AZIMUT

Azimut Exploration Inc.

MANAGEMENT'S DISCUSSION and ANALYSIS

For the year ended August 31, 2007

Scope of management's financial analysis

This report represents a complimentary addition to the financial statements by providing additional contextual and prospective information. This analysis was prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Corporate profile and mission

Azimut Exploration Inc. ("Azimut" or the "Company") is a mineral exploration company using cutting-edge geoscience data processing methods to improve the selection of favourable exploration zones and to discover major ore deposits.

Since June 2003, the Company has acquired the following twenty-eight wholly owned exploration properties using the results of its regional-scale mineral potential assessments in Quebec.

- In the James Bay area:
  - 4 gold properties in the Opinaca area (the A and A East Blocks; the B and B North Blocks; the C Block, which is included in the Eleonore South project; and the D Block)
  - 2 gold properties in the Eastmain area (Eastmain West and Wabamisk)
  - the Comptoir gold property

- In the Ungava Bay region:
  - 4 uranium properties (North Rae, South Rae, Daniel Lake and Kangiq)

- In the Central Quebec region:
  - 8 uranium properties (North Minto, South Minto, Central Minto, West Minto, South Bienville, West Bienville, Hudson Bay and Kativik)

- In the North Shore region, within the framework of a strategic agreement with Kennecott Exploration Company ("Kennecott"):
  - 2 copper-uranium properties (Manitou and Mont Merry)
  - the Grenium uranium project, which comprises 4 properties (Havre, Havre NW, Chevery and Augustin)

Azimut has also acquired the North Havre uranium property, which lies north of the town of Havre St-Pierre.

Azimut also acquired 13 properties within the framework of a strategic agreement with Kennecott for nickel exploration.

The locations of Azimut's properties are shown on the attached map of the Province of Quebec.

In addition, Azimut has formed a strategic agreement with Channel Resources Ltd. ("Channel") for mineral exploration in Ecuador, South America.

Azimut conducts its exploration activities by following two main guiding principles. Firstly, the Company maximizes the probability of discovery by using a cutting-edge targeting methodology that reduces exploration risk. Secondly, the Company reduces the business risk by developing partnerships for the projects generated by its targeting methodology.

Overall performance

Summary of activities for the last quarter and subsequent activities

June 2007
- Azimut announces a strategic alliance with Kennecott for nickel
- Azimut and Arianne sign a letter of intent for the North Havre uranium property

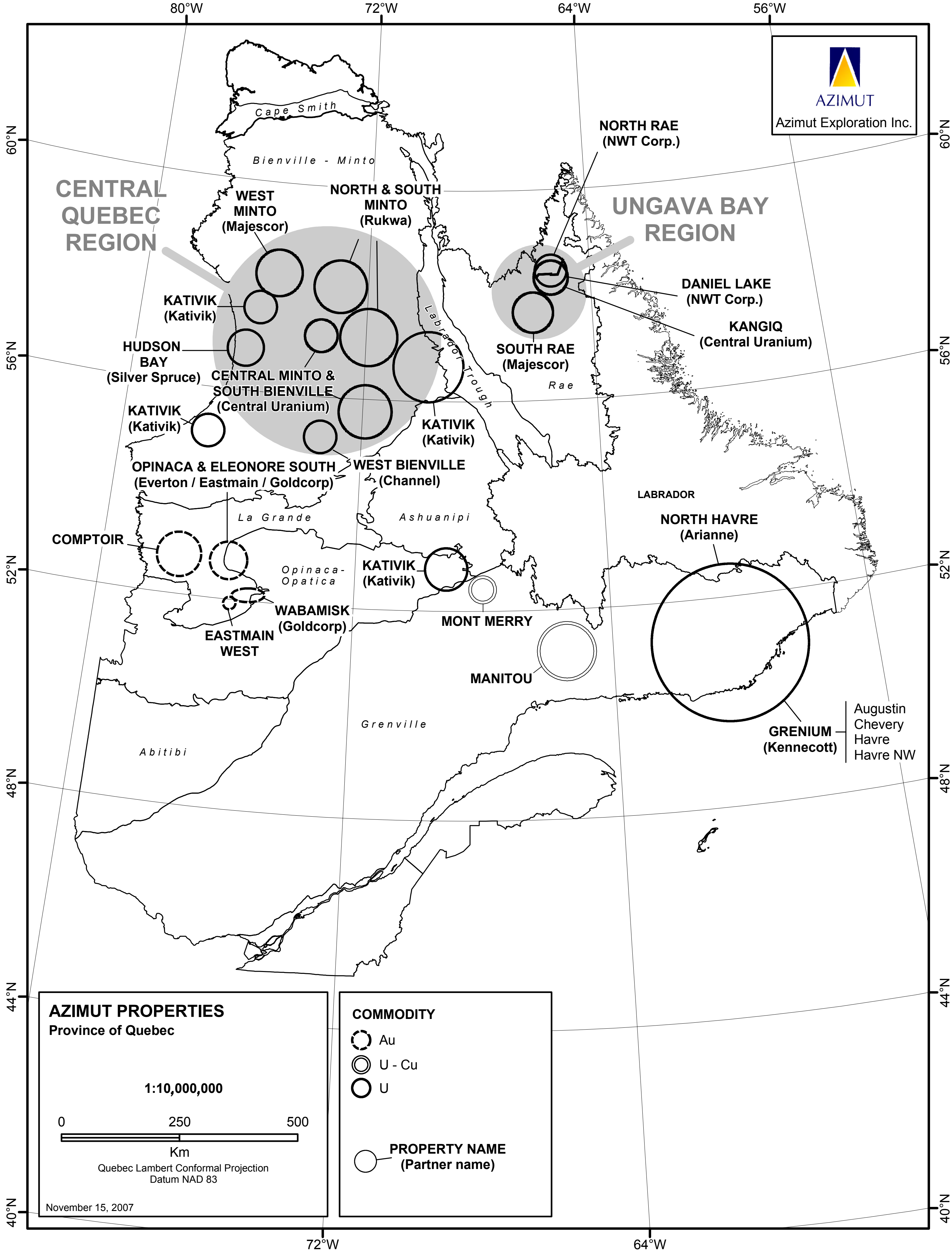
July 2007
- Azimut and Channel form a strategic alliance for Ecuador
- Azimut and Central Uranium sign a letter of intent for the Kangiq uranium property

August 2007
- Azimut and NWT Uranium identify three new extensive uranium targets at North Rae
- Azimut and Everton discover a new mineralized zone at Opinaca

September 2007
- Azimut and Channel signed a letter of intent for the West Bienville uranium property
- Azimut and Majescor identify regional-scale uranium potential on the South Rae property
- Azimut and Everton expand the strike length of the Charles Target on the Opinaca "A" property and report samples grading up to 35.9 g/t Au
- Azimut and NWT Uranium start drilling at North Rae
- Virginia, Canadian Royalties and Azimut contribute $250,000 for the rehabilitation of abandoned mining sites in northern Quebec
- Azimut and Arianne identify a uranium target at Havre Nord

October 2007
- Partial field exploration results yield grades up to 0.64% U_3O_8 on the North Rae property
- Azimut and Majescor outline 17 uranium target areas at West Minto
- Azimut acquires six new gold properties in the James Bay Region
- Azimut and Arianne confirm a uranium target with up to 0.43% U_3O_8 on the North Havre property
- Azimut's partner Kennecott reports encouraging results for the Grenium project
- Azimut and Central Uranium identify uranium targets on the South Bienville Property
- Azimut and Majescor further demonstrate regional-scale uranium potential in Nunavik, Quebec: up to 0.57% U_3O_8 along a 30-km trend at South Rae

November 2007
- Major prospecting results with grades up to 3.30% U_3O_8 obtained on the North Rae property
- Azimut and Kativik sign a letter of intent for the Kativik uranium property


80°W
72°W
64°W
56°W
60°N
56°N
52°N
48°N
44°N
40°N
AZIMUT
Azimut Exploration Inc.
Cape Smith
Bienville - Minto
CENTRAL QUEBEC REGION
UNGAVA BAY REGION
WEST MINTO (Majescor)
NORTH & SOUTH MINTO (Rukwa)
NORTH RAE (NWT Corp.)
DANIEL LAKE (NWT Corp.)
KANGIQ (Central Uranium)
SOUTH RAE (Majescor)
KATIVIK (Kativik)
HUDSON BAY (Silver Spruce)
CENTRAL MINTO & SOUTH BIENVILLE (Central Uranium)
KATIVIK (Kativik)
KATIVIK (Kativik)
Labrador Trough
Rae
OPINACA & ELEONORE SOUTH (Everton / Eastmain / Goldcorp)
WEST BIENVILLE (Channel)
LABRADOR
La Grande
Ashuanipi
NORTH HAVRE (Arianne)
COMPTOIR
Opinaca-Opatica
KATIVIK (Kativik)
WABAMISK (Goldcorp)
EASTMAIN WEST
MONT MERRY
MANITOU
GRENIUM (Kennecott)
Augustin
Chevery
Havre
Havre NW
Grenville
Abitibi
AZIMUT PROPERTIES
Province of Quebec
1:10,000,000
0
250
500
Km
Quebec Lambert Conformal Projection
Datum NAD 83
November 15, 2007
COMMODITY
Au
U - Cu
U
PROPERTY NAME (Partner name)

Project summaries

James Bay region - Opinaca sector

The Opinaca sector is located northeast of the Opinaca reservoir in the James Bay region, 320 kilometres from Matagami or Chibougamau. This sector is underlain by the volcano-plutonic La Grande Subprovince and the metasedimentary Opinaca Subprovince. Conglomeratic metasedimentary sequences are unconformably deposited above mafic volcanic rocks in the upper part of the La Grande stratigraphy. Metamorphic grade increases gradually from the La Grande Subprovince towards the Opinaca Subprovince. There appears to be at least three generations of structures in this sector.

In 2004, Virginia Gold Mines Inc. discovered and delineated the major Roberto gold deposit on their Eleonore project. The definition was made both at surface and in drill holes over a lateral distance of roughly 1,900 m and to a depth of more than 1,100 m. Goldcorp Inc. ("Goldcorp") has since acquired the Eleonore project and undertaken a feasibility study. Production is expected by late 2010. In June 2007, Goldcorp announced an initial indicated gold resource of 1,834,900 ounces at an average grade of 7.4 grams per tonne, and an initial inferred gold resource of 929,100 ounces at an average grade of 7.1 grams per tonne. They also stated that high-grade drill results outside the resource point to significant expansion potential. The Roberto deposit straddles the contact between the volcano-plutonic La Grande Subprovince and the metasedimentary Opinaca Subprovince. Gold mineralization is largely confined to quartz-tourmaline-actinolite-arsenopyrite-pyrrhotite stockwork zones associated with pervasive alteration characterized by microcline, quartz, tourmaline and arsenopyrite. Mineralized zones appear to occur within a major structure.

Azimut acquired extensive holdings before and after the Roberto discovery and so gained one of the leading property positions in the area. The geological setting of Azimut's properties is comparable to that of the Roberto discovery.

Azimut's seven claim blocks are divided into four properties:

Agreement with Everton Resources Inc. ("Everton") – 2 properties:
- A Block 454 claims for a total area of 236.4 km^2
- A East Block 43 claims for a total area of 22.4 km^2
- B Block 168 claims for a total area of 87.9 km^2
- B North Block 52 claims for a total area of 27.2 km^2

Agreement with Eastmain Resources Inc. ("Eastmain"):
- D Block 188 claims for a total area of 98.0 km^2

Three-party agreement with Eastmain and Goldcorp for the Eleonore South property:
- A Block 248 claims for a total area of 129.8 km^2 (includes the 166 claims of the Opinaca C Block previously covered by the agreement with Eastmain)
- B Block 34 claims for a total area of 17.8 km^2

Azimut began acquiring these claim blocks in November 2003 based on the targeting results of its regional-scale gold potential modeling of the James Bay territory.

A, A East, B and B North Blocks
Surface prospecting results received at the end of 2005 for the A Block revealed a 1.7-km-long trend of gold showings forming a zone now referred to as the Inex Zone. As follow-up work to this discovery in 2006, Everton performed a soil sampling program (1,552 samples), a ground-based induced polarization (IP) survey (31.5 line-kilometres), and a six-hole drilling program (632 m) to test specific targets along the zone. This work demonstrated a strong correlation between IP anomalies, gold soil anomalies and outcrops with gold values up to 50.9 g/t Au. Drilling confirmed that the IP anomalies coincide with biotite-rich horizons containing up to 5%

pyrite-pyrrhotite in metasedimentary rocks. Mineralization is also locally associated with silicified garnetiferous bands, and several specks of visible gold were observed in drill core. The best results were obtained from Hole OP-06-03 where an intersection of 4.0 m yielded an average of 1.46 g/t Au.

During the summer of 2007, follow-up prospecting work led to the discovery of the Charles Target in the central part of Opinaca A. This zone represents a corridor 1.3 km long. Everton collected 161 surface rock samples from this target area, and results revealed gold values up to 35.9 g/t Au. Both the Charles Target and Smiley Target (where coinciding IP and soil anomalies have been identified) were drill tested. Results are pending. A total of 11 holes (1,248 m) were drilled on the A Block.

Previous work on the Opinaca B Block revealed a major NE-SW-trending gold bearing system with possible extensions for at least 11 km. The Claude Target is located in the middle of this trend, and the Manuel showing (12.0 g/t Au over 4.6-m in a channel sample) held by Everton lies 8 km northeast of the Claude Target. The Eleonore South property, where a strong gold potential has also been recognized (see below), lies 9 km west of the Claude Target.

During the winter of 2007, a nine-hole 2,142-metre diamond drill program was completed at the Claude Target on Opinaca B to follow up on the extensions of a mineralized zone that was identified in the initial drill-test hole, OP-06-07. The initial hole had revealed 221 ppb Au over 186.5 m, including 1.0 g/t Au over 21.5 m, within an arsenopyrite-mineralized silica alteration zone. The lateral extensions of Hole OP-06-07 have now been tested over a strike length of 350 metres to an average depth of 100 metres.

All nine holes encountered several intense alteration zones varying from several metres to 20 metres thick. These zones are characterized by strong silica alteration and low sulphide contents, which makes the alteration context at the Claude Target comparable to that of Goldcorp's Roberto deposit. Six of the nine holes encountered gold mineralization over intervals of at least 1 metre. The last drill hole, OP-07-20, tested the Claude Target to a vertical depth of 200 metres. The results were encouraging and included visible gold at two locations, as well as very strong alteration.

During the summer of 2007, several rock samples collected along the Claude-Manuel corridor returned significant gold values up to 6.1 g/t Au over a strike length of 3 km. The mineralization contains up to 5% pyrite and is associated with silicified and chloritized metasediments hosting quartz and pegmatite veins. Drilling was also performed and results are pending for 3 holes (402 m) at Opinaca B.

At the end of the 2007 fiscal year, cumulative work expenditures reached $3,010,621 for the two properties (Opinaca A and A East, B and B North). Everton has begun preparing for the 2008 work program, which will include drilling.

Eleonore South and D Block

The Eleonore South property includes the Opinaca C Block claims that are now part of the three-party agreement with Eastmain and Goldcorp. As project operator, Eastmain conducted major prospecting, geophysical and trenching work during the 2006 and 2007 field seasons.

A total of 35 trenches have been channel sampled, and 4,183 one-metre samples were collected. Results from over 2,000 samples are pending. The most significant result is a mineralized rock channel section from the JT Target area that assayed 5.3 g/t Au over 8 m. This target is hosted by altered sulphide-bearing sedimentary rocks that are comparable to the mineralized sedimentary rocks of Goldcorp's Roberto deposit 12 km to the northwest.

At Eleonore South, Eastmain identified several significant multi-kilometre gold-arsenic in-soil anomalies that form a property-wide trend. During 2006 and 2007, surveying included 194 line-kilometres of gradient IP (induced polarization) and 49 line-kilometres of dipole-dipole IP.

At the end of the 2007 fiscal year, cumulative work expenditures reached of $2,847,405 for this property. Trenching results, soil anomalies and IP surveys were used to define a drill program scheduled for 2008.

On the D Block, several well-defined but discontinuous gold-arsenic soil anomalies were identified. The 2006 exploration program on this block consisted of detailed geochemical surveys (1,535 soil samples) and systematic rock sampling (124 samples). A total of 18 rock samples were taken in 2007. Results are pending. The work identified several target zones in sulphide-bearing altered metasediments displaying comparable characteristics to the host rocks of the Eleonore gold deposit.

At the end of the 2007 fiscal year, cumulative work expenditures reached $487,325 for this property. Plans for 2008 are being prepared.

Azimut considers the results for the Eleonore South and D Block properties to be very encouraging.

James Bay region - Eastmain sector

The Eastmain sector (Wabamisk and Eastmain West properties) lies 290 kilometres north of Chibougamau in the James Bay territory. It straddles the contact between the Opinaca (metasedimentary) and La Grande (volcano-plutonic) subprovinces. The dominant lithologies are paragneiss, basalt and granitic intrusions.

Azimut's properties consist of one claim block each:

- Eastmain West 167 claims for a total area of 88.6 km^2
- Wabamisk 755 claims for a total area of 399.5 km^2

A large east-west oriented syncline crosses the Wabamisk property. Local and regional northwest- or northeast-trending faults are also present on the properties. A large part of the property is marked by a very strong arsenic anomaly associated with metasediments. Both the geological context and the geochemical signature are comparable to those of the Roberto deposit.

Azimut began acquiring these properties in November 2003 based on targeting results from its regional-scale gold potential modeling of the James Bay territory.

Eastmain West
IAMGOLD conducted work on the Eastmain West property during the summer of 2005 and confirmed the presence of geochemical gold anomalies and a series of electromagnetic conductors in the northern sector of the project.

IAMGOLD conducted additional work in 2006 that consisted of ground-based geophysical surveys, prospecting (84 rock samples), detailed geological mapping, and sampling of till and blocks. This program resulted in the discovery of significant chromium-platinum-palladium mineralization associated with an ultramafic sill. This sill appears to be at least 4 km long and 500 m thick. The best results from surface grab samples are 18.5% Cr, 0.44 g/t Pd and 0.1 g/t Pt (sample F-266111). The best nickel results are two samples grading 0.24% Ni (F-266103 and F-266104). The Cr-Pt-Pd-Ni potential of the property is still largely under-explored and now constitutes a priority target in addition to the initial focus on gold.

As for the Eastmain West and Comptoir properties, IAMGOLD terminated the option agreements on both properties in 2007 following the Company's decision to cease regional exploration activities in Quebec.

Azimut is currently reviewing its plans for the Eastmain West and Comptoir properties.

Wabamisk property
The 2005 work conducted by Goldcorp on the Wabamisk property identified several major gold bearing targets. Most historic gold showings in the area are found in these target zones.

The targets clearly extend laterally for several kilometres and were under-explored until now. Prospecting along reconnaissance traverses spaced 2 km apart revealed four new outcropping gold showings. A showing that assayed 8.2 g/t Au is hosted by metasedimentary rocks. This geological context underscores the potential of the Wabamisk property for gold deposits associated with metasedimentary rocks.

The results of the 2006 soil geochemistry survey, consisting of 2,644 samples collected over a 2.5 x 11.5 km area, indicate several strong, multi-kilometre arsenic-antimony anomalies. The follow-up program in 2007 consisted of prospecting, geological mapping, soil sampling (1,904 samples) and rock sampling (108 samples). Results are pending

At the end of the 2007 fiscal year, cumulative work expenditures reached $811,275. Goldcorp is preparing its 2008 exploration program on the property.

James Bay region - Comptoir property

The Comptoir property is located 330 kilometres north of Matagami in the James Bay region.

As with other properties in this region, it straddles the boundary between the Opinaca (metasedimentary) and La Grande (volcano-plutonic) subprovinces. The main lithological units on the property are paragneiss, amphibolite and late granodioritic to granitic intrusions.

Comptoir is a gold exploration project. Azimut began to acquire the claim block in July 2005 based on targeting results from its regional-scale gold potential modeling of the James Bay territory.

IAMGOLD's 2006 exploration program included geochemical surveys (138 lake bottom samples), prospecting (124 rock samples), and till sampling. Till assay values up to 10 g/t Au associated with arsenic anomalies in lake-bottom sediments delineate several significant gold target zones. The targets are spatially related to regional-scale structures.

Exploration programs on all five gold properties in the James Bay region were conducted during the summer of 2007 with a minimum budget of $5.2 million funded by Azimut's partners.

Northern Quebec

Azimut believes northern Quebec has significant potential for large-tonnage uranium deposits related to intrusive rocks in high-grade metamorphic environments. A well-known example of this type is Rössing in Namibia, one of the world's largest uranium mines. Azimut's two-year uranium potential assessment covering 640,000 km^2 in northern Quebec generated many exploration targets.

The Company has acquired most of the large uranium targets it identified in the Province of Quebec. The targeted terrain includes parts of the Minto-Bienville and Rae subprovinces. The selected properties have strong potential for uranium due to their geochemical signatures, associations with anatectic granites, and spatial relationships to deep-seated structures. The exploration model is large-tonnage, disseminated uranium mineralization within intrusions and surrounding rocks. Proximal secondary concentrations along late- to post-intrusive brittle or ductile-brittle faults are also considered. These properties have strong similarities with the footprint of several major uranium sites in Quebec and the neighbouring Central Mineral Belt in Labrador, a well-known prospective region for uranium.

The databases used in the targeting process included multi-element lake bottom sediment geochemistry as well as geophysical, geological and remote sensing data. Many strong uraniferous targets of regional extent were identified and subsequently acquired by Azimut via map designation.

In northern Quebec, two prospective district-scale targets stand out in the Ungava Bay and Central Quebec regions (see attached map).

Ungava Bay region

Azimut holds four major properties in the Ungava Bay region:

- North Rae: 1,853 claims for a total surface area of 828.4 km^2; this property is covered by a definitive option agreement with NWT Uranium Corp. ("NWT")
- Daniel Lake: 886 claims for a total surface area of 401.2 km^2; this property is covered by a definitive option agreement with NWT
- South Rae: 2,080 claims for a total surface area of 959.3 km^2; this property is covered by a letter of agreement with Majescor Resources Inc. ("Majescor")
- Kangiq: 1,770 claims for a total surface area of 800.4 km^2; this property is covered by a letter of agreement with Central Uranium Corporation. ("Central")

The properties are located in an area measuring 80 by 220 km where another uranium company, Uranor (Areva), holds more than 4,600 claims. Azimut believes that with these four properties, it controls a large portion of the significant uranium targets in the region.

North Rae property

The North Rae property is located east of Ungava Bay in Northern Quebec, about 20 km from the coast and 160 km east of the town of Kuujjuaq. The property consists of three major claim blocks comprising 1,853 claims with a total surface area of 828.4 km^2.

The property is a uranium exploration project covering a strong geochemical uranium anomaly in lake-bottom sediments. The geological environment is favourable for uranium deposits hosted by intrusions and their surrounding rocks (presence of felsic intrusions, pegmatites and leucocratic gneisses).

During 2006, NWT conducted an exploration program on the property consisting of a detailed lake bottom sediment survey, prospecting, and a helicopter-borne radiometric survey. The prospecting work identified 10 distinct uranium showings. The radiometric survey identified 14 priority anomalies on the property, each of which is at least 1 km in length, thus demonstrating the significant exploration potential at the project-scale.

Seven distinct mineralized zones with significant lateral extents have been discovered during the course of the 2006 and 2007 surface prospecting programs. Assay results obtained to date from 568 rock grab samples clearly demonstrate the uranium potential of the North Rae property, more specifically for the:

- Aqpiq Zone (1 km long): grades up to 1.75% U_3O_8
- Jonas Zone (0.7 km long): grades up to 3.30% U_3O_8
- Llaluga Zone (1.1 km long): grades up to 0.24% U_3O_8
- Amittujaq Zone (previously named Rae-1 Zone, 3.5 km long): grades up to 0.57% U_3O_8
- Tasialuk Zone (1 km long): grades up to 0.58% U_3O_8
- Tasik Zone (0.9 km long): grades up to 0.30% U_3O_8
- Torrent Zone (1.7 km long): grades up to 0.52% U_3O_8

These mineralized sectors correlate well with strong continuous helicopter-borne radiometric anomalies that were identified during the 2006 survey. Detailed ground radiometric surveys performed during the 2007 program on five of these zones (Aqpiq, Jonas, Tasialuk, Tasik and Torrent) enabled the mineralization potential, general geometry and extent of each zone to be further assessed.

Uranium mineralization is hosted by granitic pegmatites and gneissic lithologies. The presence of uraninite, a uraniferous mineral from which uranium is easily recovered, was confirmed by electron microprobe analyses.

Additional results still pending for the 2007 program are mainly related to:

- surface rock sampling (about 110 samples)
- the first drilling program (8 holes totalling 562 m)
- helicopter-borne radiometric and magnetic surveying (1,027 line-km)

Azimut is of the opinion that there is significant potential at the North Rae property for hosting uranium deposits. The target-type is mainly large-scale intrusion-related deposits amenable to open pit mining. Two main mineralized clusters have been recognized: the Aqpiq-Jonas-Llaluga-Amittujaq cluster and the Tasialuk-Tasik-Torrent cluster; the former tends to yield higher uranium grades. An initial review by Azimut of the ground radiometric surveys, structural data and surface rock sampling results suggest significant lateral and depth continuity of the identified mineralized zones. The potential for additional discoveries on the property is very high.

At the end of the 2007 fiscal year, cumulative work expenditures reached $1,434,857 for this property. A significant exploration program, including additional drilling, is anticipated for 2008.

South Rae property

At the South Rae property, at least 12 well-defined targets with a cumulative length of 56 km have been identified and may lead to the discovery of significant additional mineralized zones. These targets are located in three sectors that form a prospective trend at least 30 km long. Mineralized facies are pegmatitic dykes and granitic gneisses that are generally conformable to the regional foliation.

Assay results for 125 of the 129 submitted rock samples include:
- 35 samples with values higher than 0.05% U_3O_8, including 17 samples with values above 0.1% U_3O_8
- 56 samples with values between 0.01% and 0.05% U_3O_8
- 34 samples with values less than 0.01% U_3O_8

The results released to date for South Rae, in addition to the progress made on the North Rae property, provide further evidence that the eastern part of the Ungava Bay region has the potential to become a new uranium district in Canada.

At the end of the 2007 fiscal year, cumulative work expenditures reached $428,404 for this property. Over the next few months, Azimut and Majescor will review all the results obtained this year and will prepare a comprehensive program for 2008.

Central Quebec region

Azimut holds eight properties in the Central Quebec region:
- North Minto: 2,042 claims for a total surface area of 935.1 km^2; this property is covered by a letter of intent with Rukwa Uranium Ltd. (“Rukwa”)
- South Minto: 1,332 claims for a total surface area of 622.3 km^2; this property is covered by a letter of intent with Rukwa
- Central Minto: 1,146 claims for a total surface area of 535.3 km^2; this property is covered by a letter of intent with Central
- South Bienville: 1,929 claims for a total surface area of 935.11 km^2; this property is covered by a letter of intent with Central
- West Minto: 918 claims for a total surface area of 416.3 km^2; this property is covered by a letter of intent with Majescor
- West Bienville: 220 claims for a total surface area of 108.2 km^2; this property is covered by a letter of intent with Channel
- Hudson Bay: 537 claims for a total surface area of 253.3 km^2; this property is covered by a letter of intent with Silver Spruce Resources Inc. ("Silver Spruce")
- Kativik: 1,861 claims for a total surface area of 925.0 km^2; this property is covered by a letter of intent with Kativik Resources Inc. ("Kativik")

The four Minto properties and the South Bienville property are aligned along an extensive regional-scale uranium lake-bottom sediment anomaly referred to by Azimut as the “Central Quebec Uranium Lineament”. This roughly north-south geochemical trend measuring 350 km long by 10 to 30 km wide correlates well with late Archean intrusions and crustal-scale structures. The Kativik and West Bienville properties are also characterized by strong uranium lake-bottom sediment anomalies as well as other favourable geochemical, geophysical, geological and structural parameters. The region has seen little exploration in the past, but there are strong indications that it has significant uranium potential. Strathmore Minerals' Dieter Lake deposit, 40 km east of the South Bienville property, is hosted by Paleoproterozoic sediments and has inferred resources of 11,000 tonnes U_3O_8 @ 0.063% U_3O_8 according to an estimate in 2007.

At the West Minto property, a total of 71 priority uranium targets have been defined from helicopter-borne geophysics and form 17 distinct kilometric-scale target areas. At the South Bienville property, the radiometric survey identified at least 9 priority anomalies with strike lengths of more than one kilometre each and a cumulative length of 25 km. Notwithstanding that most results for the 2007 exploration programs on the Central Quebec properties are pending, the results obtained to date further confirm the strong uranium potential of Azimut's properties in this region and validate the Company's initial regional targeting.

Exploration programs on all 11 uranium properties in the Ungava Bay and Central Quebec regions were conducted during the summer of 2007 with a minimum budget of $6.5 million funded by Azimut's partners. Comprehensive exploration programs will be carried out in 2008 by Azimut and its partners.

North Shore region

Azimut's uranium properties in the North Shore region comprise 4,060 claims. Four properties totalling 1,018 claims (the Grenium property) have been selected by Kennecott, within the framework of a strategic agreement. In addition, D'Arianne Resources Inc. ("Arianne") has been exploring, under an option agreement with Azimut, the North Havre property which consists of four claim blocks comprising 477 claims. Outside Azimut's properties but in the same region, uranium mineralization has been discovered at Johan-Beetz Bay along the shore of the Gulf of Saint-Lawrence (historical resource estimate of 93 million tonnes at 0.025% U_3O_8 and 0.025% Y). Key results obtained during the 2006 and 2007 exploration programs on Azimut's properties validated the Company's regional targeting and are as follows:

- Grenium: A detailed lake-bottom sediment survey confirmed high uranium contents in lakes, with peak values up to 1,310 ppm U. A helicopter-borne survey has also identified several strong kilometric-scale uranium anomalies. Follow-up surface prospecting led to the discovery of several radioactive zones and sampling yielded values up to 0.33% U_3O_8. Kennecott intends to actively pursue exploration in 2008.
- North Havre: A subhorizontally dipping pegmatite identified by surface prospecting with an average thickness of 5 m returned values up to 0.43% U_3O_8 and >4% REE in addition to high values in gallium, yttrium, niobium and zirconium. This showing coincides with a 1 x 5 km strong helicopter-borne uranium anomaly. Arianne will actively pursue exploration in 2008.

Exploration programs on all five uranium properties in the North Shore region were conducted during the summer of 2007 with a minimum budget of $1.2 million funded by Azimut's partners. Results are under review in order to prepare the 2008 exploration programs.

Quebec - Strategic Alliance with Kennecott for Nickel

In November 2006, Azimut and Kennecott signed an agreement for the exploration of nickel deposits in Quebec. The agreement included the delivery to Kennecott of a Target Report covering a 222,000-km^2 region in the geological Grenville Province with the goal of identifying high-quality nickel targets. Within the framework of this alliance, Azimut acquired 13 nickel properties comprising 1,894 claims in fourteen claim blocks covering 1,009 km^2. Kennecott conducted an assessment program on the nickel targets during the summer of 2007 with the aim of confirming and selecting nickel targets.

Ecuador - Strategic Alliance with Channel

Under the framework of a Strategic Alliance for mineral exploration in Ecuador, South America, Azimut has performed a country-wide mineral potential assessment aimed at identifying major exploration targets, thereby assisting Channel in assembling a portfolio of projects with the best potential for hosting large-scale mineral deposits. A number of areas of interest have been identified and are under review by Channel.

Under the terms of the Strategic Alliance, Channel has the exclusive right and option to acquire any of the identified targets during the initial six-month period following the delivery of the report. Upon acquisition of its first such project, Channel will grant to Azimut:

- 250,000 common shares of Channel
- 250,000 common share purchase warrants exercisable for two years at the market price on the date of issuance of the warrants
- a 1% net smelter return (NSR) royalty on any and all target properties acquired

Regional modeling and project generation

Azimut has and will continue to pursue mineral potential modeling for several regions in Quebec with the objective of generating new projects, most notably for gold, nickel and uranium.

Perspectives

The 17 exploration programs that took place in 2007 are presented in the table below. As of November 30, 2007, the partner-funded programs represent a minimum investment of approximately $12.9 million in work commitments on 21 different properties in Quebec. Azimut funds regional-scale mineral potential assessments and project generation in Quebec. In 2008, anticipated uranium exploration programs conducted by Azimut's partners across Quebec are expected to represent similar or higher expenditures that those incurred in 2007.

Property or project		Work in 2007	Minimum planned expenditures
Opinaca (A, A East; B, B North Blocks)	Gold	By the partner	$2,600,000
Opinaca (D Block)	Gold	By the partner	$100,000
Opinaca (Eleonore South)	Gold	By the partner	$1,500,000
Wabamisk	Gold	By the partner	$1,000,000
North Rae	Uranium	By the partner	$1,200,000
Daniel Lake	Uranium	By the partner	$300,000
South Rae	Uranium	By the partner	$600,000
Kangiq	Uranium	By the partner	$700,000
North Minto	Uranium	By the partner	$700,000
South Minto	Uranium	By the partner	$600,000
West Minto	Uranium	By the partner	$500,000
Hudson Bay	Uranium	By the partner	$300,000
Central Minto	Uranium	By the partner	$700,000
South Bienville	Uranium	By the partner	$700,000
West Bienville	Uranium	By the partner	$150,000
North Havre	Uranium	By the partner	$200,000
Grenium (4 properties)	Uranium	By the partner	$1,000,000
Regional assessment and project generation		Target modeling and field checks by Azimut	$100,000
Total			**$12,850,000**

Azimut continues to carry out regional-scale mineral potential modeling in order to acquire other quality properties and develop partnerships with reputable major and junior companies at an early stage.

Azimut believes that new ventures will be concluded with partners on properties to be generated or already held by the Company.

Selected financial information

	Results at August 31		
	2007	2006	2005
	($)	($)	($)
Revenues	1,244,570	390,841	135,660
Expenses			
Administration fees	767,135	454,228	301,500
Written-off properties	73,104	7,300	31,811
Written-off of intangible assets	1,170	-	-
Search for properties	161,853	176,867	76,187
Credit on duties refundable for losses and refundable tax credits relating to resources	(76,692)	(14,108)	(748)
Write-down of long-term investments	_	15,000	14,629
Future taxes	_	(30,971)	(31,020)
Stock options	452,873	677,242	10,222
	1,379,443	1,285,558	402,581
Net loss	(134,873)	(894,717)	(266,921)
Basic and diluted net loss per share	(0.008)	(0.059)	(0.021)
Other information			
Total assets	3,773,499	1,511,407	1,287,247
Shareholders' equity	3,220,583	1,100,173	1,204,325

Since its incorporation, the Company has not declared cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs for its exploration programs and its future financial growth, and any other factor that the Board of Directors deems necessary to consider in the circumstances. It is unlikely that any dividends will be paid in the near future.

Result of operations

The Company reported a net loss of $134,873 for the year ended August 31, 2007, as compared to a net loss of $894,717 for the 2006. Revenue totalled $1,244,570 for the year ended August 31, 2007, as compared to $390,841 in 2006. The increase is mainly due to the gain realized on cash payments and shares received following the conclusion of option agreements for the Company's mining properties. During the year, the Company optioned eleven new properties as compared to three properties during 2006: three properties in the Ungava Bay region (South Rae, Daniel Lake and Kangiq), seven properties in the Central Quebec region (North Minto, South Minto, Central Minto, West Minto, South Bienville, West Bienville and Hudson Bay), and one property in the North Shore region (North Havre). The gain realized from these options on cash payments was $840,156. In addition, the Company realized a gain of $179,105 related to cash payments and shares received in connection with the first anniversary of existing agreements. The Company receives management fees for its role as project operator in its strategic alliance with Kennecott and three projects with Central Uranium. During the year, the Company received $60,000 for the deliverance of a target report for the North shore nickel property as compared to $90,000 for last year. Also, the Company realized a gain of $53,543 for the sale of long-term investments; no long-term investments were sold in 2006. The "Administration fees" category in the "Selected annual information" table is $767,135 for 2007 ($454,228 in 2006), the increase is mainly due to an increase in salaries and management fees of $239,572 and also to a one-time contribution of $50,000 to the *Fonds Restor–Action Nunavik*. The Company increased its management team from two full-time persons to four persons, and incurred additional expenditures while actively pursuing its growth strategy. The decrease in the “Search for properties” category is explained by the amount of $48,213 that was obtained from a partner for the mineral potential assessment of Ecuador. The fair value of stock options granted and exercisable for the year ended August 31, 2007 were $452,873, which represents 150,000 stock options, compared to $677,242 (730,000 stock options) in 2006. Written-off properties for the year ended 2007 amounted to $73,104 and pertains to abandoned claims on the Obamsca, Retty, Manitou (partially), Baskatong and Aguanish properties, compared to $7,300 in 2006.

Quarterly information

The information presented below details the total revenue, the net earnings (net loss), and the net earnings (net loss) per participating share for the last eight quarters.

Quarter ending	Total revenue	Net earnings (net loss)	Net earnings (net loss) per share	
			basic	diluted
31-08-2007	175,240	490,674	0.029	0.027
31-05-2007	678,458	(596,312)	(0.036)	(0.036)
28-02-2007	353,859	112,324	0.007	0.007
30-11-2006	37,013	(141,559)	(0.009)	(0.009)
31-08-2006	197,152	76,975	0.006	0.006
31-05-2006	176,538	(673,284)	(0.045)	(0.045)
28-02-2006	5,841	(136,184)	(0.009)	(0.009)
30-11-2005	11,310	(162,224)	(0.011)	(0.011)

Cash flow situation

The Company’s working capital increased to $1,983,379 at the end of the year compared to $331,731 as at August 31, 2006. The increase is mainly explained by funds received from two (2) private financings for an amount of $1,636,210 net of share issue expenses and by cash proceeds received from the conclusion of option agreements for mining properties for an amount of $1,120,000. Amounts receivable increased by $773,056 mainly due to a receivable in consideration of the sale of the mining properties. Prepaid expenses decreased by $106,947 to $20,668 from $127,615 as at August 31, 2006, the result of costs related to the staking of mining claims. During the year, a total of 232,000 stock options were exercised for a cash consideration of $166,200 compared to a total of 218,000 stock options exercised for a cash consideration of $48,800 in 2006. During the year, a total of $60,000 in cash was received in connection with a new strategic alliance agreement with Kennecott. The Company has no long-term debt.

The Company has contractual obligations in the form of an operating lease amounting to $187,221, payable over five years.

Financing sources

During 2007, the Company completed two private financings and issued 418,000 shares for total proceeds of $1,711,200 ($Nil in 2006). These funds are used to finance the Company’s working capital and growth activities. The Company did not proceed with any flow-through financing in 2007 as compared to $100,230 (77,100 shares) in 2006.

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Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Related party transactions

The Company entered into the following transaction with a law firm of which one of the directors is a partner:

	2007	2006
	$	$
Professional fees and disbursements	13,027	3,168

These transactions took place during the normal course of activities and were established using an exchange value representing an amount of compensation determined and accepted by the related parties.

Fourth quarter

The Company's net earnings for the three-month period ended August 31, 2007 was $490,674 compared to $76,975 in 2006. Revenue totalled $175,240 versus $197,152. The decrease resulted from the net effect of no cash received for a strategic alliance in the three-month period ended August 31, 2007 compared to $90,000 in 2006 and gain on sale of options on mining properties of $121,635 ($56,814 in 2006). Recovery of expenses of $315,433 compared to expenses of $120,177 in 2006 is due to mainly the net effect of the three following items: 1) adjustment of fair value of the stock-based compensation of $534,707 compared to $72,108 in 2006, caused by the 600,000 options granted in March 2007 of which the exercisable period was over 18 months after the granting date;, 2) administration fees of $203,203 ($165,266 in 2006) as a result of salary costs of $68,749 ($36,101 in 2006) related to the increase in the number of employees, and professional and maintenance fees of $58,537 ($36,101 in 2006) related to the Shareholder Rights Plan; and 3) write-off of mining properties of $58,463 ($Nil in 2006).

Critical accounting estimate

Mining properties book values

At the end of each quarter, management reviews the carrying value of its mining properties to determine whether any write-offs are necessary. Following this analysis, the Company reported an amount of $73,104 pertaining to abandoned claims on the Obamsca, Retty, Manitou (partially), Baskatong and Aguanish properties, compared to $7,300 in 2006.

New accounting policies

In January 2005, the CICA published four new accounting standards relating to financial instruments: Section 3855 "Financial Instruments — Recognition and Measurement", Section 3865 "Hedges", Section 1530 "Comprehensive Income", and Section 3251 "Equity".

Section 3855 expands on instructions set forth in Section 3860, "Financial Instruments — Disclosure and Presentation", by prescribing when a financial instrument is to be recognized in the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented in the financial statements.

Section 3865 provides alternative treatments to Section 3855 for companies that choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13, “Hedging Relationships”, and the hedging guidance in Section 1650, “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530, “Comprehensive Income”, introduces a new requirement to temporarily present certain gains and losses outside net income.

Consequently, Section 3250, “Surplus”, has been revised to become Section 3251, “Equity”.

Effective September 1, 2007, the Company adopted CICA Handbook Section 1506 "Accounting Changes". This section establishes criteria for changes in accounting policies, accounting treatment and disclosures regarding changes in accounting policies, estimates and corrections of errors. In particular, this section allows for voluntary changes in accounting policies only when they result in the financial statements providing reliable and more relevant information. Furthermore, this section requires disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective. Such disclosures are provided below.

Sections 1530, 3251, 3855 and 3865 apply to fiscal years beginning on or after October 1, 2006. These sections will be adopted by the Company on September 1, 2007, and these transition adjustments will not have a material impact on the Company's balance sheet.

As a result of the implementation of these new accounting standards, the recognition of financial assets and liabilities will be established as follows:

Transition

The recognition, derecognition and measurement methods used as well as the hedge accounting policies used to prepare the financial statements of periods prior to the effective date of the new standards were unchanged and, therefore those financial statements will not be restated.

Sections 1530, 3251, 3855 and 3865 will be adopted by the company on September 1, 2007. As of this date, the Company will recognize all of its financial assets and liabilities in the balance sheet according to their classification. Any adjustment made to a previous carrying amount will be recognized as an adjustment to the balance of deficit at that date or as the opening balance of a separate item in "Accumulated other comprehensive income", net of income taxes, if any.

The difference between the carrying amount and the fair value of investments classified as available for sale will be recognized as an adjustment to the opening balance of "Accumulated other comprehensive income", net of income taxes.

Future accounting changes

The CICA published the following new sections that will apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007:

- Section 3862, "Financial Instruments – Disclosures". This section describes the required disclosures to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

- Section 3863, "Financial Instruments – Presentation". This section establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments – Disclosure and Presentation".

- Section 1535, "Capital Disclosures". This section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to determine if the entity has complied with capital requirements and if not, the consequences of such non-compliance.

This section will apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The CICA amended Section 1400, "General Standards of Financial Statement Presentation", to include requirements to assess and disclose an entity's ability to continue as a going concern (going concern assumption).

The Company has not yet assessed the effect of these new standards on its financial statements.

Financial instruments

Fair value

The cash and cash equivalents, amounts receivable, accounts payable, and accrued liabilities are financial instruments whose fair value approximates their carrying value due to their short term maturity or to current market rates.

The fair value of long-term investments based on a quoted market value amounts to $692,400 and $124,600 as at August 31, 2007 and 2006, respectively.

Interest rate risk

As at August 31, 2007, the Company's exposure to interest rate risk is summarized as follows:

- Cash and cash equivalents	Variable interest rate
- Accounts receivable	Non-interest bearing
- Accounts payable and accrued liabilities	Non-interest bearing

Information regarding outstanding shares

The Company can issue an unlimited number of common shares, without par value. As at December 13, 2007, there were 16,771,755 issued and outstanding shares.

The Company maintains a stock option plan in which a maximum of 1,475,000 stock options may be granted. On March 6, 2007, the Board of Directors decided to increase the number of shares reserved for issuance under the stock option plan to 15% of the shares issued and outstanding, i.e., 2,488,000. This increase was authorized by the Company's disinterested shareholders at the Annual and Extraordinary meeting of shareholders held on February 20, 2007 and approved by the TSX Venture Exchange on April 27, 2007. As at December 13, 2007, 1,595,000 stock options were outstanding, of which 1,145,000 were exercisable. Their exercise prices range from $0.24 to $4.30, and expiry dates from June 19, 2008, to March 6, 2012.

Risks and uncertainties

Financial risks

The Company is considered to be an exploration company. It must therefore regularly obtain financing in order to pursue its activities. Despite previous success in acquiring such financing, there is no guarantee of success in the future.

Property title risk

Although the Company has taken steps to verify property titles relating to its mining properties in which it holds an interest, and that those steps are in accordance with industry standards regarding the current exploration stage on the properties, these procedures do not guarantee the Company's right to the property title. The property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Environmental risk

The Company is susceptible to various environmental incidents that can occur during exploration work. The Company maintains an environmental risk management system that includes operational plans and practices.

Subsequent events

At the special meeting held on October 10, 2007, the company shareholders approved the Shareholder Rights Plan (the "Rights Plan") adopted by the Board of Directors on May 31, 2007. The Rights Plan is designed to encourage the fair treatment of shareholders in connection with any takeover offer for the company. The Rights Plan will provide the Board of Directors and the shareholders with more time to fully consider any unsolicited takeover bid for the company without undue pressure, to allow the Board of Directors to pursue, if appropriate, other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge.

On October 17, 2007, the company announced the staking of nine claim blocks totalling 1,587 claims covering a surface area of 831 km^2 in the James Bay region in northern Quebec. These claims increased the company's portfolio of gold projects to 14 properties consisting of 4,395 claims covering a surface area of 2,302 km^2.

On November 15, 2007, the company granted Kativik Resources Inc. ("Kativik") the option to acquire a 50% interest in the Kativik property for a total cash consideration amount of $440,000, $300,000 worth of common shares of Kativik, and $5.0 million dollars in work expenditures. Kativik may also acquire an additional 15% interest with the delivery of a bankable feasibility study.

Additional information and continuous disclosure

This Management's Discussion and Analysis report was prepared on December 13, 2007. The Company regularly divulges additional information through press releases, financial statements, and its annual information form on the SEDAR website (www.sedar.com).

Disclosure controls

The Company's Chief Executive Officer and Secretary Treasurer are responsible for establishing and maintaining the Company’s disclosure controls and procedures. These disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports filed with securities regulatory authorities is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to the Company’s management, including its Chief Executive Officer and its Secretary Treasurer, as appropriate to allow timely decisions regarding required disclosure. The Chief Executive Officer and Secretary Treasurer are assisted in this responsibility by the disclosure committee consisting of senior executives of the Company. Based on an evaluation of the Company’s disclosure controls and procedures, the Company’s Chief Executive Officer and Secretary Treasurer have concluded that these disclosure controls and procedures operated effectively as of August 31, 2007 to ensure that material information relating to the Company would have been made known to them.

Internal control over financial reporting

Internal control over financial reporting (“ICFR”) is designed to provide reasonable assurance regarding the reliability of the Company’s financial reporting and its compliance with GAAP in its financial statements. The Chief Executive Officer and the Secretary Treasurer have evaluated whether there were changes to its ICFR during the fiscal year ended August 31, 2007 that have materially affected, or that are reasonably likely to materially affect its ICFR. No such changes were identified through their evaluation.

(s) Jean-Marc Lulin	(s) Moniroth Lim
President and CEO	Secretary Treasurer