

# **Azimut Exploration Inc.**

Unaudited Condensed Interim Financial Statements  
**May 31, 2024**

# Azimut Exploration Inc.

## Interim Statements of Financial Position

(in Canadian dollars)

(Unaudited)

	As at May 31, 2024 \$	As at August 31, 2023 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	12,945,958	3,320,226
Amounts receivable (Note 4)	1,322,998	1,486,176
Prepaid expenses	66,256	160,048
	<u>14,335,212</u>	<u>4,966,450</u>
<b>Non-current assets</b>		
Tax credit and mining rights receivable (Note 4)	399,744	4,388,216
Investments	1,451,463	36,251
Property and equipment (Note 5)	1,459,902	1,537,871
Intangible assets (less accumulated amortization of \$33,715; \$32,021 as at August 31, 2023)	2,636	2,060
Right-of-use assets	65,665	111,119
Exploration and evaluation assets (Note 6)	39,278,447	35,630,349
	<u>42,657,857</u>	<u>41,705,866</u>
<b>Total assets</b>	<u>56,993,069</u>	<u>46,672,316</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,232,240	1,265,981
Advances received for exploration work	1,153,514	217,609
Lease liabilities	64,902	54,485
Flow-through shares premium liability (Note 8)	1,395,233	-
	<u>3,845,889</u>	<u>1,538,075</u>
<b>Non-current liabilities</b>		
Lease liabilities	-	50,672
Asset retirement obligations (Note 7)	1,878,563	1,549,924
	<u>1,878,563</u>	<u>1,600,596</u>
<b>Total liabilities</b>	<u>5,724,452</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)	4,713,838	3,747,701
Contributed surplus	4,857,941	4,857,941
Deficit	(23,482,409)	(25,107,078)
	<u>51,268,617</u>	<u>43,533,645</u>
<b>Total equity</b>	<u>51,268,617</u>	<u>43,533,645</u>
<b>Total liabilities and equity</b>	<u>56,993,069</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

# Azimut Exploration Inc.

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

For the three and nine months ended May 31, 2024

(in Canadian dollars, except number of common shares)

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2024 \$	2023 \$	2024 \$	2023 \$
<b>Revenues</b>				
Operator income (Notes 6a, b, e, f and i)	76,695	64,557	269,954	93,483
<b>Expenses</b>				
General and administrative (Note 11)	436,007	545,336	2,118,904	814,279
General exploration (Note 11)	(18,897)	66,113	1,301	132,939
Impairment of E&E assets (Note 6)	-	829,394	100,925	829,394
<b>Operating expenses</b>	417,110	1,440,843	2,221,130	1,776,612
<b>Financing cost (income), net</b>				
Interest income	(120,873)	(61,358)	(325,351)	(229,499)
Interest and bank charges	3,742	9,495	5,958	3,514
Part XII.6 Tax	48,600	-	48,600	8,328
Unwinding of discount on asset retirement obligations	18,560	24,497	55,229	72,358
Interest on lease liabilities	2,242	5,302	7,886	17,407
	(47,729)	(22,064)	(207,678)	(127,892)
<b>Other losses (gains)</b>				
Change in fair value – investments	44,330	17,809	45,788	14,224
Gain on option payments on E&E assets (Note 6)	(33,831)	-	(239,950)	-
Gain on sale of E&E assets (Note 6k)	(1,693,689)	-	(1,693,689)	(377,793)
	(1,683,190)	17,809	(1,887,851)	(363,569)
<b>Loss (earnings) before income taxes</b>	(1,350,504)	1,372,031	(144,353)	1,191,668
Deferred income tax expense (recovery)	(703,199)	-	(1,480,316)	-
<b>Net loss (earnings) and comprehensive loss (income) for the period</b>	(2,093,703)	1,372,031	(1,624,669)	1,191,668
<b>Basic net loss (earnings) per share</b> (Note 13)	(0.025)	0.015	(0.019)	0.017
<b>Diluted net loss (earnings) per share</b> (Note 13)	(0.024)	0.015	(0.019)	0.017
<b>Weighted average number of shares outstanding</b> (Note 13)	85,393,644	79,519,723	85,130,493	79,545,089

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

# Azimut Exploration Inc.

## Interim Statements of Changes in Equity

For the three and nine months ended May 31, 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 earnings and comprehensive income for the period	-	-	-	-	-	1,624,669	1,624,669
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)	-	-	-	1,088,261	-	-	1,088,261
Share issue expenses	-	(327,250)	52,464	-	-	-	(274,786)
<b>Balance as at May 31, 2024</b>	<b>85,393,644</b>	<b>65,126,783</b>	<b>52,464</b>	<b>4,713,838</b>	<b>4,857,941</b>	<b>(23,482,409)</b>	<b>51,268,617</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	-	-	-	-	-	(1,191,668)	(1,191,668)
Common shares returned to treasury	(2,900,000)	(2,291,000)	-	-	-	-	(2,291,000)
Stock options exercised	515,000	340,926	-	(155,376)	-	-	185,550
Stock options expired	-	-	-	(65,997)	65,997	-	-
Stock-based compensation	-	-	-	218,562	-	-	218,562
Underwriter options expired	-	-	(635,182)	-	635,182	-	-
<b>Balance as at May 31, 2023</b>	<b>79,808,844</b>	<b>59,983,894</b>	<b>-</b>	<b>3,776,403</b>	<b>4,804,152</b>	<b>(24,467,780)</b>	<b>44,096,669</b>

<sup>(1)</sup> There were no common shares that were unpaid as at May 31, 2024 (Nil in 2023).

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

# Azimut Exploration Inc.

## Statements of Cash Flows

For the three and nine months ended May 31, 2024

(in Canadian dollars)

	<b>Nine-month period ended</b>	
	<b>May 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows (used in) from operating activities</b>		
Net (loss) earnings for the period	1,624,669	(1,191,668)
Items not affecting cash		
Depreciation of property and equipment	54,946	9,845
Amortization of intangible assets	1,694	1,521
Depreciation of right-of-use assets	45,454	32,950
Change in fair value, investments	45,788	14,224
Gain on option payments on exploration and evaluation assets	(239,950)	-
Gain on sale of exploration property	(1,693,689)	(377,793)
Stock-based compensation cost	942,754	218,562
Impairment of exploration and evaluation assets	100,925	829,394
Unwinding of discount on asset retirement obligations	55,229	72,358
Recovery of deferred income taxes	(1,480,316)	-
	<u>(542,496)</u>	<u>(390,607)</u>
Changes in non-cash working capital items		
Amounts receivable	235,707	1,182,333
Prepaid expenses	93,792	46,915
Accounts payable and accrued liabilities	197,196	(216,288)
	<u>526,695</u>	<u>1,012,960</u>
	<u>(15,801)</u>	<u>622,353</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	(436,828)	-
Stock options exercised	147,850	185,550
Repayment of lease liabilities	(40,256)	(27,732)
	<u>7,857,336</u>	<u>157,818</u>
<b>Cash flows from (used in) investing activities</b>		
Advance received for exploration work, net	2,742,439	1,831,935
Additions to property and equipment	(7,997)	(57,295)
Additions to intangible assets	(2,270)	(1,500)
Proceeds for insured property and equipment	88,100	-
Additions to exploration and evaluation assets	(5,573,879)	(15,768,279)
Proceeds from sale of options on E&E assets	90,000	70,000
Proceeds from sale of E&E assets	500,000	-
Proceeds from sale of investments	-	550
Tax credit and mining rights received	3,947,804	4,580,212
	<u>1,784,197</u>	<u>(9,344,377)</u>
<b>Net change in cash and cash equivalents</b>	9,625,732	(8,564,206)
<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>12,945,958</u>	<u>5,471,229</u>
<b>Additional information</b>		
Interest received	325,351	229,499
Interest paid	(7,886)	(17,407)
<b>Additional cash flow information</b> (Note 14)		

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

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 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 July 17, 2024.

## 3 Cash and cash equivalents

As at May 31, 2024, the Company’s cash and cash equivalents of \$12,945,958 (\$3,320,266 – August 31, 2023) included \$2,414,588 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 May 31, 2024 \$	As at August 31, 2023 \$
Tax credit and mining rights receivable	840,156	4,388,216
Less: Tax credit and mining rights receivable – Non-current	<u>399,744</u>	<u>4,388,216</u>
Tax credit and mining rights receivable – Current	440,412	-
Commodity taxes	447,028	66,536
Amounts receivable	<u>435,558</u>	<u>1,419,640</u>
Current amount receivable	<u>1,322,998</u>	<u>1,486,176</u>

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 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 May 31, 2024</b>							
Opening net book amount	1,650	5,606	32,430	256,366	1,241,727	92	1,537,871
Additions	700	-	7,297	-	-	-	7,297
Proceeds from insurance	-	-	-	(88,100)	-	-	(88,100)
Change in estimate	-	-	-	-	273,410	-	273,410
Depreciation for the period <sup>(1)</sup>	(253)	(800)	(7,037)	(46,856)	(216,310)	(20)	(271,276)
<b>Closing net book amount</b>	<b>2,097</b>	<b>4,806</b>	<b>32,690</b>	<b>121,410</b>	<b>1,298,827</b>	<b>72</b>	<b>1,459,902</b>
<b>As at May 31, 2024</b>							
Cost	23,363	29,914	120,128	189,576	2,552,134	3,702	2,918,817
Accumulated depreciation	(21,266)	(25,108)	(87,438)	(68,166)	(1,253,307)	(3,630)	(1,458,915)
<b>Net book amount</b>	<b>2,097</b>	<b>4,806</b>	<b>32,690</b>	<b>121,410</b>	<b>1,298,827</b>	<b>72</b>	<b>1,459,902</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 \$216,330 (\$250,871 – August 31, 2023)

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 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	Sale of property	Tax credit	Cost as at May 31, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at May 31, 2024	Net book value as at May 31, 2024
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay – Gold</b>											
Elmer	100										
Acquisition costs		198,676	-	-	-	-	198,676	-	-	-	198,676
Exploration costs		28,793,141	1,107,693	-	-	(137,000)	29,763,834	-	-	-	29,763,834
		28,991,817	1,107,693	-	-	(137,000)	29,962,510	-	-	-	29,962,510
SOQUEM – JB Alliance	(a) 50										
Acquisition costs		219,999	4,590	-	-	-	224,589	-	-	-	224,589
Exploration costs		2,361,027	403,696	-	-	(174,400)	2,590,323	-	-	-	2,590,323
		2,581,026	408,286	-	-	(174,400)	2,814,912	-	-	-	2,814,912
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	-	(15,957)	-	-	-	-	-	-	-
		15,957	-	(15,957)	-	-	-	-	-	-	-
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	25,046	-	-	(10,900)	51,026	(37,442)	-	(37,442)	13,584
		136,512	28,446	-	-	(10,900)	154,058	(95,148)	-	(95,148)	58,910
<b>Total James Bay – Gold</b>		<b>32,570,432</b>	<b>1,545,005</b>	<b>(65,957)</b>	<b>-</b>	<b>(323,000)</b>	<b>33,727,480</b>	<b>(507,795)</b>	<b>(40,092)</b>	<b>(547,887)</b>	<b>33,179,593</b>



# Azimet Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 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	Sale of property	Tax credit	Cost as at May 31, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at May 31, 2024	Net book value as at May 31, 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>-</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>-</b>	<b>247,192</b>	<b>(822)</b>	<b>-</b>	<b>(822)</b>	<b>246,370</b>
<b>James Bay – Nickel</b>											
JBN-57	(k)	100									
Acquisition costs		-	6,092	-	(6,092)	-	-	-	-	-	-
Exploration costs		-	33,764	-	(21,220)	(12,544)	-	-	-	-	-
		-	39,856	-	(27,312)	(12,544)	-	-	-	-	-
JBN		100									
Acquisition costs		502,527	3,753	-	-	-	506,280	-	-	-	506,280
Exploration costs		102,596	48,663	-	-	11,000	162,259	-	-	-	162,259
		605,123	52,416	-	-	11,000	668,539	-	-	-	668,539
<b>Total James Bay – Nickel</b>		<b>605,123</b>	<b>92,272</b>	<b>-</b>	<b>-</b>	<b>(1,544)</b>	<b>668,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>668,539</b>
<b>James Bay – Lithium</b>											
Dalmas & Galinée	(b)	50									
Acquisition costs		78,662	-	-	-	-	78,662	-	-	-	78,662
Exploration costs		229,883	2,167,249	-	-	(55,500)	2,341,632	-	-	-	2,341,632
		308,545	2,167,249	-	-	(55,500)	2,420,294	-	-	-	2,420,294
Corvet & Kaanaayaa	(i)	100									
Acquisition costs		-	-	-	-	-	-	-	-	-	-
Exploration costs		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-

# Azimet Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 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	Sale of property	Tax credit	Cost as at May 31, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at May 31, 2024	Net book value as at May 31, 2024
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay – Lithium (cont'd)</b>											
Pilipas	(j)	100									
Acquisition costs		20,790	-	(20,790)	-	-	-	-	-	-	-
Exploration costs		26,749	12,120	(37,134)	-	(1,500)	235	-	-	-	235
		47,539	12,120	(57,924)	-	(1,500)	235	-	-	-	235
JBL		100									
Acquisition costs		73,448	-	-	-	-	73,448	-	-	-	73,448
Exploration costs		450,864	241,747	-	-	(8,900)	683,711	-	-	-	683,711
		524,312	241,747	-	-	(8,900)	757,159	-	-	-	757,159
<b>Total James Bay – Lithium</b>		880,396	2,421,116	(57,924)	-	(65,900)	3,177,688	-	-	-	3,177,688
<b>Total James Bay</b>		35,270,793	4,059,493	(123,881)	(27,312)	(390,444)	38,788,649	(1,458,126)	(40,092)	(1,498,218)	37,290,431
<b>Nunavik – Gold</b>											
Rex-Duquet	(g & h)	100									
Acquisition costs		1,372,065	12,765	-	-	-	1,384,830	(1,148,800)	-	(1,148,800)	236,030
Exploration costs		4,176,913	46,917	-	-	(1,900)	4,221,930	(3,527,133)	-	(3,527,133)	694,797
		5,548,978	59,682	-	-	(1,900)	5,606,760	(4,675,933)	-	(4,675,933)	930,827
Rex South	(h)	100									
Acquisition costs		521,539	10,586	-	-	-	532,125	(264,351)	-	(264,351)	267,774
Exploration costs		593,531	93,832	-	-	(900)	686,463	(327,810)	-	(327,810)	358,653
		1,115,070	104,418	-	-	(900)	1,218,588	(592,161)	-	(592,161)	626,427
Nantais	(h)	100									
Acquisition costs		180,457	5,030	-	-	-	185,487	(95,299)	-	(95,299)	90,188
Exploration costs		325,984	182	-	-	-	326,166	(204,913)	-	(204,913)	121,253
		506,441	5,212	-	-	-	511,653	(300,212)	-	(300,212)	211,441
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	169,312	-	-	(2,800)	9,057,651	(7,288,829)	-	(7,288,829)	1,768,822
<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

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 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	Sale of property	Tax credit	Cost as at May 31, 2024	Accumulated impairment as at August 31, 2023	Impairment	Accumulated impairment as at May 31, 2024	Net book value as at May 31, 2024
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Nunavik – Diamonds</b>											
Diamrex *	100										
Acquisition costs		52,948	-	-	-	-	52,948	-	(52,948)	(52,948)	-
Exploration costs		7,885	470	-	-	-	8,355	-	(7,885)	(7,885)	470
<b>Total Nunavik – Diamonds</b>		<b>60,833</b>	<b>470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,303</b>	<b>-</b>	<b>(60,833)</b>	<b>(60,833)</b>	<b>470</b>
<b>Nunavik – Uranium</b>											
North Rae*	100										
Acquisition costs		484,977	152	-	-	-	485,129	(484,977)	-	-	152
Exploration costs		709,305	-	-	-	-	709,305	(709,305)	-	-	-
<b>Total Nunavik – Uranium</b>		<b>1,194,282</b>	<b>152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,194,434</b>	<b>(1,194,282)</b>	<b>-</b>	<b>-</b>	<b>152</b>
<b>Total Nunavik</b>		<b>10,243,223</b>	<b>251,726</b>	<b>-</b>	<b>-</b>	<b>(9,300)</b>	<b>10,485,649</b>	<b>(8,483,111)</b>	<b>(60,833)</b>	<b>(8,543,944)</b>	<b>1,941,705</b>
<b>Total E&amp;E assets</b>		<b>45,514,016</b>	<b>4,311,219</b>	<b>(123,881)</b>	<b>(27,312)</b>	<b>(399,744)</b>	<b>49,274,298</b>	<b>(9,941,237)</b>	<b>(100,925)</b>	<b>(10,042,162)</b>	<b>39,232,135</b>

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

	May 31, 2024	August 31, 2023
	\$	\$
Acquisition and exploration – Net book value	39,232,135	35,572,779
Prepaid exploration expenses	46,312	57,570
	<u>39,278,447</u>	<u>35,630,349</u>

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 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 its 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 25% 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 nine months ended May 31, 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 until October 1, 2024. After that date, SOQUEM will abandon the option.

- 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 in 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 through 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. (now Ophir Metals Corp.; “Ophir”) for its wholly-owned Pilipas Property. Under the agreement, Ophir 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 shares and \$100,000 in cash.
- k) On April 30, 2024, Azimut and Patriot Battery Metals Inc. entered into an agreement for the sale of Azimut’s 100% interest in the JBN-57 property. In consideration for the sale of its property, Azimut received 150,000 shares of Patriot and \$500,000 in cash. Azimut retained a 2% NSR royalty on the property.

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 2024

(in Canadian dollars)

## 7 Asset retirement obligations

The following tables summarize the Company's asset retirement obligations as at May 31, 2024 and August 31, 2023:

	May 31, 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	129,185	144,225	273,410	(29,607)	(32,808)	(62,415)
Unwinding of discount on asset retirement obligations	37,005	18,224	55,229	66,043	33,194	99,237
<b>Balance – End of the period</b>	<b>1,172,339</b>	<b>706,224</b>	<b>1,878,563</b>	<b>1,006,149</b>	<b>543,775</b>	<b>1,549,924</b>

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

	Rex-Duquet, Rex South \$	Elmer \$	Total \$
Estimated undiscounted cash flows to settle obligations	\$1,094,929	\$758,316	\$1,853,245
Weighted average discount rate	4.18%	3.60%	
Estimated number of years before disbursements to settle obligations	1.75 years	8.75 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

	May 31, 2024 \$
Flow-through share premium – Beginning of period	-
Addition	2,875,549
Amortization	(1,480,316)
Flow-through share premium – End of period	<u>1,395,233</u>

As at May 31, 2024, an amount of \$3,070,219 remains to be incurred, pursuant to the flow-through financing agreement.

# Azimet Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 2024

(in Canadian dollars)

## 9 Underwriter options

The following table presents the Underwriter option compensation activities for the six months ended May 31, 2024:

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

## 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.

The following tables summarize the information about stock options outstanding and their vesting status as at May 31, 2024:

	May 31, 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	1,212,000	0.93	300,000	0.89
Exercised	(355,000)	0.42	(670,000)	0.32
Expired	-	-	(111,000)	1.26
Outstanding – End of the period	6,455,000	0.86	5,598,000	0.82
Vested – End of the period	6,103,000		5,139,000	
				Weighted average remaining contractual life (years)
Exercise price \$		Options outstanding	Options vested	
Between 0.20 – 0.50		1,110,000	1,110,000	2.16
Between 0.51 – 1.00		3,877,000	3,700,000	7.41
Between 1.01 – 1.50		1,460,000	1,285,000	7.89
Between 1.51 – 2.00		8,000	8,000	6.18
		6,455,000	6,103,000	6.62

# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 2024

(in Canadian dollars)

## 10 Stock option plan (cont'd)

During the nine months ended May 31, 2024, 1,212,000 stock options were granted to board members, management, employees and consultants, with a fair value of \$970,183. These stock options vest immediately except for three 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:

	<b>Nine-month period ended May 31, 2024</b>
Weighted average closing price the day before the grant date	\$0.93
Weighted average exercise price	\$0.93
Weighted average risk-free interest rate	3.93%
Weighted average expected volatility	88%
Weighted average expected life	10 years
Weighted average expected dividend yield	0%
Weighted average fair value of options granted	\$0.800

## 11 Expenses by nature

	<b>Three-month period ended May 31,</b>		<b>Nine-month period ended May 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Salaries and fringe benefits	180,588	68,824	597,611	(16,903)
Stock-based compensation	73,550	30,333	942,754	95,333
Professional and maintenance fees	22,314	152,789	104,126	213,943
Administration and office	40,432	50,806	87,381	94,298
Business development and administration fees	6,438	185,177	35,302	208,129
Advertising	-	445	1,851	6,725
Rent	2,895	4,477	6,391	9,434
Insurance	23,114	21,492	69,943	65,849
Conferences and meetings	58,338	16,011	171,451	93,155
Depreciation of property and equipment	12,544	3,492	54,946	9,845
Amortization of intangible assets	643	507	1,694	1,521
Depreciation on right-of-use asset	15,151	10,983	45,454	32,950
<b>General and administrative expenses</b>	<b>436,007</b>	<b>545,336</b>	<b>2,118,904</b>	<b>814,279</b>
Salaries for project generation	(19,178)	5,000	-	8,900
Other exploration expenses	281	436	1,301	810
Stock-based compensation	-	60,677	-	123,229
<b>General exploration</b>	<b>(18,897)</b>	<b>66,113</b>	<b>1,301</b>	<b>132,939</b>



# Azimut Exploration Inc.

Notes to Financial Statements

For the three and nine months ended May 31, 2024

(in Canadian dollars)

## 12 Related party transactions

### Compensation of key management

Key management consists 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:

	Nine-month period ended	
	May 31,	
	2024	2023
	\$	\$
Salaries	675,000	579,423
Director fees	105,000	105,000
Stock-based compensation	940,314	133,333
	<u>1,720,314</u>	<u>817,756</u>

An amount of \$420,000 for salaries (\$279,645 in 2023) is capitalized to E&E assets.

As at May 31, 2024, accounts payable and accrued liabilities include an amount of \$85,958 (\$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 May 31, 2024, the entitled indemnity amounted to \$670,000.

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 May 31, 2024, the diluted net earnings per share was calculated using the basic weighted average number of shares outstanding of 85,130,493 adjusted by the potential dilutive instruments of each stock option where the exercise price was lower than the average market price of the Company’s share. As a result, the diluted weighted average number of shares of 86,061,389 was used to calculate the diluted net earnings per share.

## 14 Additional cash flow information

	Nine-month periods ended	
	May 31,	
	2024	2023
	\$	\$
Acquisition of E&E assets included in accounts payable and accrued liabilities	605,918	901,149
Depreciation of property & equipment and right-of-use assets included in E&E assets	216,300	191,074
Refundable duties credit for losses and refundable tax credit for resources presented as a reduction in E&E assets, net	399,744	4,138,780
Option payment received in shares presented as a reduction in E&E assets	240,000	-
Proceeds from sale of E&E assets received as shares, presented as a reduction in E&E assets	1,221,000	-
Stock-based compensation included in E&E assets	145,507	-

# **Azimut Exploration Inc.**

Notes to Financial Statements

For the three and nine months ended May 31, 2024

(in Canadian dollars)

---

## **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 were no transfers of hierarchy level during the nine-month period ended May 31, 2024 and 2023.

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