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Azimut on Ungava Uranium Hunt

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One thing you can't say about Jean-Marc Lulin, president and CEO of **Azimut Exploration** (AZMV), is that he thinks small. Under Lulin's leadership, Azimut has become likely the largest claim holder in Quebec, with no less than 48 projects on about 13,300 sq. km that are prospective for uranium, gold and nickel.

And he has done it using a proprietary computer-based exploration methodology, allowing Azimut to generate projects it then options to other companies, minimizing risk for itself, reducing expenses and avoiding dilution.

Now Lulin is going a step further. He wants to buy back the options already granted on two earlystage uranium projects, North Rae and Daniel Lake, in the northeastern part of the Ungava Bay region of Nunavik, in northern Quebec. Azimut has until Nov. 6 to buy back the options from **NWT Uranium** (NWT-V) for $4 million in cash and shares. Instead of optioning the two properties to another explorer, Azimut is planning to drill the projects itself, advancing them rapidly using its own exploration.

Obviously, Lulin believes that the two projects are highly prospective, or he would not have strayed from Azimut's usual *modus operandi*. The company conducted an exploration program in the summer, and identified eight outcropping mineralized zones that are 18.4 km long in total. Grab samples of surface material on the eight zones returned maximum values of 0.24% to 3.3% uranium oxide. Typical maximum values hover around 0.6% uranium oxide.

Outcropping on the properties is abundant. Helicopter-borne geophysics surveying is used to search for mineralized zones, and anomalies are directly correlated to uranium in lake-bottom sediments. Some anomalies are yet to be prospected, but Lulin is confident enough in the potential of North Rae and Daniel Lake that he is ready to start drilling next year on the best mineralized zones discovered so far.

The geological model is based on two geological domains. The first is Archean basement granite on gneisses -- a highly metamorphic context. The second is Proterozoic metasediments. Most mineralized zones are related to regional-scale pegmatitic dyke swarms. There are deep-seated crustal-scale faults that are Proterozoic, and control several mineralized zones, so the faults are exploration targets, too.

There is a 70 km-long unconformity between Archean rocks and Proterozoic metasediment. This contact has been tectonized by a subsequent orogenic event. Proterozoic sediments were deposited above Archean granitic and gneissic rock formations (basement).

"This is a fantastic environment to look for uranium," Lulin says. Most of the mineralized zones are located along the tectonized unconformity, in particular the Jonas zone (700 metres long), Puqila zone (6 km long), Cirrus zone (2.4 km long) and Amittujaq zone (3.5 km long).

There is a strong uranium background in the lake-bottom sediments (from 50 to 1,800 parts per million uranium oxide) in the region, especially in the sectors corresponding to the Archean basement and along the Archean-Proterozoic geological contact.

The exploration model is Archean-Proterozoic contact. Mineralization will be explored along latestage crustal scale faults, and marbles will also be explored. It is possible that most mineralization could be found in pegmatites in host sediments. Pegmatitic dykes are continuous at a regional scale. They can be 5 to 80 metres wide, and individual dykes can be 2 to 3 km long. Lulin will be looking for

mineralization starting at surface that could be mined by open pit.

French nuclear giant **Areva** (ARVCF-O) operates the CAGE uranium exploration project in the Ungava Bay area, and is reportedly planning to spend $10 million on exploration there. Remarkably, Areva has also staked ground that Azimut left open between its claims -- a tacit indication that Azimut's properties could have merit.

Azimut controls six properties in the Ungava Bay region, for a total of 8,772 claims, covering about 4,200 sq. km. The company uses an exploration camp on site. The nearest settlement is the Inuit village of Kangiqsualujjuaq, about 15 km northwest of the North Rae property, and it has an airstrip and a small port. Basic provisions are available at the village. There are daily flights from Montreal to Kangiqsualujjuaq via Kuujjuaq, and the trip takes half a day.

Lulin says that Azimut's special expertise is project generation.

"Our core business is targeting. On a routine basis, we do numerical data processing in order to identify targets in a better way and reduce the initial-stage exploration risk."

Azimut is one of the more innovative explorers around. Instead of kicking rocks on one project at time, it prefers to scan massive geological databases first, narrowing them down to the most interesting prospects.

"Our core business, the way we generate projects, is data processing, in a very sophisticated way. We take large-scale databases, and we have the capability to recognize quality targets based on a statistical or probablilistic approach," Lulin says, adding he developed the method over the past 15 years. "We use an algorithm to recognize a footprint. As soon as we identify targets, we stake them, and that way we have been able to develop partnerships."

Over four years, these early-stage targets have attracted 15 option agreements with companies wishing to earn into the projects. The options entail a combined $50 million in exploration commitments by the option holders, plus payments in cash and shares to Azimut. This year, the agreements called for $13 million in work commitments. Not many explorers can boast such a large number of active projects.

Azimut's 27,637 claims are about 10% of the staked claims in Quebec. The company is one of the largest uranium explorers in the province, with about 20,000 claims, or 70% of the total targeting uranium. These are spread among 20 projects, of which 11 are under option. Under the option agreements, there is $42 million in work commitments for these uranium projects over the next five years, of which $7 million is scheduled to be spent this year. From the start, Azimut decided to look at Quebec, specifically searching for large prospects.

"We developed a global vision about Quebec based on the processing of the exhaustive database existing in Quebec. Looking through a small window or keyhole, it's not the way we work. We try to develop, as much as possible, a province-scale approach, or a geological province-scale approach or sub-province scale approach, or a country-scale approach," Lulin says. "We are looking for districts. We are looking for major deposits."

He gives an instance of how Azimut has gone about generating uranium prospects.

"For example, lake-bottom sediments. We put together seventy different surveys of lake-bottom sediments collected over thirty years in Quebec and Labrador. This represents 350,000 samples, or a database of eleven million analyses," Lulin says. "You have to be able to manage a large and complex database. In addition we have the ability to process it according to our unique way, to be able to narrow down targets to the very best and retain the very best targets."

He outlines the narrowing-down process that takes place once initial targets are identified.

"For Quebec, if we are looking for uranium, we have the capacity to produce uranium maps in lakebottom sediments. But you cannot stake this target -- it is too big. In the target map we further narrow down to very few targets," Lulin says. By adding other parameters, Azimut narrows those targets down even more, then stakes all the significant ones in the region, Lulin says.

Despite their expertise in ferreting out geological information from large databases, Azimut geologists do not spend 100% of their time in front of a computer screen.

"We have not only the processing ability with a computer, but we have also the practical know-how of exploration," Lulin says. "We are not only computer geologists. We have the capability, and this is very critical, to recognize which numeric targets are the right ones."

Counterintuitively, those targets are not always associated with known mineralization or historic showings.

Lulin says the attitude toward uranium exploration is generally good in Quebec, adding that the fact that Azimut is exploring remote regions is an asset. He adds that the company's relationship with the nearby Inuit population is positive.

In addition to its six properties in the Ungava Bay area, Azimut has projects in two other clusters: an underexplored 350-km-long region in central Quebec, and the 320-km-long North Shore region.

So far, Azimut has received $3.8 million in cash payments from option holders. At presstime, its stock traded at around 50¢ in a 12-month window of 46¢-$5.68. The company has 18.7 million shares fully diluted.