

Azimut Exploration Inc.

Unaudited Condensed Interim Financial Statements
February 28, 2025

Azimut Exploration Inc.

Statements of Financial Position

(in Canadian dollars)

	As at February 28, 2025 Unaudited \$	As at August 31, 2024 Audited \$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	5,846,155	11,766,113
Amounts receivable (Note 4)	1,823,739	1,811,076
Prepaid expenses	90,654	101,260
	<u>7,760,548</u>	<u>13,678,449</u>
Non-current assets		
Tax credit and mining rights receivable (Note 6)	1,354,867	-
Investments	567,708	931,242
Property and equipment (Note 5)	1,358,329	1,507,074
Intangible assets (less accumulated amortization of \$35,000; \$34,421 as at August 31, 2024)	5,164	1,930
Right-of-use assets	20,210	50,513
Exploration and evaluation assets (Note 6)	44,480,735	41,493,946
	<u>47,787,013</u>	<u>43,984,705</u>
Total assets	<u>55,547,561</u>	<u>57,663,154</u>
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	2,239,173	3,392,355
Advances received for exploration work	430,009	687,111
Lease liabilities	20,871	50,673
Flow-through shares premium liability (Note 8)	-	442,314
	<u>2,690,053</u>	<u>4,572,453</u>
Non-current liabilities		
Asset retirement obligations (Note 7)	2,035,799	1,977,549
Deferred income tax liabilities	1,351,318	1,351,318
	<u>3,387,117</u>	<u>3,328,867</u>
Total liabilities	<u>6,077,170</u>	<u>7,901,320</u>
Equity		
Share capital	65,248,883	65,200,783
Underwriters' options (Note 9)	52,464	52,464
Stock options (Note 10)	4,920,753	4,533,469
Contributed surplus	5,137,634	5,039,601
Deficit	(25,889,343)	(25,064,483)
Total equity	<u>49,470,391</u>	<u>49,761,834</u>
Total liabilities and equity	<u>55,547,561</u>	<u>57,663,154</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 and Comprehensive Loss

For the three and six-month periods ended February 28, 2025 and February 29, 2024

(in Canadian dollars, except number of common shares)

	Three-month period ended		Six-month period ended	
	February 28,	February 29,	February 28,	February 29,
	2025	2024	2025	2024
	\$	\$	\$	\$
Revenues				
Operator income (Notes 6a, b, e, f and i)	47,243	107,072	112,078	193,259
Expenses				
General and administrative (Note 11)	862,955	382,707	1,219,062	1,682,897
General exploration (Note 11)	(10,133)	6,241	1,267	20,198
Impairment of exploration and evaluation assets (Note 6)	-	100,925	-	100,925
Operating expenses	852,822	489,873	1,220,329	1,804,020
Financing cost (income), net				
Interest income	(69,268)	(96,638)	(169,027)	(204,478)
Interest and bank charges	1,808	1,803	2,344	2,216
Part XII.6 tax	(46,713)	-	(34,253)	-
Unwinding of discount on asset retirement obligations	13,549	18,078	29,627	36,669
Interest on lease liabilities	922	2,627	2,293	5,644
	(99,703)	(74,130)	(169,017)	(159,949)
Other losses (gains)				
Change in fair value – Investments	155,009	3,381	448,534	1,458
Gain on option payments on exploration and evaluation assets	(101,571)	(202,076)	(120,595)	(206,119)
Gain on sale of assets	-	-	-	-
	53,438	(198,695)	327,939	(204,661)
Loss before income taxes	759,315	109,976	1,267,174	1,246,151
Deferred income tax expense (recovery)	(15,064)	127,882	(442,314)	(777,117)
Net loss and comprehensive loss for the period	744,250	237,858	824,860	469,034
Basic and diluted net loss per share	0.009	0.003	0.010	0.006
Weighted average number of shares outstanding	85,678,422	85,324,523	85,635,799	84,997,471

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

Azimut Exploration Inc.

Interim Statements of Changes in Equity

For the six-month periods ended February 28, 2025 and February 29, 2024

(in Canadian dollars, except number of common shares)

	<u>Share capital</u>		<u>Underwriters' options</u>	<u>Stock options</u>	<u>Contributed surplus</u>	<u>Deficit</u>	<u>Total</u>
	Number ⁽¹⁾	\$	\$	\$	\$	\$	\$
Balance as at September 1, 2024	85,593,644	65,200,783	52,464	4,533,469	5,039,601	(25,064,483)	49,761,834
Net loss and comprehensive loss for the period	-	-	-	-	-	(824,860)	(824,860)
Stock options expired (Note 10)	-	-	-	(98,033)	98,033	-	-
Stock options exercised (Note 10)	130,000	48,100	-	(22,100)	-	-	26,000
Stock-based compensation (Note 10)	-	-	-	507,417	-	-	507,417
Balance as at February 28, 2025	<u>85,723,644</u>	<u>65,248,883</u>	<u>52,464</u>	<u>4,920,753</u>	<u>5,137,634</u>	<u>(25,889,343)</u>	<u>49,470,391</u>
Balance as at September 1, 2023	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	-	-	-	-	-	(469,034)	(469,034)
Common shares private placement	2,082,100	2,186,205	-	-	-	-	2,186,205
Flow-through private placement	2,992,700	6,000,365	-	-	-	-	6,000,365
Less: Premium	-	(3,037,592)	-	-	-	-	(3,037,592)
Stock options exercised	355,000	269,974	-	(122,124)	-	-	147,850
Stock-based compensation	-	-	-	950,210	-	-	950,210
Share issue expenses	-	(327,250)	52,464	-	-	-	(274,786)
Balance as at February 29, 2024	<u>85,393,644</u>	<u>65,126,783</u>	<u>52,464</u>	<u>4,575,787</u>	<u>4,857,941</u>	<u>(25,576,112)</u>	<u>49,036,863</u>

⁽¹⁾ There were no common shares that were unpaid as at February 28, 2025 (Nil in 2024).

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

Azimut Exploration Inc.

Interim Statements of Cash Flows

For the six-month periods ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

	Six-month period ended	
	February 28,	February 29,
	2025	2024
	\$	\$
Cash flows (used in) from operating activities		
Net loss for the period	(824,860)	(469,034)
Items not affecting cash		
Depreciation of property and equipment (Note 5)	21,314	42,402
Amortization of intangible assets	1,729	1,050
Depreciation of right-of-use assets	30,303	30,303
Change in fair value, investments	448,534	1,458
Gain on option payments on exploration and evaluation assets (Note 6)	(120,595)	(206,119)
Stock-based compensation cost (Note 10)	404,302	869,204
Impairment of exploration and evaluation assets	-	100,925
Unwinding of discount on asset retirement obligations (Note 7)	29,627	36,669
Recovery of deferred income taxes (Note 8)	(442,314)	(777,117)
	<u>(451,960)</u>	<u>(370,259)</u>
Changes in non-cash working capital items		
Amounts receivable	204,069	410,532
Prepaid expenses	10,606	64,381
Accounts payable and accrued liabilities	234,737	486,147
	<u>449,412</u>	<u>961,060</u>
	<u>(2,548)</u>	<u>590,801</u>
Cash flows from financing activities		
Issuance of common shares	-	2,186,205
Issuance of flow-through shares	-	6,000,365
Share issue expenses	-	(436,828)
Stock options exercised	26,000	147,850
Repayment of lease liabilities	(29,802)	(26,450)
	<u>(3,802)</u>	<u>7,871,141</u>
Cash flows from (used in) investing activities		
Advance received for exploration work, net	1,463,000	2,742,439
Additions to property and equipment	(3,659)	-
Additions to intangible assets	(4,963)	-
Recovery from insurances	-	88,100
Additions to exploration and evaluation assets	(7,467,986)	(6,071,664)
Option payments on E&E assets (Note 6)	100,000	90,000
	<u>(5,913,608)</u>	<u>(3,151,125)</u>
Net change in cash and cash equivalents	<u>(5,919,958)</u>	<u>5,310,817</u>
Cash and cash equivalents – Beginning of the period	<u>11,766,113</u>	<u>3,320,226</u>
Cash and cash equivalents – End of the period	<u>5,846,155</u>	<u>8,631,043</u>
Additional information		
Interest received	169,027	204,479
Interest paid	(2,293)	(5,644)
Additional cash flow information (Note 14)		

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 28, 2025 and 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 depends on the existence of economically recoverable reserves, the Company’s ability to obtain 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 material accounting policies

The material 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”). The accounting policies applied to these unaudited condensed interim financial statements are consistent with those used in previous fiscal years unless otherwise stated. The Company’s Board of Directors approved these financial statements for issue on April 14, 2025.

3 Cash and cash equivalents

As at February 28, 2025, the Company’s cash and cash equivalents of \$5,846,155 (\$11,766,113 – August 31, 2024) included \$4.6 million of high-interest saving accounts bearing interest at 4.06% (\$5.5 million bearing interest 4.15% – August 31, 2024), cashable any time without any penalties.

4 Amounts receivable

	As at February 28, 2025 \$	As at August 31, 2024 \$
Tax credit and mining rights receivable	2,402,458	1,047,592
Less: Tax credit and mining rights receivable – Non-current	<u>1,354,867</u>	<u>-</u>
Tax credit and mining rights receivable - Current	1,047,592	1,047,592
Commodity taxes	331,577	510,872
Amounts receivable	<u>444,570</u>	<u>252,612</u>
Current amount receivable	<u>1,823,739</u>	<u>1,811,076</u>

Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

5 Property and equipment

	Office furniture \$	Office equipment \$	Computer equipment \$	Specialized equipment \$	Camp ⁽¹⁾ \$	Vehicles ⁽¹⁾ \$	Total \$
Period ended February 28, 2025							
Opening net book amount	596	-	30,238	164,205	1,312,035	-	1,507,074
Additions	-	-	3,659	-	-	-	3,659
Change in estimate	-	-	-	-	28,623	-	28,623
Depreciation for the period ⁽¹⁾	(596)	-	(4,503)	(23,709)	(152,219)	-	(181,027)
Closing net book amount	-	-	29,394	140,496	1,188,439	-	1,358,329
As at February 28, 2025							
Cost	23,363	29,914	123,788	241,476	2,666,026	3,702	3,088,269
Accumulated depreciation	(23,363)	(29,914)	(94,394)	(100,980)	(1,477,587)	(3,702)	(1,729,940)
Net book amount	-	-	29,394	140,496	1,188,439	-	1,358,329
Year ended August 31, 2024							
Opening net book amount	1,650	5,606	32,430	256,366	1,241,727	92	1,537,871
Additions	700	-	7,297	51,900	-	-	59,897
Disposition	-	-	-	(88,100)	-	-	(88,100)
Change in estimate	-	-	-	-	356,114	-	356,114
Depreciation for the year ⁽¹⁾	(1,754)	(5,606)	(9,489)	(55,961)	(285,806)	(92)	(358,708)
Closing net book amount	596	-	30,238	164,205	1,312,035	-	1,507,074
As at August 31, 2024							
Cost	23,363	29,914	120,128	241,476	2,637,403	3,702	3,055,986
Accumulated depreciation	(22,767)	(29,914)	(89,890)	(77,271)	(1,325,368)	(3,702)	(1,548,912)
Net book amount	596	-	30,238	164,205	1,312,035	-	1,507,074

(1) Depreciation of property and equipment included in E&E assets in the amount of \$159,713 (\$285,898 – August 31, 2024)

Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

6 Exploration and evaluation assets

All mineral properties are in the Province of Quebec.

Change in E&E assets in 2025

Mineral property	Undivided interest	Cost as at August 31, 2024	Additions	Option payments	Tax credit	Cost as at February 28, 2025	Accumulated impairment as at August 31, 2024	Impairment	Accumulated impairment as at February 28, 2025	Net book value as at February 28, 2025
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
James Bay – Gold										
Elmer	100									
Acquisition costs		231,433	23,702	-	-	255,135	-	-	-	255,135
Exploration costs		31,286,155	350,997	-	(108,960)	31,528,192	-	-	-	31,528,192
		31,517,588	374,699	-	(108,960)	31,783,327	-	-	-	31,783,327
SOQUEM – JB Alliance	(a) 50									
Acquisition costs		81,048	27,924	-	-	108,972	-	-	-	108,972
Exploration costs		439,090	3,117	-	(1,271)	440,936	-	-	-	440,936
		520,138	31,041	-	(1,271)	549,908	-	-	-	549,908
Opinaca *	(c) 25 - 100									
Acquisition costs		166,159	3,580	-	-	169,739	(166,159)	-	(166,159)	3,580
Exploration costs		286,580	3,421	-	(1,493)	288,508	(286,580)	-	(286,580)	1,928
		452,739	7,001	-	(1,493)	458,247	(452,739)	-	(452,739)	5,508
Wabamisk	(d) 100									
Acquisition costs		65,418	24,390	-	-	89,808	-	-	-	89,808
Exploration costs		352,173	2,194,816	-	(930,590)	1,616,399	-	-	-	1,616,399
		417,591	2,219,206	-	(930,590)	1,706,207	-	-	-	1,706,207
Wapatik	(e) 100									
Acquisition costs		-	40,480	-	-	40,480	-	-	-	40,480
Exploration costs		10,230	15,476	-	(6,763)	18,943	-	-	-	18,943
		10,230	55,956	-	(6,763)	59,423	-	-	-	59,423
Kukamas	(f) 100									
Acquisition costs		-	-	-	-	-	-	-	-	-
Exploration costs		55,976	-	(55,976)	-	-	-	-	-	-
		55,976	-	(55,976)	-	-	-	-	-	-
Other	100									
Acquisition costs		103,032	7,176	-	-	110,208	(61,106)	-	(61,106)	49,102
Exploration costs		51,061	28,474	-	(12,357)	67,178	(37,442)	-	(37,442)	29,736
		154,093	35,650	-	(12,357)	177,386	(98,548)	-	(98,548)	78,838
Total James Bay – Gold		33,128,355	2,723,553	(55,976)	(1,061,434)	34,734,498	(551,287)	-	(551,287)	34,183,211
James Bay – Chromium-PGE										
Chromaska	100									
Acquisition costs		46,029	-	-	-	46,029	(32,929)	-	(32,929)	13,100
Exploration costs		938,742	8,180	-	(3,571)	943,351	(916,580)	-	(916,580)	26,771
Total James Bay – Chromium-PGE		984,771	8,180	-	(3,571)	989,380	(949,509)	-	(949,509)	39,871

Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

6 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2025 (cont'd)

Mineral property	Undivided interest	Cost as at August 31, 2024	Additions	Option payments	Tax credit	Cost as at February 28, 2025	Accumulated impairment as at August 31, 2024	Impairment	Accumulated impairment as at February 28, 2025	Net book value as at February 28, 2025
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
James Bay – Base Metals										
Mercator	100									
Acquisition costs		112,671	-	-	-	112,671	-	-	-	112,671
Exploration costs		181,185	118,468	-	-	299,653	-	-	-	299,653
		293,856	118,468	-	-	412,324	-	-	-	412,324
Corne	100									
Acquisition costs		56,817	-	-	-	56,817	-	-	-	56,817
Exploration costs		87,671	6,713	-	-	94,384	-	-	-	94,384
		144,488	6,713	-	-	151,201	-	-	-	151,201
Others	100									
Acquisition costs		680	-	-	-	680	-	-	-	680
Exploration costs		835	-	-	-	835	-	-	-	835
		1,515	-	-	-	1,515	-	-	-	1,515
Total James Bay – Base Metals		439,859	125,181	-	-	565,040	-	-	-	565,040
James Bay – Nickel										
JBN	100									
Acquisition costs		506,280	9,129	-	-	515,409	-	-	-	515,409
Exploration costs		198,638	1,033,963	-	(223,278)	1,009,323	-	-	-	1,009,323
		704,918	1,043,092	-	(223,278)	1,524,732	-	-	-	1,524,732
Total James Bay – Nickel		704,918	1,043,092	-	(223,278)	1,524,732	-	-	-	1,524,732
James Bay – Lithium										
Dalmas & Galinée	(b)	50								
Acquisition costs		88,686	1,516	-	-	90,202	-	-	-	90,202
Exploration costs		2,654,377	168,884	-	(13,904)	2,809,357	-	-	-	2,809,357
		2,743,063	170,400	-	(13,904)	2,899,559	-	-	-	2,899,559
Corvet & Kaanaayaa	(i)	100								
Acquisition costs		-	-	-	-	-	-	-	-	-
Exploration costs		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Pilipas	(j)	100								
Acquisition costs		-	-	-	-	-	-	-	-	-
Exploration costs		6,800	2,890	(8,429)	(1,261)	-	-	-	-	-
		6,800	2,890	(8,429)	(1,261)	-	-	-	-	-

Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

6 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2025 (cont'd)

Mineral property		Undivided interest	Cost as at August 31, 2024	Additions	Option payments	Tax credit	Cost as at February 28, 2025	Accumulated impairment as at August 31, 2024	Impairment	Accumulated impairment as at February 28, 2025	Net book value as at February 28, 2025
		%	\$	\$	\$	\$	\$	\$	\$	\$	\$
James Bay – Lithium (cont'd)											
SOQUEM – JB Alliance	(a)	50									
Acquisition costs			158,467	12,366	-	-	170,833	-	-	-	170,833
Exploration costs			2,564,868	12,629	-	(4,710)	2,572,787	-	-	-	2,572,787
			2,723,335	24,995	-	(4,710)	2,743,620	-	-	-	2,743,620
Wabamisk	(d)	100									
Acquisition costs			-	-	-	-	-	-	-	-	-
Exploration costs			-	76,970	-	(12,154)	64,816	-	-	-	64,816
			-	76,970	-	(12,154)	64,816	-	-	-	64,816
JBL		100									
Acquisition costs			73,448	-	-	-	73,448	-	-	-	73,448
Exploration costs			996,284	93,033	-	(8,629)	1,080,688	-	-	-	1,080,688
			1,069,732	93,033	-	(8,629)	1,154,136	-	-	-	1,154,136
Total James Bay – Lithium			6,542,930	368,288	(8,429)	(40,658)	6,862,131	-	-	-	6,862,131
Total James Bay			41,800,833	4,268,294	(64,405)	(1,328,942)	44,675,780	(1,500,796)	-	(1,500,796)	43,174,984
Nunavik – Gold											
Rex-Duquet	(g & h)	100									
Acquisition costs			1,384,830	142	-	-	1,384,972	(1,250,826)	-	(1,250,826)	134,146
Exploration costs			4,235,537	63,782	-	(14,370)	4,284,949	(3,855,358)	-	(3,855,358)	429,591
			5,620,367	63,924	-	(14,370)	5,669,921	(5,106,184)	-	(5,106,184)	563,737
Rex South	(h)	100									
Acquisition costs			532,267	-	-	-	532,267	(342,053)	-	(342,053)	190,214
Exploration costs			715,504	94,184	-	(11,555)	798,133	(440,251)	-	(440,251)	357,882
			1,247,771	94,184	-	(11,555)	1,330,400	(782,304)	-	(782,304)	548,096
Nantais	(h)	100									
Acquisition costs			185,487	-	-	-	185,487	(185,487)	-	(185,487)	-
Exploration costs			326,121	61	-	-	326,182	(326,121)	-	(326,121)	61
			511,608	61	-	-	511,669	(511,608)	-	(511,608)	61
Other		100									
Acquisition costs			738,409	-	-	-	738,409	(738,409)	-	(738,409)	-
Exploration costs			982,241	-	-	-	982,241	(982,241)	-	(982,241)	-
			1,720,650	-	-	-	1,720,650	(1,720,650)	-	(1,720,650)	-
Total Nunavik – Gold			9,100,396	158,169	-	(25,925)	9,232,640	(8,120,746)	-	(8,120,746)	1,111,894
Nunavik – Base Metals											
Doran		100									
Acquisition costs			126,004	-	-	-	126,004	-	-	-	126,004
Exploration costs			50,190	-	-	-	50,190	-	-	-	50,190
Total Nunavik – Base Metals			176,194	-	-	-	176,194	-	-	-	176,194

Azimut Exploration Inc.

Notes to Financial Statements

For the three and six months ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

6 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2025 (cont'd)

Mineral property	Undivided interest	Cost as at August 31, 2024	Additions	Option payments	Tax credit	Cost as at February 28, 2025	Accumulated impairment as at August 31, 2024	Impairment	Accumulated impairment as at February 28, 2025	Net book value as at February 28, 2025
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
Nunavik – Diamonds										
Diamrex *	100									
Acquisition costs		52,948	-	-	-	52,948	(52,948)	-	(52,948)	-
Exploration costs		8,150	-	-	-	8,150	(8,150)	-	(8,150)	-
Total Nunavik – Diamonds		61,098	-	-	-	61,098	(61,098)	-	(61,098)	-
Nunavik – Uranium										
North Rae *	100									
Acquisition costs		485,129	-	-	-	485,129	(485,129)	-	(485,129)	-
Exploration costs		709,305	-	-	-	709,305	(709,305)	-	(709,305)	-
Total Nunavik – Uranium		1,194,434	-	-	-	1,194,434	(1,194,434)	-	(1,194,434)	-
Total Nunavik		10,532,122	158,169	-	(25,925)	10,664,366	(9,376,278)	-	(9,376,278)	1,288,088
Total E&E assets		52,332,952	4,426,463	(64,405)	(1,354,867)	55,340,146	(10,877,074)	-	(10,877,074)	44,463,072

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

The commodity reflects the main target of the exploration work performed during the period. This classification may change over time.

	February 28, 2025	August 31, 2024
	\$	\$
Acquisition and exploration – Net book value	44,463,072	41,455,881
Prepaid exploration expenses	17,663	38,065
	<u>44,480,735</u>	<u>41,493,946</u>

Azimut Exploration Inc.

Notes to Financial Statements

For the three-month ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

6 Exploration and evaluation assets (cont'd)

- a) The James Bay Strategic Alliance (the “JB Alliance”) was formed between Azimut and SOQUEM on September 22, 2016, to identify, acquire and explore gold targets in the Eeyou Istchee James Bay Territory (the “James Bay region”) of Quebec. The properties are held as 50/50 joint venture (“JV”) projects, each property subject to a JV agreement between Azimut and SOQUEM. Azimut remains the operator of Munischiwan, 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. Azimut remains the operator.
- c) The Opinaca A and B properties are subject to a JV agreement with the following parties:
- Opinaca A is a 50/50 JV project with Everton Resources Inc. (“Everton”).
 - Opinaca B is a 25/50/25 JV project with Hecla Quebec Inc. (“Hecla”) and Everton.
- d) The Wabamisk Property is 100% owned by Azimut and comprises 662 mining claims. Eight (8) of the property’s claims are subject to a 2.1% NSR payable to Virginia Mines (1.4%, now Osisko Exploration James Bay Inc.) and SOQUEM (0.7%), with a buy-back of 1.05% for \$350,000.
- e) On September 21, 2020, the Company granted Mont Royal Resources Limited (“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. On November 9, 2024, Mont Royal decided to terminate the option after making a cumulative cash payment of \$60,000 and carrying out work expenditures totaling \$2,620,894.
- 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 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.
- If KGHM elects not to exercise the second option after exercising the first 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 combined with the Rex Property to form a single entity, known as 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.

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 Nunavik 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, on which date the option was then terminated.

Azimut Exploration Inc.

Notes to Financial Statements

For the three-month ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

6 Exploration and evaluation assets (cont'd)

- 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 by making cash payments totalling \$850,000, including \$250,000 per property upon 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 making payments totalling 6 million Ophir shares and \$100,000 in cash.

7 Asset retirement obligations

The following tables summarize the Company’s asset retirement obligations as at February 28, 2025 and August 31, 2024:

	February 28, 2025			August 31, 2024		
	Rex-Duquet, Rex South	Elmer	Total	Rex-Duquet, Rex South	Elmer	Total
	\$	\$	\$	\$	\$	\$
Opening balance	1,229,011	748,538	1,977,549	1,006,149	543,775	1,549,924
Change in estimate	12,055	16,568	28,623	175,791	180,323	356,114
Unwinding of discount on asset retirement obligations	18,792	10,835	29,627	47,071	24,440	71,511
Balance – End of period	1,259,858	775,941	2,035,799	1,229,011	748,538	1,977,549

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
Weighed average discount rate	2.65%	2.82%	
Estimated number of years before disbursements to settle obligations	1.0 year	8.0 years	

8 Share capital

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

Flow-through share premium

	February 28 2025 \$
Flow-through share premium – Beginning of period	442,314
Addition	-
Amortization	(442,314)
Flow-through share premium – End of period	-

As at February 28, 2025, all E&E expenditures required under the flow-through financing agreement had been incurred.

Azimut Exploration Inc.

Notes to Financial Statements

For the three-month ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

9 Underwriters' options

The following table summarizes the information relating to the outstanding Underwriters' options as at February 28, 2025:

Exercise price \$	Expiry date	Weighted average remaining contractual life (years)	As at February 28, 2025	As at August 31, 2024
1.05	2025-03-28	0.08	152,244	152,244

10 Stock option plan

The number of shares reserved for issuance under the stock option plan was approximately 9.99% of Company's common shares issued and outstanding. As at April 4, 2022, the Company filed for and received approval for an increase in the stock option plan at which time the Company's 81,903,844 common shares were issued and outstanding. The maximum of 8,190,000 stock options may be granted. 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.

Changes in the stock options during the period were as follows:

	Number	Weighted average exercise price \$
Outstanding – Beginning of the year	6,035,000	0.88
Granted	855,000	0.61
Exercised	(130,000)	0.20
Expired	(85,000)	1.39
Outstanding – End of the year	<u>6,675,000</u>	<u>0.86</u>
Vested – End of the year	<u>6,384,000</u>	

The following tables summarize the information about stock options outstanding as at February 28, 2025 and August 31, 2024:

Exercise price \$	Weighted average remaining contractual life (years)	As at February 28, 2025	As at August 31, 2024
Between 0.20 and 0.50	2.35	680,000	810,000
Between 0.51 and 1.00	7.24	4,702,000	3,857,000
Between 1.01 and 1.50	7.50	1,285,000	1,360,000
Between 1.51 and 2.00	5.43	8,000	8,000
	<u>6.17</u>	<u>6,675,000</u>	<u>6,035,000</u>

On December 17, 2024 and February 20, 2025, the Company granted a total of 855,000 stock options to its directors, officers, employees and consultants. Of this number, 740,000 were granted to its directors and officers and 115,000 to its employees and consultants. These options have a weighted-average exercise price of \$0.61 per share and are exercisable for a 10-year period.

Azimut Exploration Inc.

Notes to Financial Statements

For the three-month ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

11 Expenses by nature

	Three-month periods ended		Six-month periods ended	
	February 28,	February 29,	February 28,	February 29,
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries and fringe benefits	311,686	201,749	507,249	417,023
Stock-based compensation	394,552	19,500	404,302	869,204
Professional and maintenance fees	30,346	13,397	55,211	81,812
Administration and office	41,711	36,471	71,957	46,949
Business development and administration fees	21,635	16,072	24,738	28,865
Advertising	363	500	363	1,851
Rent	1,019	1,479	6,021	3,496
Insurance	18,248	23,240	36,615	46,829
Conferences and meetings	17,067	34,335	59,260	113,113
Depreciation of property and equipment	10,026	20,379	21,314	42,402
Amortization of intangible assets	1,150	433	1,729	1,050
Depreciation on right-of-use asset	15,152	15,152	30,303	30,303
General and administrative expenses	862,955	382,707	1,219,062	1,682,897
Salaries for project generation	(10,322)	5,963	-	19,178
Other exploration expenses	189	278	1,267	1,020
General exploration	(10,133)	6,241	1,267	20,198

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:

	Six-month period ended	
	February 28,	February 29,
	2025	2024
	\$	\$
Salaries	588,667	535,000
Director fees	74,917	70,000
Stock-based compensation	429,091	847,896
	1,092,675	1,452,896

The amounts of \$287,500 for salaries (\$280,000 for the period ended February 29, 2024) and \$189,850 for stock-based compensation (\$307,476 for the period ended February 29, 2024) were capitalized to E&E assets.

As at February 28, 2025, accounts payable and accrued liabilities include an amount of \$94,733 (\$56,250 as at August 31, 2024) 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 of salary 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 28, 2025, the entitled indemnity amounted to \$756,923.

Azimut Exploration Inc.

Notes to Financial Statements

For the three-month ended February 28, 2025 and February 29, 2024

(in Canadian dollars)

12 Related party transactions (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 \$750,000, equal to twenty-four (24) months of salary, the CFO will be entitled to receive an indemnity of \$330,000, equal to eighteen (18) months of salary, the VPD will be entitled to receive an indemnity of \$316,000 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 \$153,333 within the twelve (12) months following the change of control, equal to eight (8) months of salary.

13 Fair value of financial instruments

The Company's financial instruments as at February 28, 2025, consist of cash and cash equivalents, amounts receivable, investments and accounts payable, accrued liabilities, and advances received for exploration work. The fair value of these financial instruments is either equal to their fair value (investments) or approximates their carrying value due to their short-term maturity or the fact that they bear interest at current market rates.

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 assets or liabilities that are not based on observable market data. There was no transfer of hierarchy level during the period ended February 28, 2025.

14 Additional cash flow information

	Six-month periods ended	
	February 28, 2025	February 29, 2024
	\$	\$
Acquisition of E&E assets included in accounts payable and accrued liabilities	1,232,881	228,756
Depreciation of property & equipment included in E&E assets	159,713	144,851
Refundable duties credit for losses and refundable tax credit for resources presented as a reduction in E&E assets, net	1,354,867	405,500
Option payment received in shares presented as a reduction in E&E assets	85,000	240,000
Stock-based compensation included in E&E assets	103,115	81,006