

# **Azimut Exploration Inc.**

Unaudited Condensed Interim Financial Statements  
**November 30, 2014**  
(expressed in Canadian dollars, except share amounts)

**Azimut Exploration Inc.**  
**Interim Statements of Financial Position**  
(in Canadian dollars)  
**(Unaudited)**

	<b>As at November 30, 2014 \$</b>	<b>As at August 31, 2014 \$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	1,655,233	1,860,852
Amounts receivable (note 4)	265,004	248,255
Prepaid expenses	17,976	30,075
	<u>1,938,213</u>	<u>2,139,182</u>
<b>Non-currents assets</b>		
Mining rights receivable	53,838	48,888
Investments (note 5)	50,721	70,086
Property and equipment (note 6)	178,921	185,701
Intangible assets (less accumulated amortization of \$19,413; \$19,049 as at August 31, 2014)	4,494	4,858
Exploration and evaluation assets (note 7)	5,572,133	5,491,464
	<u>5,860,107</u>	<u>5,800,997</u>
<b>Total assets</b>	<u>7,798,320</u>	<u>7,940,179</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	120,291	220,846
	<u>120,291</u>	<u>220,846</u>
<b>Non-current liabilities</b>		
Asset retirement obligations (note 8)	242,965	242,212
	<u>242,965</u>	<u>242,212</u>
<b>Total liabilities</b>	<u>363,256</u>	<u>463,058</u>
<b>Equity</b>		
Share capital	20,755,072	20,755,072
Warrants (note 9)	33,362	33,362
Stock options (note 10)	1,071,581	1,071,581
Contributed surplus	3,012,728	3,012,728
Deficit	(17,452,207)	(17,427,877)
Accumulated other comprehensive income (loss)	14,528	32,255
<b>Total equity</b>	<u>7,435,064</u>	<u>7,477,121</u>
<b>Total liabilities and equity</b>	<u>7,798,320</u>	<u>7,940,179</u>

*The accompanying notes are an integral part of these unaudited condensed interim financial statements.*

**Approved by the Board of Directors**

(s) Dennis Wood \_\_\_\_\_ Director

(s) Jean-Marc Lulin \_\_\_\_\_ Director (2)

# Azimut Exploration Inc.

## Interim Statements of Comprehensive Loss (in Canadian dollars) (Unaudited)

	Three-month period ended November 30,	
	2014	2013
	\$	\$
<b>Expenses</b>		
General and administrative (note 11)	83,375	88,537
General exploration (note 11)	59	5,078
Impairment of exploration and evaluation assets (note 7)	1,183	-
<b>Operating loss</b>	<u>84,617</u>	<u>93,615</u>
<b>Financing cost (income), net</b>		
Interest income	(4,658)	(6,097)
Interest expense on debentures	-	38,526
Interest and bank charges	326	135
Unwinding of discount on asset retirement obligations	753	857
	<u>(3,579)</u>	<u>33,421</u>
<b>Other gains and losses</b>		
Gain on option payments received on exploration and evaluation assets (note 7b)	(58,346)	(56,558)
Impairment on available-for-sale investments	1,638	7,670
	<u>(56,708)</u>	<u>(48,888)</u>
<b>Loss before income taxes</b>	<u>24,330</u>	<u>78,148</u>
<b>Loss for the period</b>	<u>24,330</u>	<u>78,148</u>
<b>Other comprehensive income (loss)</b>		
<b>Items that can be reclassified to net loss</b>		
Unrealized gain (loss) on available-for-sale investments	(17,727)	(7,251)
Reclassification of impairment on available-for-sale investments to loss for the period	-	7,670
	<u>(17,727)</u>	<u>419</u>
<b>Comprehensive loss for the period</b>	<u>42,057</u>	<u>77,729</u>
<b>Basic and diluted loss per share</b>	<u>0.001</u>	<u>0.002</u>
<b>Basic and diluted weighted average number of shares outstanding</b>	37,636,996	36,470,328

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

# Azimut Exploration Inc.

## Interim Statements of Changes in Equity (in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2014

	Share capital		Warrants		Stock options		Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
	Number <sup>(1)</sup>	\$	Number	\$	Number	\$	\$	\$	\$	\$
<b>Balance as at September 1, 2014</b>	37,636,996	20,755,072	583,334	33,362	2,560,000	1,071,581	3,012,728	(17,427,877)	32,255	7,477,121
Loss for the period	-	-	-	-	-	-	-	(24,330)	-	(24,330)
Other comprehensive income (loss)										
Unrealized loss on available-for-sale investments	-	-	-	-	-	-	-	-	(17,727)	(17,727)
Comprehensive income (loss)	-	-	-	-	-	-	-	(24,330)	(17,727)	(42,057)
<b>Balance as at November 30, 2014</b>	<u>37,636,996</u>	<u>20,755,072</u>	<u>583,334</u>	<u>33,362</u>	<u>2,560,000</u>	<u>1,071,581</u>	<u>3,012,728</u>	<u>(17,452,207)</u>	<u>14,528</u>	<u>7,435,064</u>
<b>Balance as at September 1, 2013</b>	36,470,328	20,456,111	-	-	2,560,000	1,071,581	3,062,728	(14,987,817)	(385)	9,602,218
Loss for the period	-	-	-	-	-	-	-	(78,148)	-	(78,148)
Other comprehensive income (loss)										
Unrealized loss on available-for-sale investments	-	-	-	-	-	-	-	-	7,670	7,670
Reclassification of impairment on available-for-sale investments to loss for the period	-	-	-	-	-	-	-	-	(7,251)	(7,251)
Comprehensive income (loss)	-	-	-	-	-	-	-	(78,148)	419	(77,729)
<b>Balance as at November 30, 2013</b>	<u>36,470,328</u>	<u>20,456,111</u>	<u>-</u>	<u>-</u>	<u>2,560,000</u>	<u>1,071,581</u>	<u>3,062,728</u>	<u>(15,065,965)</u>	<u>34</u>	<u>9,524,489</u>

(1) There were no common shares that were unpaid as at November 30, 2014 (Nil in 2013).

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

# Azimut Exploration Inc.

## Interim Statements of Cash Flows (in Canadian dollars)

(Unaudited)

	<b>Three-month period ended November 30,</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Loss for the period	(24,330)	(78,148)
Items not affecting cash		
Depreciation of property and equipment	1,172	1,606
Amortization of intangible assets	364	520
Impairment on available-for-sale investment	1,638	7,670
Impairment of exploration and evaluation assets (note 7)	1,183	-
Gain on option payments received on exploration and evaluation assets	(58,346)	(56,558)
Credits on duties refundable for loss and refundable tax credits relating to resources – net	(40)	(1,458)
Accretion expense on debentures payable and convertible debentures	-	4,600
Unwinding of discount on asset retirement obligations	753	857
	<u>(77,606)</u>	<u>(120,911)</u>
Net change in non-cash working capital items		
Amounts receivable	11,111	5,811
Prepaid expenses	12,099	12,976
Accounts payable and accrued liabilities	(8,135)	(105,953)
	<u>15,075</u>	<u>(87,166)</u>
	<u>(62,531)</u>	<u>(208,077)</u>
<b>Cash flows from financing activities</b>		
Payment on debenture payable	-	(100,000)
	<u>-</u>	<u>(100,000)</u>
<b>Cash flows used in investing activities</b>		
Additions to exploration and evaluation assets	(203,088)	(85,646)
Proceeds from sale of options on exploration and evaluation assets	60,000	60,000
Tax credit and mining rights received	-	38,905
	<u>(143,088)</u>	<u>13,259</u>
<b>Net change in cash and cash equivalents</b>	(205,619)	(294,818)
<b>Cash and cash equivalents – Beginning of the period</b>	1,860,852	2,222,226
<b>Cash and cash equivalents – End of the period</b>	<u>1,655,233</u>	<u>1,927,408</u>
Interest received	(4,658)	(6,102)
Interest paid	-	76,080
<b>Additional cash flow information (note 13)</b>		

*The accompanying notes are an integral part of these unaudited condensed interim financial statements.*

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

---

## 1 Nature of operations, general information and liquidity

Azimut Exploration Inc. (the “Company”), incorporated in Canada under the *Québec Corporations Act*, is in the business of acquiring and exploring mining properties. The Company’s registered office is located at 110 De La Barre Street, Suite 214, Longueuil, Quebec, Canada. The business of mining and exploring for minerals 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 under the symbol AZM.

Until it is determined that a property contains mineral reserves or resources that can be economically mined, it is classified as an exploration property. 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 exploration and evaluation (“E&E”) assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and evaluation of its properties, and the profitable sale of the E&E assets.

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

To date, the Company has not earned significant revenues, and is considered to be in the exploration and evaluation stage.

As at November 30, 2014, the Company has working capital of \$1,817,923 (\$1,918,336 – August 31, 2014) including cash and cash equivalents of \$1,655,233 (\$1,860,852 – August 31, 2014), and accumulated deficit of \$17.4 million (\$17.4 million – August 31, 2014). The Company has incurred a loss of \$24,330 (\$78,148 – 2013) for the three-month period then ended.

Management of the Company believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least but not limited to twelve (12) months from the end of the reporting period. To continue its exploration and evaluation program on its properties and its operation beyond November 30, 2015, the Company will periodically need to raise additional funds through the issuance of new equity instruments, the exercise of stock options and the search of partners to sign option agreements on certain of its exploration properties. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future, or that these sources of funding or initiatives will be available for the Company or that they will be available on terms that are acceptable to the Company.

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

---

## 2 Summary of significant accounting policies

### Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*. The unaudited condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2014, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these unaudited condensed interim financial statements are consistent with those of the previous fiscal year. The Board of Directors approved the interim financial statements on January 26, 2015.

### New standards not yet adopted and interpretations issued but not yet effective

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual financial statements for the year ended August 31, 2014.

## 3 Cash and cash equivalents

As at November 30, 2014, cash and cash equivalents of \$1,655,233 (\$1,860,852 as at August 31, 2014) include \$172,025 (\$171,490 as at August 31, 2014) of guaranteed investment certificates bearing interest at 0.1% (0.1% – August 31, 2014), cashable any time without any penalties.

## 4 Amounts receivable

	<b>As at November 30, 2014 \$</b>	<b>As at August 31, 2014 \$</b>
Tax credit receivable	252,736	224,876
Commodity taxes	8,588	20,179
Amounts receivable	8,870	8,390
	<hr/>	<hr/>
	270,194	253,445
	<hr/>	<hr/>
Less: Allowance for doubtful accounts	(5,190)	(5,190)
	<hr/>	<hr/>
	265,004	248,255
	<hr/>	<hr/>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

## 5 Investments

	As at November 30, 2014			As at August 31, 2014		
	Market price/share \$	Adjusted Cost \$	Carrying value \$	Market price/share \$	Adjusted Cost \$	Carrying value \$
Eastmain Resources Inc. 20,000 shares (20,000 shares – August 31, 2014)	0.220	4,400	4,400	0.375	5,400	7,500
NWT Uranium Corp. 350,000 shares (350,000 shares – August 31, 2014)	0.005	1,600	1,600	0.007	1,938	2,280
Majescor Resources Inc. 19,600 shares (19,600 shares – August 31, 2014)	0.045	882	882	0.045	882	882
Silver Spruce Resources Inc. * 30,000 shares (300,000 shares – August 31, 2014)	0.040	1,200	1,200	0.005	1,500	1,500
ABE Resources Inc. 50,000 shares (50,000 shares – August 31, 2014)	0.035	1,250	1,750	0.045	1,250	2,250
Nemaska Exploration Inc. 209,272 shares (209,272 shares – August 31, 2014)	0.175	20,927	36,623	0.235	20,927	49,179
Monarques Resources Inc. 10,469 shares (10,469 shares – August 31, 2014)	0.130	1,325	1,360	0.110	942	1,151
West African Resources Limited 37,500 shares (Nil in 2014) 18,750 warrants: exercise price of \$0.40, expiry on January 17, 2017 (Nil in 2013)	0.070	2,625	2,625	0.130	4,500	4,875
	0.015	281	281	0.025	281	469
		<u>34,490</u>	<u>50,721</u>		<u>37,620</u>	<u>70,086</u>

\* Securities were consolidated on the basis of one (1) new security for ten (10) existing securities.

Unrealized gains and losses on available-for-sale securities resulted from fluctuations in market prices. As at November 30, 2014, the unrealized gain recognized in accumulated other comprehensive income (loss) is \$14,528 (\$32,255 – August 31, 2014).

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.



# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

## 6 Property and equipment

	Office furniture \$	Office equipment \$	Computer equipment \$	Specialist equipment \$	Camp \$	Camp under finance lease \$	Vehicles \$	Total \$
<b>Year ended August 31, 2014</b>								
Opening net book amount	4,354	5,246	7,914	7,093	218,986	23,462	3,146	270,201
Additions	-	-	-	-	(5,908)	-	-	(5,908)
Depreciation for the year	(872)	(1,048)	(2,376)	(2,128)	(59,492)	(11,732)	(944)	(78,592) <sup>(1)</sup>
<b>Closing net book amount</b>	<b>3,482</b>	<b>4,198</b>	<b>5,538</b>	<b>4,965</b>	<b>153,586</b>	<b>11,730</b>	<b>2,202</b>	<b>185,701</b>
<b>As at August 31, 2014</b>								
Cost	20,542	20,081	36,597	56,250	332,062	316,754	3,702	785,988
Accumulated depreciation	(17,060)	(15,883)	(31,059)	(51,285)	(178,476)	(305,024)	(1,500)	(600,287)
<b>Net book amount</b>	<b>3,482</b>	<b>4,198</b>	<b>5,538</b>	<b>4,965</b>	<b>153,586</b>	<b>11,730</b>	<b>2,202</b>	<b>185,701</b>
<b>Asset not subject to depreciation included in above *</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>Period ended November 30, 2014</b>								
Opening net book amount	3,482	4,198	5,538	4,965	153,586	11,730	2,202	185,701
Additions	-	-	-	-	-	-	-	-
Depreciation for the period	(174)	(210)	(416)	(372)	(4,465)	(978)	(165)	(6,780) <sup>(1)</sup>
<b>Closing net book amount</b>	<b>3,308</b>	<b>3,988</b>	<b>5,122</b>	<b>4,593</b>	<b>149,121</b>	<b>10,752</b>	<b>2,037</b>	<b>178,921</b>
<b>As at November 30, 2014</b>								
Cost	20,542	20,081	36,597	56,250	332,062	316,754	3,702	785,988
Accumulated depreciation	(17,234)	(16,093)	(31,475)	(51,657)	(182,941)	(306,002)	(1,665)	(607,067)
<b>Net book amount</b>	<b>3,308</b>	<b>3,988</b>	<b>5,122</b>	<b>4,593</b>	<b>149,121</b>	<b>10,752</b>	<b>2,037</b>	<b>178,921</b>
<b>Asset not subject to depreciation included in above *</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>

\* Assets not subject to depreciation include fuel and materials allowed to build a fully equipped field camp of \$100,000 (\$100,000 – August 31, 2014).

<sup>(1)</sup> Depreciation of property and equipment included in E&E assets an amount of \$5,608 (\$72,168 – August 31, 2014).

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

## 7 Exploration and evaluation assets

All mining properties are located in the Province of Quebec.

### Change in exploration and evaluation assets

Exploration properties	Undivided interest	Cost as at August 31, 2014	Additions	Option payments	Tax credit	Cost as at November 30, 2014	Accumulated impairment as at August 31, 2014	Impairment	Accumulated impairment as at November 30, 2014	Net book amount as at November 30, 2014
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Nunavik</b>										
Rex	100									
Mining properties		1,109,476	-	-	-	1,109,476	(701,922)	-	(701,922)	407,554
Exploration costs**		4,005,363	25,487	-	(8,300)	4,022,550	-	-	-	4,022,550
		<u>5,114,839</u>	<u>25,487</u>	<u>-</u>	<u>(8,300)</u>	<u>5,132,026</u>	<u>(701,922)</u>	<u>-</u>	<u>(701,922)</u>	<u>4,430,104</u>
<b>Rex South</b>										
Rex South	100									
Mining properties		154,096	11,312	-	-	165,408	-	-	-	165,408
Exploration costs		299,379	33,750	-	(11,600)	321,529	-	-	-	321,529
		<u>453,475</u>	<u>45,062</u>	<u>-</u>	<u>(11,600)</u>	<u>486,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,937</u>
<b>NCG</b>										
NCG	100									
Mining properties		737,126	-	-	-	737,126	(719,929)	-	(719,929)	17,197
Exploration costs		970,818	1,069	-	-	971,887	(916,429)	-	(916,429)	55,458
		<u>1,707,944</u>	<u>1,069</u>	<u>-</u>	<u>-</u>	<u>1,709,013</u>	<u>(1,636,358)</u>	<u>-</u>	<u>(1,636,358)</u>	<u>72,655</u>
<b>Diana</b>										
Diana	100									
Mining properties		75,525	-	-	-	75,525	(41,195)	-	(41,195)	34,330
Exploration costs		39,489	-	-	-	39,489	(10,639)	-	(10,639)	28,850
		<u>115,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,014</u>	<u>(51,834)</u>	<u>-</u>	<u>(51,834)</u>	<u>63,180</u>
<b>Nantais</b>										
Nantais	100									
Mining properties		88,559	808	-	-	89,367	(40,584)	-	(40,584)	48,783
Exploration costs		216,860	18,112	-	(6,600)	228,372	-	-	-	228,372
		<u>305,419</u>	<u>18,920</u>	<u>-</u>	<u>(6,600)</u>	<u>317,739</u>	<u>(40,584)</u>	<u>-</u>	<u>(40,584)</u>	<u>277,155</u>
<b>Qassituq</b>										
Qassituq	100									
Mining properties		27,361	606	-	-	27,967	-	-	-	27,967
Exploration costs		20,717	14,155	-	(5,130)	29,742	-	-	-	29,742
		<u>48,078</u>	<u>14,761</u>	<u>-</u>	<u>(5,130)</u>	<u>57,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,709</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

## 7 Exploration and evaluation assets (continued)

Exploration properties	Undivided interest	Cost as at August 31, 2014	Additions	Option payments	Tax credit	Cost as at November 30, 2014	Accumulated impairment as at August 31, 2014	Impairment	Accumulated impairment as at November 30, 2014	Net book amount as at November 30, 2014
Nunavik (cont'd)	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
Others, copper-gold-silver-cobalt-REE	100									
Mining properties		37,170	-	-	-	37,170	(37,170)	-	(37,170)	-
Exploration costs		7,045	-	-	-	7,045	(7,045)	-	(7,045)	-
		44,215	-	-	-	44,215	(44,215)	-	(44,215)	-
<b>Total Nunavik copper-gold-silver-cobalt-REE properties</b>		7,788,984	105,299	-	(31,630)	7,862,653	(2,474,913)	-	(2,474,913)	5,387,740
North Rae	100									
Mining properties		483,277	1,183	-	-	484,460	(483,277)	(1,183)	(484,460)	-
Exploration costs		707,167	-	-	-	707,167	(707,167)	-	(707,167)	-
		1,190,444	1,183	-	-	1,191,627	(1,190,444)	(1,183)	(1,191,627)	-
<b>Total Nunavik uranium property</b>		1,190,444	1,183	-	-	1,191,627	(1,190,444)	(1,183)	(1,191,627)	-
<b>Total Nunavik</b>		8,979,428	106,482	-	(31,630)	9,054,280	(3,665,357)	(1,183)	(3,666,540)	5,387,740

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

## 7 Exploration and evaluation assets (continued)

Exploration properties	Undivided interest	Cost as at August 31, 2014	Additions	Option payments	Tax credit	Cost as at November 30, 2014	Accumulated impairment as at August 31, 2014	Impairment	Accumulated impairment as at November 30, 2014	Net book amount as at November 30, 2014
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
James Bay										
Opinaca A-A East Mining properties	(a)	50	-	-	-	-	-	-	-	-
Exploration costs		1,690	1,320	-	(470)	2,540	-	-	-	2,540
		<u>1,690</u>	<u>1,320</u>	<u>-</u>	<u>(470)</u>	<u>2,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,540</u>
Opinaca B-B-North Mining properties	(b)	50	-	-	-	-	-	-	-	-
Exploration costs		1,115	840	(1,654)	(300)	1	-	-	-	1
		<u>1,115</u>	<u>840</u>	<u>(1,654)</u>	<u>(300)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Eleonore South Mining properties	(c)	26.4	-	-	-	-	-	-	-	-
Exploration costs		8,392	330	-	(110)	8,582	-	-	-	8,582
		<u>8,392</u>	<u>330</u>	<u>-</u>	<u>(110)</u>	<u>8,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,582</u>
Opinaca D Mining properties		100	69,442	3,937	-	-	73,379	-	-	73,379
Exploration costs		10,113	700	-	(260)	10,553	-	-	-	10,553
		<u>79,555</u>	<u>4,637</u>	<u>-</u>	<u>(260)</u>	<u>83,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,932</u>
Wabamisk Mining properties	(d)	49	2,781	-	-	2,781	-	-	-	2,781
Exploration costs		15,604	-	-	-	15,604	-	-	-	15,604
		<u>18,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,385</u>
<b>Total James Bay gold properties</b>		<b>109,137</b>	<b>7,097</b>	<b>(1,654)</b>	<b>(1,140)</b>	<b>113,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,440</b>
Eastmain West Mining properties		100	15,586	-	-	15,586	(10,551)	-	(10,551)	5,035
Exploration costs		168,555	2,697	-	-	171,252	(105,334)	-	(105,334)	65,918
<b>Total James Bay chromium-platinum palladium property</b>		<b>184,141</b>	<b>2,697</b>	<b>-</b>	<b>-</b>	<b>186,838</b>	<b>(115,885)</b>	<b>-</b>	<b>(115,885)</b>	<b>70,953</b>
<b>Total James Bay</b>		<b>293,278</b>	<b>9,794</b>	<b>(1,654)</b>	<b>(1,140)</b>	<b>300,278</b>	<b>(115,885)</b>	<b>-</b>	<b>(115,885)</b>	<b>184,393</b>
<b>Total E&amp;E assets</b>		<b>9,272,706</b>	<b>116,276</b>	<b>(1,654)</b>	<b>(32,770)</b>	<b>9,354,558</b>	<b>(3,781,242)</b>	<b>(1,183)</b>	<b>(3,782,425)</b>	<b>5,572,133</b>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

---

## 7 Exploration and evaluation assets (continued)

- a) In March 2010, Everton Resources Inc. (“Everton”) earned a 50% interest in the Opinaca A–A-East property by making a cumulative cash payment of \$180,000, and carrying out work expenditures totalling \$2,800,000.

In September 2010, Azimut and Everton granted Hecla Quebec Inc. (“Hecla”), formerly Aurizon Mines Ltd (“Aurizon”), the option to earn a 50% interest in the Opinaca A–A East and B–B North properties by making cash payments totalling \$580,000, and incurring expenditures of \$6,000,000 over four (4) years, including 5,000 metres of diamond drilling by the second anniversary. On November 15, 2013, an amendment was made to extend the work schedule by two additional years. According to the agreement, Hecla may also earn an additional interest of 10%, for a total interest of 60%, by making cash payments totalling \$300,000 over three (3) years from the election date, incurring expenditures totalling a minimum of \$3,000,000 over three (3) years from the election date, and delivering an independent pre-feasibility study on or before the fourth anniversary. The Company will receive the cash payments of \$290,000 on the first option and \$150,000 on the second option, and its resulting interest will be 20%. In addition, in the event that mineral resources of at least 2,000,000 ounces of gold at an average grade of at least 6 grams of gold per tonne are discovered before the end of the eighth year of the initial option agreement, Hecla shall make a payment of \$1,500,000 in Hecla common shares, subject to regulatory approval. The Company will receive 50% of these issued shares.

On November 14, 2014, a second amendment was made to exclude all claims comprising the Opinaca A property from the agreement. All other terms remain unchanged.

- b) In March 2010, Everton earned a 50% interest in the Opinaca B–B North property by making a cumulative cash payment of \$160,000, and carrying out work expenditures totalling a cumulative amount of \$2,000,000. In September 2010, Azimut and Everton signed an agreement with Hecla regarding the Opinaca B–B North property as described in (a) above.

As at November 30, 2014, Hecla had made a cumulative cash payment of \$460,000 (\$340,000 in 2013), and had carried out work expenditures totalling \$3,192,543. Azimut has cumulatively received an amount of \$230,000 (\$170,000 in 2013) in cash payments.

- c) In April 2006, the Company signed a letter of intent to form a three-way joint venture with Les Mines Opinaca Ltée (a wholly owned subsidiary of Goldcorp Inc.: “Goldcorp”) and Eastmain Resources Inc. (“Eastmain”) on the Eleonore South property, which includes 166 claims of the Opinaca C property and 116 claims owned by Goldcorp. In February 2008, Eastmain had earned a 33.33% interest in the Eleonore South property by making a cumulative cash payment of \$185,000, granting 30,000 common shares to the Company and funding a total of \$4.0 million in work expenditures.

As at November 30, 2014, Goldcorp and Eastmain had funded \$3.2 million in cumulative work expenditures. Ownership of the property is currently as follows: Azimut 26.4% (26.4% in 2013), Goldcorp 36.8% (36.8% in 2013) and Eastmain 36.8% (36.8% in 2013).

- d) In 2010, Goldcorp earned a 51% interest in the Wabamisk property by making a cumulative payment of \$500,000 in cash and carrying out work expenditures totalling \$4.0 million. In 2011, Goldcorp elected to proceed with the second option to earn an additional 19% interest in the property, which would require the delivery of a feasibility study within a period of ten (10) years.

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

---

## 7 Exploration and evaluation assets (continued)

### Change in exploration and evaluation assets

	<b>November 30, 2014</b>	<b>August 31, 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Balance – Beginning of the period</b>	<u>5,491,464</u>	<u>6,814,761</u>
Exploration and evaluation incurred during the period		
Claims and permits	17,846	408,573
Geological surveys	81,394	280,133
Geophysical surveys	11,408	273,616
Administration	20	-
Depreciation of property and equipment	<u>5,608</u>	<u>72,168</u>
	<u>116,276</u>	<u>1,034,490</u>
Impairment of exploration and evaluation assets	(1,183)	(2,097,056)
Proceeds received from sale of camp's materials	-	(22,800)
Option payments	(1,654)	(3,442)
Credit on duties refundable for loss and refundable tax credit for resources, net	<u>(32,770)</u>	<u>(234,489)</u>
<b>Balance – End of the period</b>	<u><u>5,572,133</u></u>	<u><u>5,491,464</u></u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

## 7 Exploration and evaluation assets (continued)

### Change in exploration and evaluation assets (cont'd)

	Mining properties \$	Exploration costs \$	Total \$
<b>Year ended August 31, 2014</b>			
<b>Balance – Beginning of the year</b>	<u>754,508</u>	<u>6,060,253</u>	<u>6,814,761</u>
Exploration and evaluation incurred during the year	408,573	625,917	1,034,490
Option payments	-	(3,442)	(3,442)
Proceeds received on sale of camp's materials and others	-	(22,800)	(22,800)
Credit on duties refundable for loss and refundable tax credit for resources, net	-	(234,489)	(234,489)
Impairment	<u>(397,312)</u>	<u>(1,699,744)</u>	<u>(2,097,056)</u>
<b>Balance – Ending of the year</b>	<u>765,769</u>	<u>4,725,695</u>	<u>5,491,464</u>
<b>As at August 31, 2014</b>			
Cost	2,800,396	6,472,310	9,272,706
Accumulated impairment	<u>(2,034,627)</u>	<u>(1,746,615)</u>	<u>(3,781,242)</u>
<b>Net book amount</b>	<u>765,769</u>	<u>4,725,695</u>	<u>5,491,464</u>
<b>Period ended November 30, 2014</b>			
<b>Balance – Beginning of the period</b>	<u>765,769</u>	<u>4,725,695</u>	<u>5,491,464</u>
Exploration and evaluation incurred during the period	17,846	98,430	116,276
Option payments	-	(1,654)	(1,654)
Credit on duties refundable for loss and refundable tax credit for resources, net	-	(32,770)	(32,770)
Impairment	<u>(1,183)</u>	<u>-</u>	<u>(1,183)</u>
<b>Balance – Ending of the period</b>	<u>782,432</u>	<u>4,789,701</u>	<u>5,572,133</u>
<b>As at November 30, 2014</b>			
Cost	2,818,242	6,536,316	9,354,558
Accumulated impairment	<u>(2,035,810)</u>	<u>(1,746,615)</u>	<u>(3,782,425)</u>
<b>Net book amount</b>	<u>782,432</u>	<u>4,789,701</u>	<u>5,572,133</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2014

## 8 Asset retirement obligations

	November 30, 2014 \$	August 31, 2014 \$
Balance, beginning of the period	242,212	244,676
Decrease resulting from a change in estimate	-	(5,908)
Unwinding of discount on asset retirement obligations	753	3,444
	<u>242,965</u>	<u>242,212</u>
Balance, end of the period	<u>242,965</u>	<u>242,212</u>

The estimated undiscounted cash flows required to settle the asset retirement obligations are \$251,480. A discount rate of 1.25 % (August 31, 2014 – 1.25%) was used to estimate the obligations in 2014. The calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2017. If the Company decides not to continue to explore on the Rex, Rex South or NCG properties, it is assumed that the asset retirement obligation will be settled in 2017. Should the Company decide to continue its activity on the Rex, Rex South or NCG properties, by itself or through a partner, the obligation will be settled further into the future. The Company is reviewing, at each period, the expected timing of the cash flows payment required to settle the obligations, and adjusts the asset retirement obligations accordingly.

## 9 Warrants

The following table presents the warrant activities for the period ended November 30, 2014, and summarizes the information about warrants outstanding and exercisable as at that date:

	Number	Carrying value \$	Weighted average exercise price \$
Outstanding and exercisable – Beginning of the period	583,334	33,362	0.45
Issued	-	-	-
Expired	-	-	-
	<u>583,334</u>	<u>33,362</u>	<u>0.45</u>
Outstanding and exercisable – End of the period	<u>583,334</u>	<u>33,362</u>	<u>0.45</u>

The 583,334 warrants issued under the private placements completed in June 2014, having an average exercise price of \$0.45 and valid until June 20, 2016, were recorded at a value of \$33,362, based on pro rata allocation of the estimated fair value determined by the Black-Scholes option pricing model using the following assumptions: risk free interest of 1.00%, expected life of 2 years, annualized volatility rate of 65% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.



# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

**(Unaudited) For the three-month period ended November 30, 2014**

## 10 Stock option plan

The Company maintains a stock option plan in which a maximum of 3,300,000 stock options may be granted. The number of shares reserved for issuance under the stock option plan is 15% of the shares issued and outstanding at the 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 TSX-V, on the day before the grant date. The options have a maximum term of ten (10) years following the grant date, and they vest immediately, unless otherwise approved and disclosed by the Board of Directors.

The following tables present the stock option activities for the period ended November 30, 2014, and summarize the information about stock options outstanding and exercisable as at that date:

	<b>November 30, 2014</b>	
	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding – Beginning of the period	2,560,000	0.47
Granted	-	-
Expired	-	-
Forfeited	-	-
Outstanding and exercisable – End of the period	<u>2,560,000</u>	<u>0.47</u>

<b>Exercise price \$</b>	<b>Options outstanding and exercisable</b>	<b>Weighted average remaining contractual life (years)</b>
0.19	710,000	8.67
0.34	495,000	4.37
0.45	395,000	7.44
0.60	80,000	5.65
0.66	410,000	5.27
0.80	430,000	6.13
1.25	40,000	6.34
	<u>2,560,000</u>	<u>6.55</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2014

## 11 Expenses by nature

	Three-month period ended November 30,	
	2014	2013
	\$	\$
Salaries and fringe benefits	46,173	36,600
Professional and maintenance fees	6,256	14,840
Administration and office	5,373	5,958
Business development and administration fees	909	351
Advertising	795	5,785
Rent	10,226	9,974
Insurance	5,290	5,394
Travelling and entertainment	6,817	7,509
Depreciation of property and equipment	1,172	1,606
Amortization of intangible assets	364	520
<b>General and administrative expenses</b>	<b>83,375</b>	<b>88,537</b>
Salaries for search of properties	99	9,008
Credit on duties refundable for loss and refundable tax credit for resources, net	(40)	(3,930)
<b>General exploration</b>	<b>59</b>	<b>5,078</b>

## 12 Related party transactions

### Compensation of key management

Key management includes directors, the chief executive officer (“CEO”) and the chief financial officer (“CFO”). The compensation paid or payable to key management for services consists of salary for the three-month period ended November 30, 2014 in the amount of \$67,500 (\$67,500 – November 30, 2013).

An amount of \$25,080 (\$16,060 – November 30, 2013) for salary is capitalized to exploration and evaluation assets.

As at November 30, 2014, accounts payable and accrued liabilities include an amount of \$37,545 (\$40,553 – November 30, 2013) owed to key management.

## 13 Additional cash flow information

	Three-month period ended November 30,	
	2014	2013
	\$	\$
Acquisition of E&E assets included in accounts payable and accrued liabilities	19,134	42,555
Depreciation of property and equipment included in E&E assets	5,608	18,042
Credit on duties refundable for loss and refundable tax credit for resources presented as a reduction in E&E assets, net	32,770	27,085