common share of the Company at a price of \$1.05 per share until March 28, 2025. The estimated fair value of \$52,464 was determined by the Black-Scholes pricing model using the following assumptions: risk-free interest of 4.96%, expected life of 18 months, annualized volatility rate of 67.95% (based on the Company's historical volatility for 18 months up to the issuance date) and dividend rate of 0%.

### Flow-through share premium

	<b>February 29, 2024</b>
	\$
Flow-through share premium – Beginning of period	-
Addition	2,875,549
Amortization	(777,117)
Flow-through share premium – End of period	<u>2,098,432</u>

As at February 29, 2024, an amount of \$4,382,750 remains to be incurred, pursuant to the flow-through financing agreement.

## 9 Underwriter options

The following table presents the Underwriter option compensation activities for the six months ended February 29, 2024:

	<b>Number</b>	<b>Weighted average exercise price</b>	<b>Expiry</b>
		\$	
Outstanding – Beginning of the period	-	-	
Granted	<u>152,244</u>	<u>1.05</u>	March 28, 2025
Outstanding – End of the period	<u>152,244</u>	<u>1.05</u>	

## 10 Stock option plan

The Company maintains a stock option plan in which a maximum of 8,190,000 stock options may be granted. The number of shares reserved for issuance under the stock option plan is approximately 9.99% of the Company's 81,903,844 common shares issued and outstanding as at April 4, 2022, at which time the Company filed for an increase in the stock option plan. The exercise price of the options is set at the closing price of the Company's shares on the TSXV the day before the grant date. The options have a maximum term of ten (10) years following the grant date. If a blackout period should be in effect at the end of the term, the expiry date will be extended by ten (10) business days following the end of the blackout period. The options vest immediately unless otherwise approved and disclosed by the Board of Directors.

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 10 Stock option plan (cont'd)

The following tables summarize the information about stock options outstanding and their vesting status as at February 29, 2024:

	February 29, 2024		August 31, 2023	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding – Beginning of the period	5,598,000	0.82	6,079,000	0.77
Granted	1,032,000	0.95	300,000	0.89
Exercised	(355,000)	0.42	(670,000)	0.32
Expired	-	-	(111,000)	1.26
Outstanding – End of the period	<u>6,275,000</u>	<u>0.87</u>	<u>5,598,000</u>	<u>0.82</u>
Vested – End of the period	<u>5,855,000</u>		<u>5,139,000</u>	

  

Exercise price \$	Options outstanding	Options vested	Weighted average remaining contractual life (years)
Between 0.19 – 0.50	1,110,000	1,110,000	2.94
Between 0.51 – 1.00	3,697,000	3,586,000	7.53
Between 1.01 – 1.50	1,460,000	1,151,000	8.87
Between 1.51 – 2.00	8,000	8,000	6.43
	<u>6,275,000</u>	<u>5,855,000</u>	<u>7.03</u>

During the six months ended February 29, 2024, 1,032,000 stock options were granted to board members, management, employees and consultants, with a fair value of \$848,287. These stock options vest immediately except for two grants for which half the options vest immediately and the other half one year after the grant date. The options were accounted for at their fair value determined by the Black-Scholes option pricing model based on the vesting period and the following assumptions:

	Six-month period ended February 29, 2024
Weighted average closing price the day before the grant date	\$0.95
Weighted average exercise price	\$0.95
Weighted average risk-free interest rate	4.01%
Weighted average expected volatility	88%
Weighted average expected life	10 years
Weighted average expected dividend yield	0%
Weighted average fair value of options granted	\$0.822

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 11 Expenses by nature

	Three-month periods ended		Six-month periods ended	
	February 29,	February 28,	February 29,	February 28,
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries and fringe benefits	201,749	(171,376)	417,023	(85,727)
Stock-based compensation	19,500	32,500	869,204	65,000
Professional and maintenance fees	13,397	42,583	81,812	61,154
Administration and office	36,471	26,548	46,949	43,492
Business development and administration fees	16,072	21,319	28,865	22,952
Advertising	500	845	1,851	6,280
Rent	1,479	2,481	3,496	4,957
Insurance	23,240	21,289	46,829	44,357
Conferences and meetings	34,335	34,014	113,113	77,144
Depreciation of property and equipment	20,379	3,177	42,402	6,353
Amortization of intangible assets	433	507	1,050	1,014
Depreciation on right-of-use asset	15,152	10,984	30,303	21,967
<b>General and administrative expenses</b>	<b>382,707</b>	<b>24,871</b>	<b>1,682,897</b>	<b>268,943</b>
Salaries for project generation	5,963	3,900	19,178	3,900
Other exploration expenses	278	196	1,020	374
Stock-based compensation	-	47,227	-	62,552
<b>General exploration</b>	<b>6,241</b>	<b>51,323</b>	<b>20,198</b>	<b>66,826</b>

## 12 Related party transactions

### Compensation of key management

Key management consist of the directors, the President and Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), the Vice-President of Corporate Development (starting May 16, 2022) (“VPD”) and the Vice-President of Exploration (starting April 13, 2023) (“VPE”). The compensation paid or payable for services provided by key management was as follows:

	Six-month period ended	
	February 29,	February 28,
	2024	2023
	\$	\$
Salaries	535,000	365,000
Director fees	70,000	70,000
Stock-based compensation	847,896	-
	<b>1,452,896</b>	<b>435,000</b>

An amount of \$280,000 for salaries (\$186,473 in 2023) is capitalized to E&E assets.

As at February 29, 2024, accounts payable and accrued liabilities include an amount of \$37,883 (\$168,874 at August 31, 2023) owed to key management. These amounts are unsecured, non-interest bearing and due on demand.

If termination of employment is for reasons other than gross negligence, the CEO and CFO will be entitled to receive an indemnity equal to twelve (12) months of salary, the VPD shall be entitled to receive an indemnity equal to twelve (12) weeks of salary after completing the first year of employment, increasing by four (4) weeks for every additional year of employment to a maximum of one (1) year of salary, and the VPE shall be entitled to receive an indemnity equal to twelve (12) weeks after one (1) year of employment and increasing by four (4) weeks for every additional year of employment to a maximum of one (1) year of salary after two (2) years of employment. The indemnity paid must not represent more than 10% of the Company’s cash and cash equivalents at such time. As at February 29, 2024, the entitled indemnity amounted to \$584,231.



# Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 29, 2024

(in Canadian dollars)

## 12 Related party transactions (cont'd)

### Compensation of key management (cont'd)

In the event of a change of control or a termination of employment following a change of control, the CEO will be entitled to receive an indemnity of \$680,000, equal to twenty-four (24) months of salary, the CFO will be entitled to receive an indemnity of \$315,000, equal to eighteen (18) months of salary, the VPD will be entitled to receive an indemnity of \$300,000 within the twelve (12) months following the change of control, equal to sixteen (16) months of salary, and the VPE will be entitled to receive an indemnity of \$146,667 within the twelve (12) months following the change of control, equal to eight (8) months of salary.

## 13 Net loss (earnings) per share

For the period ended February 29, 2024, the diluted loss per share was the same as the basic loss per share since the potential dilutive instruments had an anti-dilutive effect. Accordingly, the basic and diluted loss per share for 2023 was calculated using the basic weighted average number of shares outstanding of 79,522,850.

## 14 Additional cash flow information

	Six-month periods ended	
	February 29,	February 28,
	2024	2023
	\$	\$
Acquisition of E&E assets included in accounts payable and accrued liabilities	228,756	2,256,623
Depreciation of property & equipment and right-of-use assets included in E&E assets	144,851	127,012
Refundable duties credit for losses and refundable tax credit for resources presented as a reduction in E&E assets, net	405,500	3,335,580
Option payment received in shares presented as a reduction in E&E assets	240,000	-
Stock-based compensation included in E&E assets	81,006	-

## 15 Fair value of financial instruments

The Company defines the fair value hierarchy under which its financial instruments are valued as follows:

Level 1 - includes unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - includes inputs other than quoted prices in level 1 that are observable for assets or liabilities, either directly or indirectly; and

Level 3 - includes inputs for the asset or liability that are not based on observable market data.

There was no transfers of hierarchy level during the six-month period ended February 29, 2024 and 2023.

Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities. This includes cash and cash equivalents, amounts receivable, investments and accounts payable, accrued liabilities, and advances received for exploration work.