Azimut Exploration Inc.

Financial Statements
August 31, 2022 and 2021

Independent auditor's report

To the Shareholders of Azimut Exploration Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Azimut Exploration Inc. (the Company) as at August 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at August 31, 2022 and 2021;
- the statements of net (earnings) loss and comprehensive (income) loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Nochane Rousseau.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
December 22, 2022

[1] FCPA auditor, public accountancy permit No. A122718

Azimut Exploration Inc.

Statements of Financial Position
(in Canadian dollars)

	As at August 31, 2022 $	As at August 31, 2021 $
Assets		
Current assets		
Cash and cash equivalents (Note 4)	14,035,435	27,641,849
Amounts receivable (Note 5)	4,049,680	3,664,105
Asset available for sale (Note 6)	1,906,238	-
Prepaid expenses	129,740	50,085
	20,121,093	31,356,039
Non-current assets		
Tax credit and mining rights receivable (Note 5)	2,387,064	2,440,766
Investments (Note 7)	51,940	73,941
Property and equipment (Note 8)	1,550,062	635,990
Intangible assets (less accumulated amortization of $25,822; $24,130 as at August 31, 2021)	6,759	2,826
Right-of-use assets (Note 9)	80,402	128,326
Exploration and evaluation assets (Note 10)	30,007,786	17,223,009
	34,084,013	20,504,858
Total assets	54,205,106	51,860,897
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	4,985,145	2,730,618
Advances received for exploration work	458,196	291,860
Lease liabilities (Note 11)	36,976	45,220
Flow-through shares premium liability (Note 13b)	-	3,399,557
	5,480,317	6,467,255
Non-current liabilities		
Lease liabilities (Note 11)	36,462	73,438
Asset retirement obligations (Note 12)	1,513,102	987,764
	1,549,564	1,061,202
Total liabilities	7,029,881	7,528,457
Equity		
Share capital (Note 13)	61,933,968	61,550,590
Underwriters' options (Note 14)	635,182	635,182
Stock options (Note 15)	3,779,214	3,010,920
Contributed surplus	4,102,973	4,028,710
Deficit	(23,276,112)	(24,892,962)
Total equity	47,175,225	44,332,440
Total liabilities and equity	54,205,106	51,860,897

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.

Statements of Net (Earnings) Loss and Comprehensive (Income) Loss
For the years ended August 31, 2022 and 2021
(in Canadian dollars, except number of common shares)

	2022 $	2021 $
Revenues		
Operator income (Notes 10a, b, f and h)	107,435	314,592
Expenses		
General and administrative (Note 16)	1,672,592	1,272,388
General exploration (Note 16)	208,597	316,275
Impairment of exploration and evaluation assets (Note 10)	17,629	352,887
Operating expenses	1,898,818	1,941,550
Financing cost (income), net		
Interest income	(180,414)	(54,578)
Interest and bank charges	5,446	2,117
Part XII.6 Tax (Note 13b)	41,506	262
Unwinding of discount on asset retirement obligations (Note 12)	84,369	2,466
Interest on lease liabilities	18,416	22,405
	(30,677)	(27,328)
Other losses (gains)		
Change in fair value – investments	22,001	(25,344)
Loss before income taxes	1,782,707	1,574,286
Deferred income tax recovery (Notes 13b and 18)	(3,399,557)	(1,023,527)
Net (earnings) loss and comprehensive (income) loss for the year	(1,616,850)	550,759
Basic and diluted net (earnings) loss per share (Note 19)	(0.02)	0.01
Weighted average number of shares outstanding (Note 19)	81,938,858	70,626,602

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

Azimut Exploration Inc.

Statements of Changes in Equity
For the years ended August 31, 2022 and 2021
(in Canadian dollars, except number of common shares)

	Share capital		Underwriters' options	Stock options	Contributed surplus	Deficit	Total
	Number [1]	$	$	$	$	$	$
Balance as at September 1, 2021	81,753,844	61,550,590	635,182	3,010,920	4,028,710	(24,892,962)	44,332,440
Net earnings and comprehensive income for the year	-	-	-	-	-	1,616,850	1,616,850
Stock options exercised (Note 15)	440,000	386,260	-	(179,960)	-	-	206,300
Stock options expired (Note 15)	-	-	-	(74,263)	74,263	-	-
Stock-based compensation (Note 15)	-	-	-	1,022,517	-	-	1,022,517
Share issue expenses	-	(2,882)	-	-	-	-	(2,882)
Balance as at August 31, 2022	82,193,844	61,933,968	635,182	3,779,214	4,102,973	(23,276,112)	47,175,225
Balance as at September 1, 2020	65,788,137	32,685,285	-	2,400,388	3,787,210	(24,342,203)	14,530,680
Loss and comprehensive loss for the year	-	-	-	-	-	(550,759)	(550,759)
Common shares private placement (Note 13a)	12,411,807	23,249,100	-	-	-	-	23,249,100
Flow-through private placement (Note 13b)	3,463,900	11,500,148	-	-	-	-	11,500,148
Less: Premium	-	(3,487,984)	-	-	-	-	(3,487,984)
Stock options exercised (Note 15)	90,000	138,800	-	(65,000)	-	-	73,800
Stock options expired (Note 15)	-	-	-	(241,500)	241,500	-	-
Stock-based compensation (Note 15)	-	-	-	917,032	-	-	917,032
Share issue expenses	-	(2,534,759)	635,182	-	-	-	(1,899,577)
Balance as at August 31, 2021	81,753,844	61,550,590	635,182	3,010,920	4,028,710	(24,892,962)	44,332,440

There were no common shares that were unpaid as at August 31, 2022 (Nil in 2021).

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

Azimut Exploration Inc.

Statements of Cash Flows
For the years ended August 31, 2022 and 2021
(in Canadian dollars)

	August 31, 2022 $	August 31, 2021 $
Cash flows from (used in) operating activities		
Net earnings (loss) for the year	1,616,850	(550,759)
Items not affecting cash		
Depreciation of property and equipment	12,372	11,748
Amortization of intangible assets	1,692	688
Depreciation of right-of-use assets	47,924	47,924
Change in fair value, investments	22,001	(25,344)
Impairment of exploration and evaluation assets	17,629	352,887
Refundable duties credit for losses and refundable tax credit relating to resources, net	-	(4,633)
Stock-based compensation cost	1,017,367	917,032
Unwinding of discount on asset retirement obligations	84,369	2,466
Recovery of deferred income taxes	(3,399,557)	(1,023,527)
	(579,353)	(271,518)
Changes in non-cash working capital items		
Amounts receivable	1,959,382	(650,759)
Prepaid expenses	(79,655)	(13,995)
Accounts payable and accrued liabilities	465,108	89,744
	2,344,835	(575,010)
	1,765,482	(846,528)
Cash flows from financing activities		
Private placement	-	23,249,100
Flow-through private placement	-	11,500,148
Share issue expenses	(2,882)	(1,899,577)
Stock options exercised	206,300	73,800
Repayment of lease liabilities	(45,220)	(294,467)
	158,198	32,629,004
Cash flows used in investing activities		
Advance received for exploration work, net	1,156,289	1,751,740
Additions to property and equipment	(544,015)	(7,397)
Additions to intangible assets	(5,625)	(2,449)
Additions to exploration and evaluation assets	(16,236,706)	(12,525,828)
Option payments on E&E assets	20,000	-
Proceeds from sale of investments	-	12,828
Addition, investments	-	(10,816)
Tax credit and mining rights received	79,963	814,088
	(15,530,094)	(9,967,834)
Net change in cash and cash equivalents	(13,606,414)	21,814,642
Cash and cash equivalents – Beginning of year	27,641,849	5,827,207
Cash and cash equivalents – End of year	14,035,435	27,641,849
Additional information		
Interest received	(180,414)	(54,578)
Interest paid	65,370	24,785
Additional cash flow information (Note 21)		

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

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 ("E&E") asset. It has not yet been determined whether the Company's properties contain ore reserves that are economically recoverable. 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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the accounting policies in preparing its IFRS financial statements, including the comparative figures, except as otherwise stated. The Board of Directors approved the financial statements for issue on December 22, 2022.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value.

Presentation and functional currency

The financial statements are presented in Canadian dollars, the functional currency of the Company.

Jointly controlled assets and exploration activities

A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture ("JV") without the formation of a corporation, partnership or other entity.

Where the Company's activities are conducted through jointly controlled assets and exploration activities, the financial statements include the Company's share in the assets and liabilities and the income and expenses from the joint operations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and highly liquid short-term investments with original maturities of three (3) months or less from the date of purchase and which are readily convertible to known amounts of cash.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership.

2 Summary of significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets and liabilities are offset, and the net amount is reported in the Statements of Financial Position when there is an unconditional and legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial instruments into the following categories depending on the purpose for which the instruments were acquired.

a) **Fair value through profit and loss investments:** Investments at fair value through profit and loss are equity investments recognized initially at fair value and subsequently measured at fair value. Gains or losses arising from changes in fair value are recorded in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss.
b) **Amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Company's cash and cash equivalents and amounts receivable are classified within this category.

Investments are currently measured at fair value with changes in fair value, including any interest or dividend income recognized in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss.

Financial liabilities at amortized cost: Accounts payable and accrued liabilities and advances received for exploration work, which are classified as financial liabilities at amortized cost, are initially recognized at the amount required to be paid, less, when material, a discount to reduce to fair value. Accounts payable and accrued liabilities and advances received for exploration work are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve (12) months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets

Amortized cost: The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from the initial recognition of the receivables. The Company assumes that there is no significant increase in credit risk for instruments with low credit risk.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss during the period in which they are incurred.

Property and equipment are depreciated as they become available using the declining balance method at the rates indicated below, except for camps and camps under finance lease, which are amortized using the straight-line method over 54-month to 126-month periods (camps) and 18-month periods (camps under finance lease). Depreciation of camps and camps under finance lease is capitalized to E&E assets.

2 Summary of significant accounting policies (cont'd)

Property and equipment (cont'd)

	Rate
Office furniture	20%
Office equipment	20%
Computer equipment	30%
Specialist equipment	30%
Vehicle	30%

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, methods of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss.

Identifiable intangible assets

The Company's intangible assets include computer software with finite useful lives. These assets are capitalized and amortized at a 30% declining balance basis.

Leases

At the inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i) the contract involves the use of an identified asset;
ii) the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
iii) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be determined or the Company's incremental borrowing rate. The carrying amount of the rental obligations must be revalued if there is a change to the terms of the lease, to rent payments that are essentially fixed, or to the assessment of an option to purchase the underlying property.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The term of the lease is to be determined as the non-cancellable term of the lease plus any periods covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

E&E assets

E&E assets comprise mineral properties and deferred exploration and evaluation expenses. Expenditures incurred during activities before mineral resource exploration and evaluation begins, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed as incurred and presented under general exploration in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss.

2 Summary of significant accounting policies (cont'd)

E&E assets (cont'd)

E&E assets include rights in mineral properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. Mineral property rights are recorded at acquisition cost. Mineral property rights and options to acquire undivided interests in mineral property rights are depreciated only as these properties are put into commercial production. These costs are impaired when properties are abandoned or when cost recovery or resource access is uncertain.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Since options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded as additions to E&E assets when the payments are made or as a reduction to E&E assets when payments are received.

Proceeds on the sale of mineral properties are applied by property in reduction of the acquisition costs, then in reduction of the exploration costs and any residual is recorded in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss unless contractual work is required, in which case the residual gain is deferred and will be reduced once the contractual disbursements are done.

Funds received from partners for exploration work on certain properties where the Company is the operator, as per agreements, are accounted for in the Statements of Financial Position as advances received for exploration work. These amounts are reduced gradually once the exploration work is performed. Project management fees, received when the Company is the operator, are recorded in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss.

The Company's E&E expenditures for each separate area of interest are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in the search for deposits, including topographical, geological, geochemical and geophysical activities. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition.

E&E expenditures include the cost of the following:

- establishing the volume and grade of deposits through core drilling, trenching and sampling activities in an ore body;
- determining the optimal extraction methods and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether the development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a project moves into the development phase, E&E expenditures are capitalized to development costs in property and equipment and are tested for impairment.

E&E expenditures include overhead expenses directly attributable to the related activities.

Cash flows attributable to capitalized E&E costs are classified as investing activities in the Statements of Cash Flows.

Impairment of non-financial assets

Property and equipment and E&E assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. E&E assets are reviewed by area of interest. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent of other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

2 Summary of significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of the recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

Government assistance

The Company is entitled to a refundable tax credit on qualified mining exploration expenses incurred in the province of Quebec and to a mining duties credit, which are recorded against the deferred exploration expenditures in the financial position or recognized in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss when the related general mining exploration expenses have been recognized in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss.

Provisions and asset retirement obligations

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation, and when the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for asset retirement obligations are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The increase in the provision due to the passage of time is recognized in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss. Changes in assumptions or estimates are reflected in the period in which they occur. The Company also records a corresponding asset amount which is amortized in a logical and systematic manner.

Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense or capitalized to E&E assets over the vesting period with a corresponding increase in stock options. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each Statement of Financial Position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model to determine the fair value of warrants issued.

Warrants issued to brokers, in respect of an equity financing, are recognized as share issue expenses, reducing the share capital with a corresponding credit to warrants.

Underwriters' options

The fair value of share options granted to the underwriters is measured by using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted and are recognized as share issue expenses, reducing the share capital with a corresponding credit to Underwriters' options.

2 Summary of significant accounting policies (cont'd)

Flow-through shares

The Company finances some exploration and evaluation expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares and the amount the investors paid for the shares (the "premium"), measured in accordance with the residual value method, is recognized as other liability, which is reversed in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss as a deferred tax recovery when eligible expenditures have been made.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss except to the extent that it relates to items recognized directly in other comprehensive loss or in equity, in which case it is recognized in other comprehensive loss or in equity, respectively. Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. A temporary difference is not provided for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss and the weighted average number of common shares outstanding for the effects of all warrants, brokers' units and stock options that may add to the total number of common shares in the case where they would not have an anti-dilutive impact.

Segment disclosures

The Company currently operates in a single segment: the acquisition, exploration and evaluation of mineral properties. All of the Company's activities are conducted in the province of Quebec, Canada.

3 Critical accounting estimates, judgments and assumptions

Many of the amounts included in the financial statements require management to make judgments and/or estimates and assumptions. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements. Revisions to estimates are recognized prospectively.

3 Critical accounting estimates, judgments and assumptions (cont'd)

Areas of significant estimates and assumptions affecting the amounts recognized in the financial statements include the following:

a) **Asset retirement obligations**

Asset retirement obligations arise from the development, construction and normal operation of mining property and equipment, as mining activities are subject to laws and regulations governing the protection of the environment. Such costs arising from the decommissioning of site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company also records a corresponding asset amount which is amortized over the remaining service life of the asset.

Future remediation costs are accrued based on management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Changes in estimates are reflected in the period during which an estimate is revised. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each site. The Company also estimates the timing of the cash outflow, which is subject to change and is currently estimated to be the year 2026 in the Nunavik region and the year 2033 in the James-Bay region for the Elmer Discovery, which represents a significant accounting estimate by the Company. Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required from the Company. Increases in future costs could materially impact the amounts charged to activities for reclamation and remediation.

Areas of significant judgment affecting the amounts recognized in the financial statements include the following:

a) **Uncertainty caused by COVID-19**

The extent and duration of COVID-19 are still uncertain, as are the measures implemented by governments and other organizations to contain the spread. Any estimate on the outcome and duration of these developments are subject to significant uncertainty and, accordingly, any estimates of the extent to which COVID-19 may materially and adversely affect the Company's ability to complete planned E&E activities and meet its obligations according to terms of the operations, financial results and condition in future periods are also subject to significant uncertainty.

b) **Valuation of the refundable duties credit for losses and the refundable tax credit for resources**

The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at each Statement of Financial Position reporting date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources, the E&E assets and expenses, and the income tax expenses in future periods.

The amounts recognized in the financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that the eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

3 Critical accounting estimates, judgments and assumptions (cont'd)

c) **Impairment of non-financial assets**

The Company's measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The estimated recoverable amounts may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Company's financial position and the result of operations. Assets are reviewed for an indication of impairment at each Statement of Financial Position reporting date. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and a significant drop in commodity prices.

Based on an impairment analysis performed in 2022, the Company impaired certain properties, given that no exploration and evaluation expenses were budgeted and that some claims were abandoned or were not expected to be renewed (Note 10). In the James Bay region, gold properties were impaired by $17,490 and the uranium property by $139, for a total impairment of $17,629.

4 Cash and cash equivalents

As at August 31, 2022, cash and cash equivalents of $14,035,435 ($27,641,849 – August 31, 2021) included $9,163,858 ($12,089,115 – August 31, 2021) of guaranteed investment certificates bearing interest at 1.95% (0.45% – August 31, 2021), cashable any time without any penalties.

5 Amounts receivable

	2022 $	**2021** $
Tax credit and mining rights receivable	4,824,375	2,520,729
Less: Tax credit and mining rights receivable – Non-current	2,387,064	2,440,766
Tax credit and mining rights receivable – Current	2,437,310	79,963
Commodity taxes	834,814	1,118,665
Amounts receivable	777,556	2,465,477
Current amount receivable	4,049,680	3,664,105

6 Asset available for sale

On August 8, 2022, Azimut and two affiliates of Newmont Corporation ("Newmont") and an affiliate of Fury Gold Mines Limited ("Fury") entered into an agreement for the sale of Azimut's 23.77% participating interest in the Eleonore South Joint Venture ("ELSJV") to Newmont and Fury (the "ELSJV Transaction"). In consideration for the sale of its interest in the ELSJV, Azimut will receive 2.9 million shares of the Company that were directly or indirectly controlled by Newmont.

Immediately upon the closing of the ELSJV Transaction, the 2.9 million common shares were returned to Azimut's treasury for cancellation. The ELSJV Transaction was closed on September 9, 2022, thus resulting in the reduction of Azimut's common shares issued and outstanding to 79,293,844.

	Carrying amount as at August 31, 2022 $	**Fair value as at August 31, 2022*** $
Participating interest in the ELSJV	1,906,238	2,581,000

* Azimut's common share price of $0.89 as at August 31, 2022 (2,900,000 shares at $0.89)

Azimut has measured its 23.77% participating interest in the ELSJV classified as as an available-for-sale asset in current assets at the lower of the carrying amount and the fair value less costs to sell.

7 Investments

	As at August 31, 2022			As at August 31, 2021		
	Market price per share $	Number of shares	Fair value $	Market price per share $	Number of shares	Fair value $
Captor Capital Corp.	0.150	17,500	2,625	1.550	17,500	27,125
Fury Gold Mines Ltd.	0.530	2,333	1,236	0.950	2,333	2,216
Monarch Mining Corp.	0.380	2,092	795	0.770	2,092	1,611
Silver Spruce Resources Inc.	0.020	30,000	600	0.045	30,000	1,350
Vision Lithium Inc.	0.065	25,000	1,625	0.105	25,000	2,625
West African Resources Ltd	1.141	37,500	42,779	0.982	37,500	36,825
Yamana Gold Inc.	5.800	393	2,279	5.570	393	2,189
			51,940			73,941

The investments are mainly held in common shares of Canadian publicly traded companies. The fair values of the investments in common shares are based on the quoted market prices of those shares on a recognized stock exchange at the end of each reporting period.

8 Property and equipment

	Office furniture $	Office equipment $	Computer equipment $	Specialist equipment $	Camp (1) $	Vehicles $	Total $
Year ended August 31, 2022							
Opening net book amount	1,765	8,602	24,941	108	600,396	178	635,990
Additions	-	-	18,565	-	966,419	-	984,984
Depreciation for the period (1)	(352)	(1,720)	(10,268)	(32)	(58,488)	(52)	(70,912)
Closing net book amount	1,413	6,882	33,238	76	1,508,327	126	1,550,062
As at August 31, 2022							
Cost	22,125	29,914	102,726	14,832	2,297,051	3,702	2,470,350
Accumulated depreciation	(20,712)	(23,032)	(69,488)	(14,756)	(788,724)	(3,576)	(920,288)
Net book amount	1,413	6,882	33,238	76	1,508,327	126	1,550,062
Year ended August 31, 2021							
Opening net book amount	2,205	10,754	26,652	156	-	254	40,021
Additions	-	-	7,397	-	733,818	-	741,215
Depreciation for the period (1)	(440)	(2,152)	(9,108)	(48)	(133,422)	(76)	(145,246)
Closing net book amount	1,765	8,602	24,941	108	600,396	178	635,990
As at August 31, 2021							
Cost	22,125	29,914	84,161	14,832	1,330,632	3,702	1,485,366
Accumulated depreciation	(20,360)	(21,312)	(59,220)	(14,724)	(730,236)	(3,524)	(849,376)
Net book amount	1,765	8,602	24,941	108	600,396	178	635,990

(1) Depreciation of property and equipment included in E&E assets in the amount of $58,540 ($133,498 – August 31, 2021)

9 Right-of-use assets

	Office $	Elmer Camp $	Total $
Year ended August 31, 2022			
Opening net book amount	128,326	-	128,326
Depreciation for the year [1]	(47,924)	-	(47,924)
Closing net book amount	80,402	-	80,402
As at August 31, 2022			
Cost	224,174	-	224,174
Accumulated depreciation	(143,772)	-	(143,772)
Net book amount as at August 31, 2022	80,402	-	80,402
Year ended August 31, 2021			
Opening net book amount	176,250	350,701	526,951
Additions	-	48,403	48,403
Depreciation for the year [1]	(47,924)	(399,104)	(447,028)
Closing net book amount	128,326	-	128,326
As at August 31, 2021			
Cost	224,174	549,404	773,578
Accumulated depreciation	(95,848)	(549,404)	(645,252)
Net book amount as at August 31, 2021	128,326	-	128,326

(1) Depreciation of right-of-use assets included in E&E assets in the amount of $Nil ($399,104 – August 31, 2021).

On April 16, 2021, the Company exercised its right to purchase the Elmer Camp for a consideration of $1 after the final rent payment of $50,000 was paid all the benefits and risks incidental to the ownership of the camp were transferred to the Company.

10 Exploration and evaluation assets

All mineral properties are located in the Province of Quebec.

Change in E&E assets in 2022

Mineral property		Undivided interest	Cost as at August 31, 2021	Additions	Option payments	Reclassification (note 6)	Tax credit	Cost as at August 31, 2022	Accumulated impairment as at August 31, 2021	Impairment	Accumulated impairment as at August 31, 2022	Net book amount as at August 31, 2022
		%	$	$	$	$	$	$	$	$	$	$
James Bay – Gold												
Elmer		100										
Acquisition costs			148,220	11,676	-	-	-	159,896	-	-	-	159,896
Exploration costs			10,312,568	15,369,137	-	-	(2,011,558)	23,670,147	-	-	-	23,670,147
			10,460,788	15,380,813	-	-	(2,011,558)	23,830,043	-	-	-	23,830,043
SOQUEM	(a)	50										
Acquisition costs			169,837	11,688	-	-	-	181,525	-	-	-	181,525
Exploration costs			2,081,342	413,309	-	-	(180,409)	2,314,242	-	-	-	2,314,242
			2,251,179	424,997	-	-	(180,409)	2,495,767	-	-	-	2,495,767
Dalmas-Galinée	(b)	50										
Acquisition costs			24,496	27,085	-	-	-	51,581	-	-	-	51,581
Exploration costs			141,264	1,976	-	-	(860)	142,380	-	-	-	142,380
			165,760	29,061	-	-	(860)	193,961	-	-	-	193,961
Eleonore South	(c)	23.77										
Acquisition costs			60,546	3,700	-	(64,246)	-	-	-	-	-	-
Exploration costs			1,571,699	270,293	-	(1,841,992)	-	-	-	-	-	-
			1,632,245	273,993	-	(1,906,238)	-	-	-	-	-	-
Opinaca	(d)	25-100										
Acquisition costs			166,159	-	-	-	-	166,159	(148,416)	-	(148,416)	17,743
Exploration costs			286,446	126	-	-	(55)	286,517	(264,231)	-	(264,231)	22,286
			452,605	126	-	-	(55)	452,676	(412,647)	-	(412,647)	40,029
Wabamisk	(e)	100										
Acquisition costs			2,878	20,960	-	-	-	23,878	-	-	-	23,878
Exploration costs			28,613	17,109	-	-	(7,468)	38,254	-	-	-	38,254
			31,491	38,069	-	-	(7,468)	62,092	-	-	-	62,092
Wapatik	(f)	100										
Acquisition costs			13,880	-	(13,880)	-	-	-	-	-	-	-
Exploration costs			42,077	-	(6,120)	-	-	35,957	-	-	-	35,957
			55,957	-	(20,000)	-	-	35,957	-	-	-	35,957
Other		100										
Acquisition costs			323,044	35,616	-	-	-	358,660	(47,996)	(9,755)	(57,706)	300,954
Exploration costs			137,242	152,613	-	-	(67,978)	221,877	(29,662)	(7,735)	(37,442)	184,435
			460,286	188,229	-	-	(67,978)	580,537	(77,658)	(17,490)	(95,148)	485,389
Total James Bay – Gold			15,510,311	16,335,288	(20,000)	(1,906,238)	(2,268,328)	27,651,033	(490,305)	(17,490)	(507,795)	27,143,238
James Bay – Chromium-PGE												
Chromaska		100										
Acquisition costs			32,929	9,577	-	-	-	42,506	(32,929)	-	(32,929)	9,577
Exploration costs			916,580	3,665	-	-	(1,600)	918,645	(916,580)	-	(916,580)	2,065
Total James Bay – Chromium-PGE			949,509	13,242	-	-	(1,600)	961,151	(949,509)	-	(949,509)	11,642

10 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2022 (cont'd)

Mineral property	Undivided interest %	Cost as at August 31, 2021 $	Additions $	Option payments $	Reclassification (note 6) $	Tax credit $	Cost as at August 31, 2022 $	Accumulated impairment as at August 31, 2021 $	Impairment $	Accumulated impairment as at August 31, 2022 $	Net book amount as at August 31, 2022 $
James Bay – Base Metals											
Mercator	100										
Acquisition costs		53,001	-	-	-	-	53,001	-	-	-	53,001
Exploration costs		10,347	42,426	-	-	(18,519)	34,254	-	-	-	34,254
		63,348	42,426	-	-	(18,519)	87,255	-	-	-	87,255
Corne	100										
Acquisition costs		26,727	-	-	-	-	26,727	-	-	-	26,727
Exploration costs		10,936	39,424	-	-	(17,208)	33,152	-	-	-	33,152
		37,663	39,424	-	-	(17,208)	59,879	-	-	-	59,879
Others *	100										
Acquisition costs		7,551	-	-	-	-	7,551	(7,551)	-	(7,551)	-
Exploration costs		2,844	-	-	-	-	2,844	(2,844)	-	(2,844)	-
		10,395	-	-	-	-	10,395	(10,395)	-	(10,395)	-
Total James Bay – Base Metals		111,406	81,850	-	-	(35,727)	157,529	(10,395)	-	(10,395)	147,134
James Bay – Nickel											
JBN	100										
Acquisition costs		3,624	349,235	-	-	-	352,859	-	-	-	352,859
Exploration costs		-	82,517	-	-	(36,019)	46,498	-	-	-	46,498
Total James Bay – Nickel		3,624	431,752	-	-	(36,019)	399,357	-	-	-	399,357
Total James Bay		16,574,850	16,862,132	(20,000)	(1,906,238)	(2,341,674)	29,169,070	(1,450,209)	(17,490)	(1,467,699)	27,701,371
Nunavik – Gold											
Rex-Duquet (g & h)	100										
Acquisition costs		1,286,736	3,535	-	-	-	1,290,271	(1,054,369)	-	(1,054,369)	235,902
Exploration costs		4,085,084	19,419	-	-	(2,802)	4,101,701	(3,134,729)	-	(3,134,729)	966,972
		5,371,820	22,954	-	-	(2,802)	5,391,972	(4,189,098)	-	(4,189,098)	1,202,874
Rex South (h)	100										
Acquisition costs		453,353	-	-	-	-	453,353	(104,513)	-	(104,513)	348,840
Exploration costs		445,968	44,889	-	-	(6,086)	484,771	(145,089)	-	(145,089)	339,682
		899,321	44,889	-	-	(6,086)	938,124	(249,602)	-	(249,602)	688,522
Nantais (h)	100										
Acquisition costs		172,357	-	-	-	-	172,357	(95,299)	-	(95,299)	77,058
Exploration costs		325,144	392	-	-	(171)	325,365	(204,913)	-	(204,913)	120,452
		497,501	392	-	-	(171)	497,722	(300,212)	-	(300,212)	197,510
Other	100										
Acquisition costs		738,282	127	-	-	-	738,409	(738,282)	-	(738,282)	127
Exploration costs		982,241	-	-	-	-	982,241	(982,241)	-	(982,241)	-
		1,720,523	127	-	-	-	1,720,650	(1,720,523)	-	(1,720,523)	127
Total Nunavik – Gold		8,489,165	68,362	-	-	(9,059)	8,548,468	(6,459,435)	-	(6,459,435)	2,089,033

10 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2022 (cont'd)

Mineral property	Undivided interest %	Cost as at August 31, 2021 $	Additions $	Option payments $	Reclassification (note 6) $	Tax credit $	Cost as at August 31, 2022 $	Accumulated impairment as at August 31, 2021 $	Impairment $	Accumulated impairment as at August 31, 2022 $	Net book amount as at August 31, 2022 $
Nunavik – Base Metal											
Doran	100										
Acquisition costs		59,732	-	-	-	-	59,732	-	-	-	59,732
Exploration costs		8,906	19,363	-	-	(8,452)	19,817	-	-	-	19,817
Total Nunavik – Base Metal		68,638	19,363	-	-	(8,452)	79,549	-	-	-	79,549
Nunavik – Diamond											
Diamrex	100										
Acquisition costs		-	52,948	-	-	-	52,948	-	-	-	52,948
Exploration costs		-	13,993	-	-	(6,108)	7,885	-	-	-	7,885
Total Nunavik – Diamond		-	66,941	-	-	(6,108)	60,833	-	-	-	60,833
Nunavik – Uranium											
North Rae *	100										
Acquisition costs		484,838	139	-	-	-	484,977	(484,838)	(139)	(484,977)	-
Exploration costs		709,305	-	-	-	-	709,305	(709,305)	-	(709,305)	-
Total Nunavik – Uranium		1,194,143	139	-	-	-	1,194,282	(1,194,143)	(139)	(1,194,282)	-
Total Nunavik		9,751,946	154,805	-	-	(23,619)	9,883,132	(7,653,578)	(139)	(7,653,717)	2,229,415
Total E&E assets		26,326,796	17,016,937	(20,000)	(1,906,238)	(2,365,293)	39,052,202	(9,103,787)	(17,629)	(9,121,416)	29,930,786

* Fully impaired properties for which mining claims are still held by the Company.

	August 31, 2022 $	August 31, 2021 $
Acquisition and exploration – Net book value	29,930,786	17,223,009
Prepaid exploration expenses	77,000	-
	30,007,786	17,223,009

The 2021 E&E assets have been grouped where necessary to reflect the same area of interest and to conform with the 2022 presentation.

10 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2021

Mineral property		Undivided interest	Cost as at August 31, 2020	Additions	Tax credit	Cost as at August 31, 2021	Accumulated impairment as at August 31, 2020	Impairment	Accumulated impairment as at August 31, 2021	Net book amount as at August 31, 2021
		%	$	$	$	$	$	$	$	$
James Bay – Gold										
Elmer		100								
Acquisition costs			125,738	22,482	-	148,220	-	-	-	148,220
Exploration costs			4,543,669	8,109,708	(2,340,809)	10,312,568	-	-	-	10,312,568
			4,669,407	8,132,190	(2,340,809)	10,460,788	-	-	-	10,460,788
SOQUEM	(a)	50								
Acquisition costs			8,782	161,055	-	169,837	-	-	-	169,837
Exploration costs			1,197,075	926,750	(42,483)	2,081,342	-	-	-	2,081,342
			1,205,857	1,087,805	(42,483)	2,251,179	-	-	-	2,251,179
Dalmas-Galinée	(b)	50								
Acquisition costs			15,401	9,095	-	24,496	-	-	-	24,496
Exploration costs			109,680	37,933	(6,349)	141,264	-	-	-	141,264
			125,081	47,028	(6,349)	165,760	-	-	-	165,760
Eleonore South	(c)	23.77								
Acquisition costs			60,546	-	-	60,546	-	-	-	60,546
Exploration costs			1,565,081	11,745	(5,127)	1,571,699	-	-	-	1,571,699
			1,625,627	11,745	(5,127)	1,632,245	-	-	-	1,632,245
Opinaca	(d)	25-100								
Acquisition costs			156,821	9,338	-	166,159	(54,975)	(93,441)	(148,416)	17,743
Exploration costs			286,325	216	(95)	286,446	(8,006)	(256,225)	(264,231)	22,215
			443,146	9,554	(95)	452,605	(62,981)	(349,666)	(412,647)	39,958
Wabamisk	(e)	49								
Acquisition costs			2,878	-	-	2,878	-	-	-	2,878
Exploration costs			27,928	1,215	(530)	28,613	-	-	-	28,613
			30,806	1,215	(530)	31,491	-	-	-	31,491
Wapatik	(f)	100								
Acquisition costs			13,880	-	-	13,880	-	-	-	13,880
Exploration costs			31,054	11,023	-	42,077	-	-	-	42,077
			44,934	11,023	-	55,957	-	-	-	55,957
Other		100								
Acquisition costs			264,312	58,734	-	323,046	(46,184)	(1,812)	(47,996)	275,050
Exploration costs			85,625	80,471	(28,856)	137,240	(29,619)	(43)	(29,662)	107,578
			349,937	139,205	(28,856)	460,286	(75,803)	(1,855)	(77,658)	382,628
Total James Bay – Gold			8,494,795	9,439,765	(2,424,249)	15,510,311	(138,784)	(351,521)	(490,305)	15,020,006
James Bay – Chromium-PGE										
Chromaska		100								
Acquisition costs			32,929	-	-	32,929	(32,929)	-	(32,929)	-
Exploration costs			916,036	966	(422)	916,580	(916,036)	(544)	(916,580)	-
Total James Bay – Chromium-PGE			948,965	966	(422)	949,509	(948,965)	(544)	(949,509)	-

10 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2021 (cont'd)

Mineral property		Undivided interest	Cost as at August 31, 2020	Additions	Tax credit	Cost as at August 31, 2021	Accumulated impairment as at August 31, 2020	Impairment	Accumulated impairment as at August 31, 2021	Net book amount as at August 31, 2021
		%	$	$	$	$	$	$	$	$
James Bay – Base Metals										
Mercator		100								
Acquisition costs			53,001	-	-	53,001	-	-	-	53,001
Exploration costs			6,391	4,728	(772)	10,347	-	-	-	10,347
			59,392	4,728	(772)	63,348	-	-	-	63,348
Corne		100								
Acquisition costs			26,727	-	-	26,727	-	-	-	26,727
Exploration costs			7,726	3,900	(690)	10,936	-	-	-	10,936
			34,453	3,900	(690)	37,663	-	-	-	37,663
Others *		100								
Acquisition costs			11,175	-	-	11,175	(6,729)	(822)	(7,551)	3,624
Exploration costs			2,844	-	-	2,844	(2,844)	-	(2,844)	-
			14,019	-	-	14,019	(9,573)	(822)	(10,395)	3,624
Total James Bay – Base Metals			107,864	8,628	(1,462)	115,030	(9,573)	(822)	(10,395)	104,635
Total James Bay			9,551,624	9,449,359	(2,426,133)	16,574,850	(1,097,322)	(352,887)	(1,450,209)	15,124,641
Nunavik – Gold										
Rex-Duquet	(g & h)	100								
Acquisition costs			1,286,736	-	-	1,286,736	(1,054,369)	-	(1,054,369)	232,367
Exploration costs			4,042,889	44,495	(2,300)	4,085,084	(3,134,729)	-	(3,134,729)	950,355
			5,329,625	44,495	(2,300)	5,371,820	(4,189,098)	-	(4,189,098)	1,182,722
Rex South	(h)	100								
Acquisition costs			453,353	-	-	453,353	(104,513)	-	(104,513)	348,840
Exploration costs			348,726	99,541	(2,299)	445,968	(145,089)	-	(145,089)	300,879
			802,079	99,541	(2,299)	899,321	(249,602)	-	(249,602)	649,719
Nantais	(h)	100								
Acquisition costs			172,357	-	-	172,357	(95,299)	-	(95,299)	77,058
Exploration costs			324,017	2,000	(873)	325,144	(204,913)	-	(204,913)	120,231
			496,374	2,000	(873)	497,501	(300,212)	-	(300,212)	197,289
NCG *		100								
Acquisition costs			738,282	-	-	738,282	(738,282)	-	(738,282)	-
Exploration costs			982,241	-	-	982,241	(982,241)	-	(982,241)	-
			1,720,523	-	-	1,720,523	(1,720,523)	-	(1,720,523)	-
Total Nunavik – Gold			8,348,601	146,036	(5,472)	8,489,165	(6,459,435)	-	(6,459,435)	2,029,730

10 Exploration and evaluation assets (cont'd)

Change in E&E assets in 2021 (cont'd)

Mineral property	Undivided interest	Cost as at August 31, 2020	Additions	Tax credit	Cost as at August 31, 2021	Accumulated impairment as at August 31, 2020	Impairment	Accumulated impairment as at August 31, 2021	Net book amount as at August 31, 2021
	%	$	$	$	$	$	$	$	$
Nunavik – Base Metal									
Doran	100								
Acquisition costs		-	59,732	-	59,732	-	-	-	59,732
Exploration costs		-	9,980	(1,074)	8,906	-	-	-	8,906
Total Nunavik – Base Metal		-	69,712	(1,074)	68,638	-	-	-	68,638
Nunavik – Uranium									
North Rae *	100								
Acquisition costs		484,838	-	-	484,838	(484,838)	-	(484,838)	-
Exploration costs		709,305	-	-	709,305	(709,305)	-	(709,305)	-
Total Nunavik – Uranium		1,194,143	-	-	1,194,143	(1,194,143)	-	(1,194,143)	-
Total Nunavik		9,542,744	215,748	(6,546)	9,751,946	(7,653,578)	-	(7,653,578)	2,098,368
Total E&E assets		19,094,368	9,665,107	(2,432,679)	26,326,796	(8,750,900)	(352,887)	(9,103,787)	17,223,009

* Fully impaired properties for which mineral claims are still being held by the Company.

10 Exploration and evaluation assets (cont'd)

a) The James Bay Strategic Alliance (the "James Bay 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 James Bay 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 (Munischiwan, 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, the Dalmas Property and the Galinée Property. 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 Munischiwan, Pontois and Descelier. SOQUEM is the operator of Pikwa.

b) The Dalmas-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 Eleonore South Property was subject to a letter of intent in 2006 in which Azimut agreed to form a three-way JV project with Les Mines Opinaca Ltée, a wholly-owned subsidiary of Newmont, and Eastmain Resources Inc. ("Eastmain Resources"). The Eleonore South Property included 166 claims of the former Opinaca C Property and 116 claims owned by Newmont. In February 2008, Eastmain Resources had earned a 33.33% interest in the Eleonore South Property by making cumulative cash payments of $185,000, granting 30,000 common shares to the Company and funding $4 million in work expenditures. The ownership of the Eleonore South Property was as follows: Azimut 23.77%, Newmont 38.11% and Eastmain Resources 38.12%. On August 8, 2022, Azimut agreed to sell its 23.77% participating interest (see note 6).

d) 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.

e) The Wabamisk Property was held 49% by Azimut and 51% by Newmont as at August 31, 2022. Newmont made cumulative cash payments of $500,000 and incurred $4 million in work expenditures. On August 8, 2022, Newmont exercised its right to voluntarily withdraw from the Wabamisk JV in consideration for the payment by Azimut of a nominal amount of $1. In connection with such withdrawal, Newmont will cease to be a participant in the Wabamisk JV (the "Wabamisk Transaction"). Consequently, upon closing the Wabamisk Transaction, Azimut would own a 100% interest in the 333 mining claims comprising the Wabamisk Property. The Wabamisk Transaction closed on September 9, 2022.

f) 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 (3rd) anniversary of the election notice.

10 Exploration and evaluation assets (cont'd)

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) years is a firm commitment of $4 million each 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

11 Leases liabilities

The Company leases office space, warehouse facilities and exploration equipment. The office lease is for five (5) years until June 30, 2023, with an option to renew for an additional year under the same conditions. The warehouses and exploration equipment are covered by monthly leases and represent low-value items. The Company has elected not to recognize right-of-use assets or lease liabilities for these leases.

	2022 $	**2021** $
Opening balance	118,658	364,722
Addition	-	48,403
Principal repayment for the year	(45,220)	(294,467)
Ending balance	73,438	118,658
Less: Current lease liability	36,976	45,220
Non-current lease liability	36,462	73,438

12 Asset retirement obligations

The following tables summarize the Company's asset retirement obligation as at August 31, 2021 and 2022:

	2022			**2021**
	Rex-Duquet, Rex South **$**	**Elmer** **$**	**Total** **$**	**Rex-Duquet, Rex South** **$**
Opening balance	987,764	-	987,764	251,480
Addition	-	543,389	543,389	-
Change in estimate	(102,420)	-	(102,420)	733,818
Unwinding of discount on asset retirement obligations	84,369	-	84,369	2,466
Balance – End of year	969,713	543,389	1,513,102	987,764

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

	Rex-Duquet, Rex South **$**	**Elmer** **$**	**Total** **$**	**Rex-Duquet, Rex South** **$**
Estimated undiscounted cash flows required to settle the obligations	$1,094,929	$758,316	$1,853,245	$998,935
Weighed average discount rate	6.44%	5.97%		1.00%
Estimated number of years before the disbursements necessary to settle the obligations	3.5 years	10.5 years		4.5 years

13 Share capital

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

a) **Issuance of common shares**

On September 14, 2020, the Company completed a non-brokered private placement of 3,333,335 common shares at a price of $1.80 per share for aggregate gross proceeds of $6,000,003. An amount of $202,381 was paid in respect of the offering for the share issuance expense.

On July 16, 2021, the Company completed a bought deal private placement financing with a syndicate of underwriters for total gross proceeds of $28,749,245, consisting of 3,463,900 flow-through shares at a price of $3.32 per share and 9,078,472 common shares at a price of $1.90 per share, which includes the exercise of the underwriters' option to purchase 1,973,172 additional shares. The underwriters received: (a) a cash commission of $1,380,299 and (b) 501,695 non-transferable compensation options, representing 4% of the total number of offered shares sold under the offering, each exercisable for one common share of the Company at a price of $1.90 per share until January 16, 2023. The estimated fair value of $635,182 was determined by the Black-Scholes pricing model using the following assumptions: risk-free interest of 0.43%, expected life of 24 months, annualized volatility rate of 100% (based on the Company's historical volatility for 24 months up to the issuance date) and dividend rate of 0%. A total of $1,062,014 was paid in respect of the offering for the share issuance expense, including the portion allocated to the flow-through share premium liability.

b) **Issuance of flow-through shares**

	2022	**2021**
	$	**$**
Flow-through share premium – Beginning of year	3,399,557	935,100
Addition	-	3,487,984
Amortization	(3,399,557)	(1,023,527)
Flow-through share premiums – End of year	-	3,399,557

On July 16, 2021, the Company completed a private placement by issuing 3,463,900 flow-through shares at a price of $3.32 per share for aggregate gross proceeds of $11,500,148. The flow-through shares were issued at a $1.07 premium on the closing price of the Company shares on the TSXV on the day of issue ($2.25). The premium, recognized as a flow-through share premium liability of $3,706,373, was reduced by $218,389 and allocated to share issuance expenses. A subsequent pro-rata reduction of the liability is recognized as a tax recovery expense as the eligible expenditures are incurred. The commissions or finder's fees were paid in respect of the offering (See 13 (a)).

As at August 31, 2022, no amount remains to be incurred pursuant to the flow-through financing agreement. In renouncing the eligible expenditures under the look-back rule, the Company is required to pay a tax under Part XII.6.

14 Underwriters' options

The following table presents the Underwriters' compensation option activities for the years ended August 31, 2022 and 2021, summarizing the information as at August 31, 2022:

	Number	**Weighted average exercise price $**	**Expiry**
Outstanding – August 31, 2020	-	-	
Issued pursuant to private placement (Note 13a)	501,695	1.90	January 16, 2023
Outstanding August 2022 (unchanged from August 31, 2021)	501,695	1.90	

15 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 August 31, 2022:

	2022		2021	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding – Beginning of period	5,085,000	0.72	4,480,000	0.67
Granted	1,682,000	0.95	1,007,000	1.00
Exercised	(440,000)	0.47	(90,000)	0.82
Expired	(110,000)	1.146	(312,000)	0.87
Forfeited	(138,000)	1.389	-	-
Outstanding – End of period	6,079,000	0.77	5,085,000	0.72
Vested – End of period	5,752,000		4,950,000	

Exercise price $	Options outstanding	Options vested	Weighted average remaining contractual life (years)
Between 0.19 – 0.50	1,880,000	1,880,000	3.53
Between 0.51 – 1.00	2,655,000	2,645,000	7.94
Between 1.01 – 1.50	1,515,000	1,198,000	7.42
Between 1.51 – 2.00	29,000	29,000	4.38
	6,079,000	5,752,000	6.43

On December 19, 2019, the Company granted 150,000 stock options to an employee with an exercise price of $0.50 per option. Of this total, 50,000 vested immediately, 50,000 on December 19, 2020, and the remaining 50,000 on December 19, 2021. The fair value of the granted options amounted to $58,500, of which $2,994 ($15,738 in 2021) was charged to general exploration during the year ended August 31, 2022 ($15,738 in 2021). The fair value was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 1.25%, expected life of 10 years, annualized volatility rate of 78% based on the Company's historical volatility, and dividend rate of 0%.

On October 1, 2020, the Company granted 120,000 stock options to employees with an exercise price of $1.07 per option. Of this total, 25,000 vested immediately, 45,000 on April 1, 2021, and 25,000 on October 1, 2021. The remaining 25,000 were forfeited upon an employee's departure. The fair value of the granted options amounted to $85,500. An amount of $9,300 ($76,200 in 2021) was charged to general exploration during the year ended August 31, 2022. The fair value of $0.89 per option was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 0.60%, expected life of 10 years, annualized volatility rate of 87% based on the Company's historical volatility, and dividend rate of 0%.

On January 6, 2021, the Company granted 50,000 stock options to employees with an exercise price of $1.12 per option. Of this total, 10,000 vested immediately, 15,000 on July 6, 2021, and the remaining 25,000 on January 6, 2022. The fair value of the granted options amounted to $47,000, of which $8,222 ($39,168 in 2021) was charged to general exploration during the year ended August 31, 2022. The fair value was determined by the Black-Scholes option pricing model with the

15 Stock option plan (cont'd)

following assumptions: risk-free interest of 0.75%, expected life of 10 years, annualized volatility rate of 87% based on the Company's historical volatility, and dividend rate of 0%.

On June 1, 2021, the Company granted 10,000 stock options to an employee with an exercise price of $1.55 per option. Of this total, 5,000 vested on December 1, 2021. The remaining 5,000 were forfeited upon the employee's departure. The fair value of the granted options amounted to $11,355. An amount of $6,497 ($4,858 in 2021) was charged to general exploration during the year ended August 31, 2022. The fair value of $1.30 per option was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 1.50%, expected life of 10 years, annualized volatility rate of 86% based on the Company's historical volatility, and dividend rate of 0%.

On November 2, 2021, the Company granted 12,000 stock options to an employee with an exercise price of $1.76 per option. Of this total, 6,000 vested on May 2, 2022. The remaining 6,000 were forfeited upon the employee's departure. The fair value of the granted options amounted to $14,257. An amount of $14,257 ($Nil in 2021) was charged to general exploration during the year ended August 31, 2022. The fair value of $1.51 per option was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 1.72%, expected life of 10 years, annualized volatility rate of 86% based on the Company's historical volatility, and dividend rate of 0%.

On December 13, 2021, the Company granted 100,000 stock options to an employee with an exercise price of $1.40 per option. Of this total, 25,000 vested immediately, 75,000 were forfeited upon an employee's departure. The fair value of the granted options in the amount of $43,451 ($Nil in 2021) was charged to general exploration during the year ended August 31, 2022. The fair value of $1.25 per option was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 1.41%, expected life of 10 years, annualized volatility rate of 87% based on the Company's historical volatility, and dividend rate of 0%.

On May 10, 2022, the Company granted 100,000 stock options to an employee with an exercise price of $1.25 per option. Of this total, 33,000 vested immediately, 33,000 will vest on May 10, 2023, and the remaining 34,000 on May 10, 2024. The fair value of the granted options amounted to $95,000, of which $45,204 ($Nil in 2021) was charged to general exploration during the year ended August 31, 2022. The fair value of $0.95 per option was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 2.95%, expected life of 10 years, annualized volatility rate of 87% based on the Company's historical volatility, and dividend rate of 0%.

On May 16, 2022, the Company granted 300,000 stock options to an employee with an exercise price of $1.20 per option. Of this total, 50,000 vested immediately, 50,000 will vest on May 16, 2023, 75,000 on May 16, 2024, 75,000 on May 16, 2025, and the remaining 50,000 on May 16, 2026. The fair value of the granted options amounted to $312,000, of which $89,916 ($Nil in 2021) was charged to general and administrative expenses during the year ended August 31, 2022. The fair value of $1.04 per option was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 2.95%, expected life of 10 years, annualized volatility rate of 87% based on the Company's historical volatility, and dividend rate of 0%.

On June 13, 2022, the Company granted 5,000 stock options to employees with an exercise price of $1.21 per option. Of these, 5,000 vested immediately. The fair value of the granted options amounted to $5,150 ($Nil in 2021) and was charged to general exploration during the year ended August 31, 2022. The fair value was determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 3.40%, expected life of 10 years, annualized volatility rate of 87% based on the Company's historical volatility, and dividend rate of 0%.

On August 11, 2022, the Company granted 1,165,000 stock options to directors, officers, employees and consultants with an exercise price of $0.81 per option. Of these, 1,155,000 vested immediately, and the remaining 10,000 will vest on February 11, 2023. The fair value of the granted options amounted to $803,850, as determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 2.70%, expected life of 10 years, annualized volatility rate of 87% based on the Company's historical volatility, and dividend rate of 0%. An amount of $734,850 ($Nil in 2021) was charged to general and administrative expenses, and $62,675 ($Nil in 2021) was charged to general exploration during the year ended August 31, 2022.

16 Expenses by nature

	2022 $	2021 $
Salaries and fringe benefits	210,865	129,234
Stock-based compensation	824,766	606,800
Professional and maintenance fees	201,541	264,913
Administration and office	96,711	73,343
Business development and administration fees	109,925	29,182
Advertising	11,381	15,474
Rent	4,139	1,930
Insurance	49,352	25,711
Conferences and meeting	101,924	65,441
Depreciation of property and equipment	12,372	11,748
Amortization of intangible assets	1,692	688
Depreciation on right-of-use asset	47,924	47,924
General and administrative expenses	1,672,592	1,272,388
Salaries for search of properties	6,730	-
Other exploration expenses	21,657	10,674
Stock-based compensation	192,601	310,234
Refundable duties credit for losses and refundable tax credit for resources, net	(12,391)	(4,633)
General exploration	208,597	316,275

17 Related party transactions

Compensation of key management

Key management includes the directors, the chief executive officer (“CEO”), the chief financial officer (“CFO”), and the Vice-President Corporate Development (starting May 16, 2022) (“VP”). The Vice-President Technology and Business Development vacated the position on December 1, 2021. The compensation paid or payable for services provided by key management is as follows:

	2022 $	2021 $
Salaries	554,215	543,330
Director fees	98,629	45,658
Stock-based compensation	807,516	565,800
	1,460,360	1,154,788

An amount of $282,158 for salaries ($329,509 in 2021) is capitalized to E&E assets.

As at August 31, 2022, accounts payable and accrued liabilities include an amount of $234,807 ($364,810 at August 31, 2021) 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, and the VP 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. The indemnity paid must not represent more than 10% of the Company’s cash and cash equivalents at such time. As at August 31, 2022, the entitled indemnity amounted to $545,385.

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 VP will be entitled to receive an indemnity of $266,667 within the twelve (12) months following the change of control, equal to sixteen (16) months of salary. The CFO will be entitled to receive an indemnity of $285,000, equal to eighteen (18) months of salary.

18 Income taxes

Component of income tax

The deferred tax expense consists of the following items:

	2022 $	2021 $
Deferred income tax expense	-	-
Amortization of flow-through share premiums	(3,399,557)	(1,023,527)
Recovery of deferred income taxes	(3,339,557)	(1,023,527)

The effective income tax rate differs from the Canadian statutory tax rate due to the following items:

	2022 $	2021 $
Loss before income taxes	(1,782,707)	(1,574,286)
Combined federal and provincial income tax of 26.50 (26.50% in 2021)	(472,417)	(417,186)
Non-deductible expenses	299,720	262,000
Change in unrecognized deductible temporary differences	(2,519,450)	(715,000)
Tax effect of renounced flow-through share expenditures	2,835,412	852,000
Amortization of flow-through share premiums	(3,399,557)	(1,023,527)
Other	(143,265)	18,186
Recovery of deferred income taxes	(3,399,557)	(1,023,527)

The ability to realize the tax benefits is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Unrecognized deferred tax assets amounted to $23,000.

As at August 31, 2022 and 2021, the significant components of the Company's deferred income tax assets and liabilities are as follows:

	2022 $	2021 $
Deferred income tax assets		
Non-capital losses	2,079,000	1,862,000
Capital losses	37,000	38,000
Investments	86,000	83,000
Share and warrant issue expenses	427,000	575,000
Property and equipment and intangible assets	216,000	212,000
Exploration and evaluation assets	(3,221,000)	(292,000)
Asset retirement obligations	401,000	67,000
Right-of-use asset	(21,000)	(34,000)
Lease liability	19,000	31,000
Unrecognized deferred income tax assets	23,000	2,542,000

18 Income taxes (cont'd)

Component of income tax (cont'd)

As at August 31, 2022, the expiry dates of losses available to reduce future years' income tax are as follows:

	Federal $	Provincial $
2042	1,076,000	1,076,000
2041	797,000	797,000
2040	702,000	700,000
2039	74,000	74,000
2038	211,000	210,000
2037	185,000	184,000
2036	306,000	306,000
2035	410,000	409,000
2034	514,000	512,000
2033	436,000	434,000
2032	790,000	787,000
2031	687,000	705,000
2030	719,000	719,000
2029	816,000	818,000
2026	139,000	99,000
	7,862,000	7,830,000

As at August 31, 2022, the Corporation has accumulated capital losses in Canada for income tax purposes amounting to approximately $283,000 (2021: $283,000), and these can be carried forward indefinitely against future capital gains.

19 Loss (net earnings) per share

For the year ended August 31, 2021, 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 2021 was calculated using the basic weighted average number of shares outstanding of 70,626,602 in 2021

For the year ended August 31, 2022, the diluted net earnings per share was calculated using the basic weighted average number of shares outstanding of 81,938,858 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. During the year ended August 31, 2022, there were 2,484,671 stock options vested with an exercise price lower than the average market price of shares. As a result, the diluted weighted average number of shares of 84,423,528 was used to calculate the diluted net earnings per share in 2022.

20 Financial instruments, financial risks and capital management

Classification

The Company's financial instruments as at August 31, 2022, 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 classification of the Company's financial instruments is summarized as follows:

		Fair value	
		2022 $	2021 $
Financial assets	**Classification**		
Cash and cash equivalents	Amortized cost	14,035,435	27,641,849
Amounts receivable	Amortized cost	777,556	2,465,477
Investments	Fair value through profit and loss	51,940	73,941
		14,864,931	30,181,267
Financial liabilities			
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	4,985,144	2,730,618
Advances received for exploration work	Financial liabilities at amortized cost	458,196	291,860
		5,443,340	3,022,478

20 Financial instruments, financial risks and capital management (cont'd)

Classification (cont'd)

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 years ended August 31, 2022 and 2021.

Financial risks

The Company has exposure to various financial risks, such as credit risk, liquidity risk and market risk, from its use of financial instruments.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash and cash equivalents are deposited in Canadian chartered bank accounts or invested in a diversified manner in securities having an investment-grade rating, from which management believes the risk of loss to be minimal.

The credit risk associated with trade accounts receivable from partners arises from the possibility that the partners may be unable to repay their debts. These receivables result from expenditures incurred on behalf of partners. In 2022, no allowance for doubtful accounts was recorded. The Company closely follows its cash position to reduce its credit risk on amounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. As at August 31, 2022, the Company had sufficient funds, with a cash and cash equivalents balance of $14,035,435 ($27,641,849 – August 31, 2021), to settle current liabilities of $5,480,317 ($6,467,255 – August 31, 2021) and to meet its obligations of $Nil ($10,707,035 – August 31, 2021) under the flow-through financing agreement.

The following are the contractual maturities of financial liabilities, including interest where applicable, as at August 31, 2022:

	Carrying amount $	Contractual cash flows $	0 to 12 months $	12 to 24 months $	More than 24 months $
Accounts payable and accrued liabilities, advances received for exploration work	5,443,341	5,443,341	5,443,341	-	-
Lease liabilities	73,438	117,680	64,189	53,491	-

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's risk in that respect arises from its cash and cash and equivalents and is not significant.

Equity price risk

Equity price risk is the risk that the fair value of a financial instrument varies due to the changes in the Canadian mining sector and equity market. Changes in the fair value of investments at fair value through profit and loss are recorded under other gains and losses in the Statement of Net (Earnings) Loss and Comprehensive (Income) Loss. For the Company's investments at fair value through profit and loss, a variation of ±10% of the quoted market price as at August 31, 2022, would result in an estimated effect on the net income (loss) of $5,000 for the year ended August 31, 2022 ($7,000 - August 31, 2021).

The fair values of the investments in common shares of Canadian publicly traded companies are classified as Level 1 in the fair value hierarchy.

20 Financial instruments, financial risks and capital management (cont'd)

Capital management

The Company considers the items included in equity as capital components.

In terms of capital management, the objectives of the Company are to maximize its ability to continue as a going concern. Management reviews its capital management approach on an ongoing basis, and as needed, the Company raises funds through private placements.

There were no significant changes in the Company's approach to capital management during the year ended August 31, 2022. The Company is not subject to any externally imposed capital requirements unless the Company closes a flow-through placement, in which case the funds so raised are committed to being spent on qualifying exploration expenses (see Note 13b). The variation of capital components is depicted in the Statements of Changes in Equity.

21 Additional cash flow information

	2022	**2021**
	$	**$**
Acquisition of E&E assets included in accounts payable and accrued liabilities	3,919,545	2,130,128
Depreciation of property & equipment and right-of-use assets included in E&E assets	58,540	532,602
Refundable duties credit for losses and refundable tax credit for resources presented as a reduction in E&E assets, net	2,365,293	2,432,677
Stock-base compensation included in E&E assets	5,150	-

22 Subsequent event

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 in the Eeyou Istchee James Bay region of Quebec by making cash payments to Azimut aggregating $250,000, funding a minimum $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 (3rd) 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 International will act as the operator during this Second Option phase.

If KGHM has exercised the First Option and elects not to exercise the Second Option from the election date, it must pay Azimut $75,000 in cash as final payment.