

**AZINCOURT URANIUM INC.**  
**Management Discussion and Analysis (“MD&A”)**  
**for the nine months ended June 30, 2017**

The following discussion and analysis of the operations, results, and financial position of Azincourt Uranium Inc. (“the Company”) for the nine months ended June 30, 2017 and should be read in conjunction with the Company’s unaudited financial statements and related notes for the three and nine months ended June 30, 2017 and the audited financial statements for the year ended September 30, 2016. The effective date of this report is August 23, 2017. All figures are presented in Canadian dollars, unless otherwise indicated.

**COMPANY OVERVIEW**

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on April 7, 2011. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company’s primary objective is to explore mineral properties to a stage where they can be developed profitably or sold to a third party.

On April 30, 2012, the Company completed an initial public offering (“IPO”) of 6,000,000 common shares at a price of \$0.15 per common share for gross proceeds for \$900,000. On May 1, 2012, the Company was listed on the TSX Venture Exchange (“TSX-V”) and commenced trading under the symbol “AAZ”.

The Company owns a 10% interest in the Patterson Lake North Project (the “PLN Project” or “PLN”) located in the Athabasca Basin, Saskatchewan, Canada (refer to Mineral Properties below for details). The project is subject to a 2% net smelter returns (“NSR”) royalty.

The Company entered into an Option Agreement to acquire 70% interest in the East Preston Project located in the Athabasca Basin, Saskatchewan, Canada (refer to Mineral Properties below for details). The project is subject to a 2% NSR royalty.

**HIGHLIGHTS FOR THE NINE MONTHS ENDED JUNE 30, 2017 AND SUBSEQUENT PERIOD UP TO AUGUST 24, 2017**

On November 5, 2015, the Company completed a non-brokered private placement of 3,550,000 shares at \$0.05 per share for total proceeds of \$177,500.

On November 10, 2016, the Company completed a non-brokered private placement of 4,000,000 units at \$0.05 per unit for total proceeds of \$200,000.

On February 7, 2017, the Company granted a total of 1,050,000 stock options to directors, officers, and consultants of the Company. Each option is exercisable at \$0.10 per share for a period of 5 years.

On February 24, 2017, the Company completed a non-brokered private placement of 10,198,495 non flow-through units at \$0.075 per unit and 2,600,000 flow-through units at \$0.10 per unit for total proceeds of \$1,024,887.

On March 27, 2017, the Company entered into an Option Agreement to acquire 70% interest in the East Preston Project. The Company has spent \$6,134 of filing fees during the nine months

ended June 30, 2017. As at June 30, 2017, the Company has paid \$150,000 and issued 4,500,000 common shares of the Company as part of the Option Agreement to the Property Owners. The Company has also issued 398,913 common shares as finders' fees.

On July 10, 2017, the Company appointed Mr. Alex Klenman as Interim Chief Executive Officer and Corporate Secretary.

On August 14, 2017, the Company completed the first tranche of a non-brokered private placement. The first tranche closing consisted of the issuance of 7,200,000 units at \$0.05 per unit for gross proceeds of \$360,000.

## **MINERAL PROPERTY EXPLORATION**

### **PATTERSON LAKE NORTH – Athabasca Basin, Canada**

The Company incurred acquisition costs of \$775,894 (September 30, 2016 - \$775,894) and additional exploration costs to acquire its interest.

#### **Summary of the PLN and exploration update**

The Athabasca Basin is a premier geologic district notable for hosting the world's richest uranium deposits, with a well-established and politically stable uranium exploration and mining sector. Recent discoveries of high-grade uranium in the southwestern region of the Athabasca Basin are considered by the Company to indicate the prospective merit of this underexplored area.

PLN lies adjacent to the north end of Fission Uranium's Patterson Lake South (PLS) property, where uranium mineralization has been traced by drilling over 2.24 kilometres strike length. Fission Uranium has defined significant high grade U<sub>3</sub>O<sub>8</sub> mineral resources at PLS.

PLN is prospective for hosting structurally controlled high-grade uranium mineralization that is often associated with basement graphitic shear zones within clay-altered metasedimentary basement lithologies. These features have unique characteristics that can be identified by various geophysical surveys.

PLN lies within a large-basin-scale northeast-trending gravity low structural corridor that also incorporates the adjacent PLS property. The former Cluff Lake mine (greater than 60 million pounds U<sub>3</sub>O<sub>8</sub> produced) and the UEX-Areva Shea Creek deposits (42 km and 27 km to the north respectively) lie along the western margin of this structural feature. The recently discovered high-grade uranium mineralization found at PLS located 5.7 km to the south also lies within this structural corridor. Coincidentally, PLN also lies within a complex magnetic corridor showing magnetic highs and lows, and breaks in regional major features. Several electromagnetic anomalies are evident within PLN, including what may be interpreted to be the southern extension of the Saskatoon Lake EM conductor, which itself is associated with the Shea Creek deposit to the north.

Prior to initiating the joint venture (JV) Fission spent approximately \$4.7million on exploration on PLN, ranging from airborne to ground geophysics to a first-pass drilling of a few select targets. Portions of PLN are currently drill ready, and other areas require further ground geophysical surveys and interpretation to bring them up to drill-ready stage. Work to date on PLN since the JV was initiated, has consisted of the following:

## Airborne VTEM Max Geophysical Survey & Ground MT Survey Follow up

An airborne VTEM Max (versatile time-domain electromagnetic) airborne geophysics survey completed in August 2013 - The outcome of this survey resulted in the discovery of an 8.5 km long north-south trending package of conductive basement rocks in the northern PLN project area. A 5-km follow-up Internal Field Gradient Magneto-Tellurics (MT) ground geophysics survey test line over the northern portion of this package has been completed by EMPulse Geophysics Inc. at 100m stations. The preliminary interpretation suggests that the conductive basement package is comprised of a series of 3, parallel west dipping basement EM conductors referred to as the N Conductor system. Conductive basement rocks (EM conductors) are important criteria in targeting Athabasca-type unconformity uranium deposits.

### Outcrop, historical drill core and soil sampling work:

Outcrop, historical drill core and soil sampling work was completed by Athabasca Basin expert, Dr. Paul Ramaekers, to enhance knowledge of local and regional Athabasca sandstone stratigraphy. A total of 56 soil and 16 outcrop samples were collected from throughout the project area and available historical diamond drill core was re-logged from the central project area. This work will also assist in standardizing sandstone logging procedures and interpretation for the project team.

As a result of the work described above, a number of high-priority drill targets were selected for the 2014 winter drill program. Geophysics followed up results from October's MT survey to further refine drill targets.

### Year 1 Winter 2014 Exploration Program – highlights:

- Approximately 2000m of drilling was completed in seven holes testing 3 separate basement electromagnetic (EM) conductors: four holes were completed to target depth, one hole was partially completed before being lost due to technical difficulties and 2 attempts were abandoned in thick overburden.
- Drilling encountered a lithological setting with structural complexity similarly analogous to that of the PL-3B conductor and its association with uranium mineralization at Fission Uranium's PLS project. Although only limited radioactivity was encountered, encouraging basement lithology, alteration and structural features confirm the high prospectivity of the target areas. Further drilling is required to evaluate these target areas.
- Drilling of the shallow southern lake targets was not undertaken as a result of unsuitable winter ice conditions. However anomalous radon in water survey results confirm the high prospectivity of these targets and additional Squid EM surveys were completed in the Broach Lake area.
- Azincourt and its JV partner, Fission 3.0, are encouraged with the winter results. The plan will be to continue follow up drilling those targets identified, and confirmed on land through the remainder of this year, and refine the lake targets for testing next winter.

#### Year 2 Spring/Summer Exploration Program Plan - highlights:

- Linecutting and a pole-pole DC Resistivity survey was completed on a 76.5 line km grid over the N Conductor system in northern PLN.
- Linecutting and a pole-dipole DC resistivity survey were completed on a 34 line km grid located over the Broach Lake conductor system in southern PLN.
- 6 Diamond Drill holes (2100 m) were planned for Summer 2014 testing along the A1 conductor and the A4 Conductor as follow-up to the encouraging previous winter drilling using geochemistry and alteration as a vector. These targets are not dependant on ice conditions and proved accessible year-round. The summer drill program commenced, and was completed in July 2014. Results were extremely encouraging with prospective basement lithologies, structure, alteration, anomalous radioactivity and weak uranium mineralization intersected.
- The Year 2 spring/summer geophysical and diamond drill program was budgeted at \$1.5 million and was completed on budget. This represents 50% of the Year 2 earn-in commitment.

#### Year 2 Proposed Winter Exploration Plan - highlights:

- Seven additional diamond drill holes totalling approximately 3,250 m were planned for Winter 2015 testing as follow-up on the anomalous uranium found along the A1 conductor and on new resistivity targets generated during the summer program on the N and Broach Lake conductor systems. Additional 35.2 line-km of SMLTEM ground geophysics was planned on two prospective EM conductors identified from previously-flown VTEM airborne survey located in the northern region of the property.
- The Year 2 winter drill and geophysical program was designed to test all 3 prospective conductor systems. The budget for this program was approximately \$1.5 million, which represented the final 50% of the Year 2 earn-in commitment at PLN.
- The winter exploration program did not commence, as financing by the Company was unsuccessful.
- Azincourt has earned, and will maintain its 10% interest in PLN.

#### EAST PRESTON PROJECT – Athabasca Basin, Canada

The Company incurred acquisition costs of \$1,233,895 (September 30, 2016 - \$Nil) as at June 30, 2017.

The Preston East project is part of the formerly larger Preston Project explored by Skyharbour, and its predecessor partners. In excess of \$4.7 million has been spent on the Preston uranium project to date, including ground gravity, airborne and ground electromagnetics, radon, soil, silt, biogeochem, lake sediment, and geological mapping surveys, as well as two exploratory drill programs. Fifteen high-priority drill target areas associated with six prospective exploration corridors have been successfully delineated at Preston through methodical, multiphased exploration work. AREVA has recently optioned the adjacent Preston Project for up to \$7.3

million in exploration expenditures, highlighting the exploration prospectivity of the area.

The Preston East project currently under Azincourt Option, has had extensive regional exploration work completed in 2013 and 2014, including: airborne electromagnetic (VTEM), magnetic and radiometric surveys. Three prospective conductive, low magnetic signature corridors have been discovered on the property. The three distinct corridors have a total strike length of over 25 km, each with multiple EM conductor trends identified.

Ground prospecting and sampling work completed to date has identified outcrop, soil, biogeochemical and radon anomalies, which are key pathfinder elements for unconformity uranium deposit discovery.

Only one of the corridors has been successfully drill tested to date, intersecting structurally disrupted graphitic metasedimentary rocks at the Swoosh S6 target using a combination of Horizontal Loop EM (HLEM) and gravity as primary targeting tools.

Azincourt has acquired all historical airborne electromagnetic, magnetic and radiometric data as well as the ground gravity and electromagnetic raw data on the project and has engaged an external geophysical consultant for interpretation, target generation and follow-up survey planning. This work will be completed by the end of August.

Azincourt is planning to complete a fall exploration program aimed at generating new drill targets within the previously untested corridors and refining additional targets along the Swoosh corridor. The proposed work to be completed will also include re-logging and/or sampling of the seven diamond drill holes (1571 m) drilled in 2014, along with additional ground electromagnetic survey work (HLEM) and ground gravity planned along the prospective airborne VTEM conductive trends. Additional ground geochemical sampling work is also being considered, but will be used to enhance any target areas identified from the geophysical surveys.

#### QUALIFIED PERSON

The technical information in this MD&A has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed on behalf of the company by Ted O'Connor, P.Geo., director of Azincourt Uranium Inc., a qualified person.

#### **RESULTS OF OPERATIONS**

##### **Three months ended June 30, 2017 ("Q3 2017") compared with the three months ended June 30, 2016 ("Q3 2016").**

The loss for the quarter ended June 30, 2017 was \$190,472, compared with \$12,547 for the quarter ended June 30, 2016. The increase in the loss from Q3 2016 to Q3 2017 was mainly due to an increase in consulting and directors' fees, marketing, conferences, shareholder relations, office and administration, and gain on recovery of accounts payable and accrued liabilities. Major differences are explained as follows:

- Consulting and directors' fees increased from \$2,250 in Q3 2016 to \$66,250 in Q3 2017. The increase is due to an increase in fees paid to the Company's management team as well as an increase in consulting services relating to business development;

- Marketing, conferences and shareholder relations increased from \$Nil in Q3 2016 to \$112,190 in Q3 2017. The increase is due to increased marketing and branding efforts to promote the Company's properties;
- Office and administration expense increased from \$1,832 in Q3 2016 to \$12,922 in Q3 2017. The increase was due to an increase in monthly assistant corporate secretary fees; and
- Gain on recovery of accounts payable and accrued liabilities increased from \$Nil in Q3 2016 to \$21,244 in Q3 2017. During the Q3 2017, the Company confirmed that \$21,244 of the Company's accounts payable and accrued liabilities was no longer payable and therefore was written down.

**Nine months ended June 30, 2017 ("2017 period") compared with the nine months ended June 30, 2016 ("2016 period").**

The loss for the nine months ended June 30, 2017 was \$560,537, compared with \$96,404 for the nine months ended June 30, 2016. The increase in the loss from the 2016 period to the 2017 period was mainly due to an increase in consulting and directors' fees, marketing, conferences, shareholder relations and share-based compensation expense, offset by a decrease in exploration and evaluation expenditures. Major differences are explained as follows:

- Consulting and directors' fees increased from \$17,250 in the 2016 period to \$207,750 in the 2017 period. The increase is due to an increase in fees paid to the Company's management team as well as an increase in consulting services relating to business development;
- Exploration and evaluation expenditures decreased from \$40,000 in the 2016 period to \$1,322 in the 2017 period. During the 2016 period, the Company incurred \$40,000 in geological consulting for the PLN property. During the 2017 period, the Company incurred \$1,322 for management fees for the PLN property;
- Marketing, conferences and shareholder relations increased from \$Nil in the 2016 period to \$205,574 in the 2017 period. The increase is due to increased marketing and branding efforts to promote the Company's properties; and
- Share-based compensation expense increased from \$Nil in the 2016 period to \$100,000 in the 2017 period. During the 2017 period, the Company issued 1,050,000 stock options to directors, officers and consultants with a fair value of \$100,000. There were no options issued or vested during the 2016 period.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options or through the issuance of debt. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities.

### Working Capital

As of June 30, 2017, the Company's working capital was \$405,650, compared with \$125,247 of working capital deficiency as of September 30, 2016. The increase in working capital was a result an increase in cash from two private placements that closed during the current period, exercise of warrants, and decrease in accounts payable and accrued liabilities.

### Cash

On June 30, 2017, the Company had \$425,011 of cash, compared with \$29,214 of cash on September 30, 2016. Cash was mostly spent on consulting and directors' fees, marketing, conferences and shareholder relations and acquisition costs relating to the East Preston property. The Company also received net proceeds of \$1,196,510 from issuance of shares during the current period.

### Cash Used in Operating Activities

Cash used in operating activities during the nine months ended June 30, 2017 was \$644,579. Cash was mostly spent on consulting and directors' fees and marketing, conferences and shareholder relations. Cash used in operating activities during the nine months June 30, 2016 was \$241,625. Cash was mostly spent on exploration and evaluation costs, consulting and directors' fees, audit and accounting fees, filing and transfer agent fees, and office and administration expenses.

### Cash Used in Investing Activities

Cash used in investing activities during the nine months ended June 30, 2017 was \$156,134 (2016: \$Nil). During the nine months ended June 30, 2017, the Company paid \$156,134 of acquisition costs relating to the East Preston property.

### Cash Generated by Financing Activities

During the nine months ended June 30, 2017, the Company received gross cash proceeds of \$1,224,887 from two private placements and spent \$75,327 of costs associated with the private placements. The Company also received \$46,950 from exercise of warrants. During the nine months ended June 30, 2016, the Company received gross cash proceeds of \$177,500 from a private placement and spent \$1,763 of costs associated with the private placement.

### Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its ongoing operating costs. During the nine months ended June 30, 2017, the Company raised \$1,196,510 in net proceeds from financing. Until the Company starts generating profitable operations from extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities.

## PROPOSED TRANSACTIONS

The Company continues to evaluate new opportunities to expand its exploration project portfolio, however, there are no proposed transactions as at the date of this report.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

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

### Compensation of Key Management Personnel

Key management personnel consist of current and former directors and senior management including the President, Chief Executive Officer and former Chief Financial Officer. Key management personnel compensation for the nine months ended June 30, 2017 and 2016 includes:

Name of related party	Nature of transactions	2017	2016
TKLD Geological Inc.	Exploration and evaluation expenditures	\$ -	\$ 40,000
Promaco Limited	Consulting and directors' fees	36,250	-
Westview Consulting Ltd.	Consulting and directors' fees	30,000	-
VC Consulting Corp.	Consulting and directors' fees	7,500	3,750
Total		\$ 73,750	\$ 43,750

During the nine months ended June 30, 2017, the fair value of share-based compensation expense for options issued to related parties was \$56,190 (2016: \$Nil).

The accounts payable and accrued liabilities of the Company include amounts due to related parties. The amounts owing are interest free, unsecured, current and without fixed terms and are as follows:

	June 30, 2017	September 30, 2016
Key management personnel	\$ 14,363	\$ 51,250

## SUBSEQUENT EVENTS

On July 10, 2017, the Company appointed Mr. Alex Klenman as Interim Chief Executive Officer.

On August 1, 2017, the Company appointed Alex Klenman as Corporate Secretary.

On August 14, 2017, the Company completed the first tranche of a non-brokered private placement. The first tranche closing consisted of the issuance of 7,200,000 units at \$0.05 per unit for gross proceeds of \$360,000. Each unit will consist of one common share and one



warrant. Each warrant entitles to holder to purchase an additional common share for a period of twelve months at \$0.12 per share.

## **PLAN OF OPERATIONS AND FUNDING**

The Company's plan of significant operations for the next twelve months is as follows:

- to maintain its 10% interest in the PLN project; and if PLN remains highly prospective, continue to fund its pro rata share of expenditures, or alternatively, seek to monetize the PLN interest;
- to complete and continue with the acquisition of the 70% interest in the East Preston property; and
- to investigate other prospective uranium projects.

To finance the above plans, the Company completed a private placement in November 2016 for proceeds of \$200,000, a private placement in February 2017 for proceeds of \$1,024,887, and a private placement in August 2017 for gross proceeds of \$360,000.

## **RISK AND UNCERTAINTIES**

Readers of this interim MD&A are encourage to read the "Risk and Uncertainties" section of the Company's Annual MD&A dated December 19, 2016 under the Company's SEDAR profile on [www.sedar.com](http://www.sedar.com). Important risk factors to consider among others are:

- Competitive industry
- Exploration risks
- Fluctuating metal and share prices
- Ability to continue as a going concern

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

### **ADDITIONAL INFORMATION**

For further detail, see the Company's unaudited consolidated interim financial statements for the three and nine months ended June 30, 2017 and 2016. Additional information about the Company can also be found on [www.sedar.com](http://www.sedar.com).

## **CORPORATE DIRECTORY**

Trading Symbol – AAZ  
Exchange - TSX-V

### **Head Office**

Azincourt Uranium Inc.  
Suite 1430 - 800 West Pender Street  
Vancouver, BC V6C 2V6, Canada  
Tel: 604-638-8063  
Fax: 604-648-8105

### **Officers and Directors**

Alex Klenman (Interim Chief Executive Officer and  
Corporate Secretary)  
Paul Reynolds (Director)  
Vivien Chuang (Chief Financial Officer)  
Terrence O'Connor (Director)  
Ian Stalker (Chairman and Director)

### **Members of the Audit Committee**

Paul Reynolds (Chair)  
Ian Stalker  
Terrence O'Connor

### **Legal Counsel**

Owen Bird Law Corporation  
2900 – 595 Burrard Street  
Vancouver, BC, V7X 1J5

### **Auditors**

Davidson and Company  
1200 – 609 Granville Street  
Vancouver, BC, V7Y 1G6

### **Transfer Agent**

TSX Trust Company  
Suite 2700 - 650 West Georgia St.  
Vancouver, BC, V6B 4N9