



# AZIMUT EXPLORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended February 28, 2019

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## SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

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This report represents a complementary addition to the unaudited condensed interim financial statements by providing additional contextual and prospective information on the financial position and operating performance of Azimut Exploration Inc. (“Azimut” or the “Company”) for the three and six months ended February 28, 2019. This report should be read in conjunction with the Company’s unaudited condensed interim financial statements for the three and six months ended February 28, 2019 and the annual financial statements for the year ended August 31, 2018, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All figures are in Canadian dollars unless otherwise noted.

## CORPORATE PROFILE AND MISSION

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Azimut is a publicly traded Canadian exploration-stage company that specializes in mineral potential assessments and targeting to discover major ore deposits. Azimut conducts its exploration activities by following two main guiding principles. First, the Company maximizes the probability of discovery by using a cutting-edge targeting methodology that reduces exploration risk. Second, the Company reduces business risk by developing partnerships for projects generated by its targeting methodology.

As at April 24, 2019, Azimut holds twenty-nine (29) exploration properties comprising 9,945 claims (29 properties and 9,863 claims as at February 28, 2019). The properties were acquired based on the results of the Company’s regional-scale assessments of Quebec’s mineral potential. Azimut owns a 100% interest in all but ten (10) of its properties: Eleonore South (26.57%); Wabamisk (49%); and Opinaca A, Opinaca B, Dalmas, Galinée, Munischiwan, Pikwa, Pontois and Desceliers (50% each). The Company’s property portfolio comprises the following (Figure 1):

In the James Bay region:

- 18 gold properties
  - 4 in the Eleonore Gold Camp area (Opinaca A, Opinaca B, Eleonore South and Opinaca D)
  - 1 in the Eastmain River area (Wabamisk)
  - 13 elsewhere (Munischiwan, Pikwa, Pontois, Desceliers, Galinée, Dalmas, Orsigny, Sauvolles, Synclinal, Corvet, Duxbury, Kukamas East and Valore)
- 1 gold-copper property (Kaanaayaa)
- 1 gold-polymetallic property (Elmer)
- 1 chromium and platinum group element property (Chromaska)
- 1 zinc property (Cawachaga)

In the Nunavik region:

- 5 polymetallic properties (Rex, Duquet, Rex South, NCG and Qassituq)
- 1 gold property (Nantais)
- 1 uranium property (North Rae)

Jean-Marc Lulin, geologist, president, chief executive officer and director of Azimut, is a qualified person under National Instrument 43-101 and has reviewed the technical disclosures presented in subsequent sections. All claim totals, surface areas and property descriptions are effective as at April 24, 2019.

## OVERALL PERFORMANCE

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Summary of activities for the current quarter and subsequent activities:

- Azimut and SOQUEM Inc. (“SOQUEM”), flew a heliborne geophysical survey over the jointly held gold-polymetallic Pikwa Property in the James Bay region, identifying strong electromagnetic conductors that further defined mineralized geophysical-geochemical corridors on the property along strike from an adjacent significant discovery held by another company;
- Azimut acquired the Kaanaayaa gold-copper property in the James Bay region;
- Azimut and SOQUEM discovered the InSight gold-silver-copper prospect (up to 100.5 g/t Au in grab samples) on the jointly held Munischiwan Property (James Bay region) and commenced a follow-up magnetics and induced polarization (“IP”) geophysical survey to further assess its extent and potential.
- Azimut and SOQUEM signed a letter of agreement to expand their existing strategic alliance in the James Bay region regarding six gold properties jointly explored since 2016 and to create a new strategic alliance in the Nunavik region to advance three major copper-gold properties through substantial exploration programs.
- Azimut completed a non-brokered private placement of 4,421,153 units at \$0.26 per unit, for aggregate gross proceeds of \$1,149,500; and
- Azimut and its joint venture partners announced new drilling results for the Eleonore South Property in the James Bay region.

Highlights for the six months ended February 28, 2019 (“Q2 2019”):

- Azimut ended Q2 2019 with a working capital of \$1.22 million<sup>1</sup> (\$2.55 million – February 28, 2018; “Q2 2018”). Management believes it has sufficient funds to pay its ongoing general and administration (“G&A”) expenses and to meet its liabilities, obligations and existing commitments for at least the next twelve (12) months following Q2 2019; and
- Azimut spent \$2.7 million in exploration and evaluation (“E&E”) expenditures of which \$949,000 was charged back to the joint venture partners.

## EXPLORATION AND EVALUATION ASSETS

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In Q2 2019, the Company incurred E&E expenditures totalling \$1,158,000 (\$571,000 – Q2 2018). Most of the expenditures were incurred on the Eleonore South, Opinaca D, Duxbury and Elmer properties in the James Bay region. An amount of \$140,000 is available for the Company’s contribution to the drilling program on the Eleonore South Property.

The E&E assets for Q2 2019 are detailed in the tables on the following pages. All mining properties are located in the Province of Quebec.

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<sup>1</sup> For ease of reading and comparison, dollar amounts in this MD&A are rounded to the nearest thousand for amounts over \$1,000 and to the nearest hundred otherwise, except for equity prices and exercise prices. Refer to the accompanying financial statements for exact amounts.

# Property portfolio in Quebec, Canada

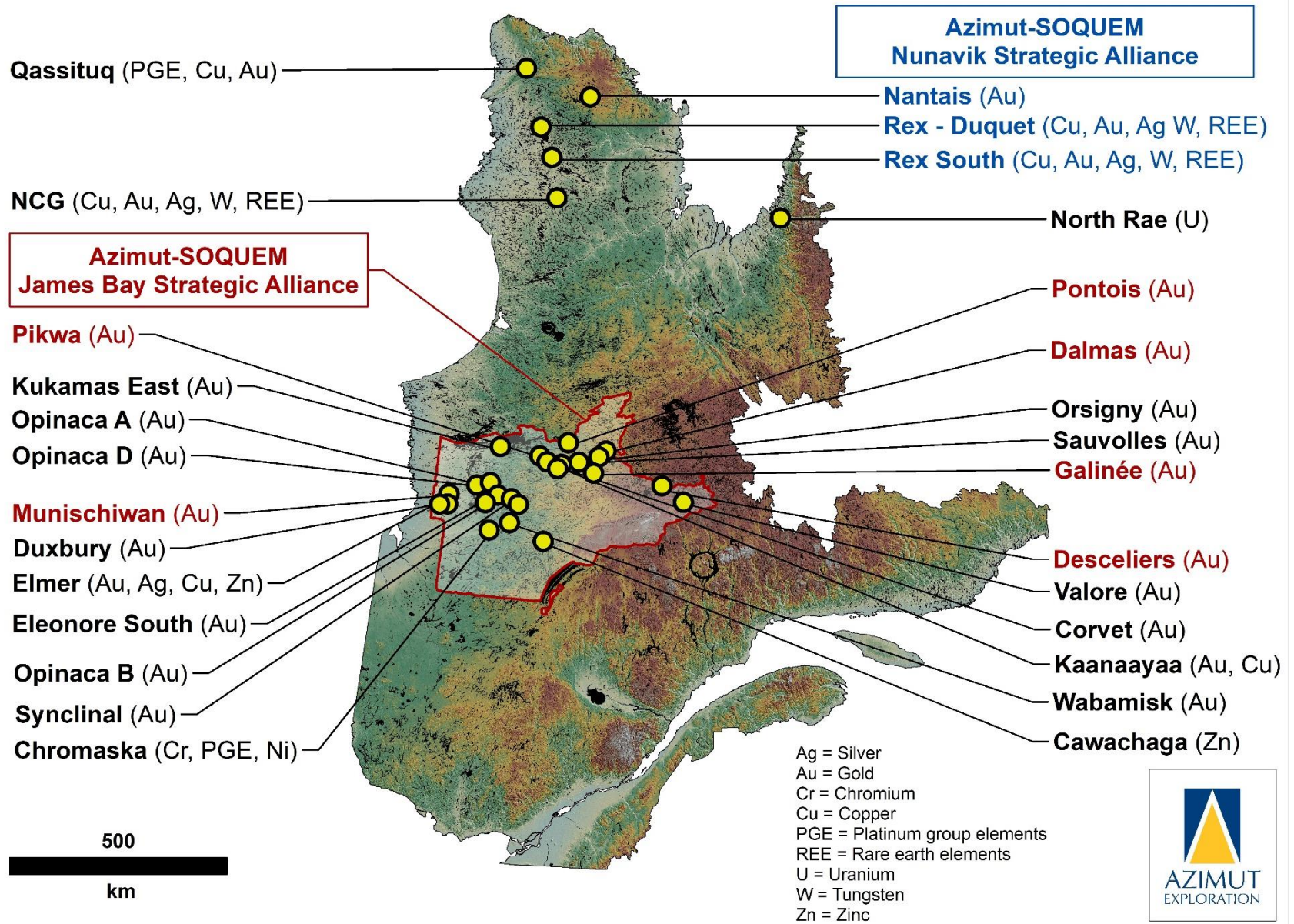


Figure 1: Azimut property location map.

## Change in E&E assets – Q2 2019

Mineral property	Net book value as at August 31, 2018 \$	Acquisition costs		Exploration costs					Depreciation of property & equipment \$	Cost incurred during the period \$	Credit on duties refundable for loss and refundable tax credit for resources \$	Impairment \$	Net book value as at February 28, 2019 \$
		Claims and permits \$	Geochem. surveys \$	Geol. surveys \$	Geophys. surveys \$	Drilling \$	Stripping \$	Admin. & other \$					
<b>James Bay</b>													
Opinaca A	63,591	88	2,069	2,315	-	-	-	-	-	4,472	(1,450)	-	66,613
Opinaca B	5,230	-	-	625	-	-	-	-	-	625	-	-	5,855
Eleonore South	1,070,926	-	226	151,881	19	301,959	48,837	24,406	17,494	544,821	(146,400)	-	1,469,347
Opinaca D	274,981	7,080	-	17,435	-	-	-	-	-	24,515	(550)	-	298,946
Wabamisk	20,238	-	-	10,785	-	-	-	-	-	10,785	(4,500)	-	26,523
Valore	69,943	-	22	420	-	-	-	-	-	442	(150)	-	70,235
SOQUEM JV	4	-	-	-	-	-	-	-	-	-	-	-	4
Dalmas	162	-	-	-	-	-	-	-	-	-	-	-	162
Galinée	163	-	-	-	-	-	-	-	-	-	-	-	163
SOQUEM Alliance	30,450	1,188	-	-	-	-	-	-	-	1,188	-	-	31,638
SOQUEM Alliance – Others	86,845	1,539	64	45,249	-	-	-	-	-	46,852	(13,050)	-	120,647
Kaanaayaa	-	47,217	90	2,888	-	-	-	-	-	50,194	(1,000)	-	49,194
<b>Total – Gold</b>	<b>1,622,533</b>	<b>57,111</b>	<b>2,471</b>	<b>231,598</b>	<b>19</b>	<b>301,959</b>	<b>48,837</b>	<b>24,406</b>	<b>17,494</b>	<b>683,894</b>	<b>(167,100)</b>	<b>-</b>	<b>2,139,327</b>
Chromaska	814,281	2,257	-	5,279	25	6,712	-	-	-	14,273	(3,700)	-	824,854
<b>Total – Chromium-PGE</b>	<b>814,281</b>	<b>2,257</b>	<b>-</b>	<b>5,279</b>	<b>25</b>	<b>6,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,273</b>	<b>(3,700)</b>	<b>-</b>	<b>824,854</b>
Cawachaga	6,729	-	85	1,058	-	-	-	-	-	1,143	(450)	-	7,422
<b>Total – Zinc</b>	<b>6,729</b>	<b>-</b>	<b>85</b>	<b>1,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,143</b>	<b>(450)</b>	<b>-</b>	<b>7,422</b>
Elmer	22,264	12,092	453	46,057	7,623	-	-	-	-	66,225	(22,000)	-	66,489
<b>Total – Polymetallic</b>	<b>22,264</b>	<b>12,092</b>	<b>453</b>	<b>46,057</b>	<b>7,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,225</b>	<b>(22,000)</b>	<b>-</b>	<b>66,489</b>
<b>Total – James Bay</b>	<b>2,465,807</b>	<b>71,461</b>	<b>3,009</b>	<b>283,990</b>	<b>7,667</b>	<b>308,671</b>	<b>48,837</b>	<b>24,406</b>	<b>17,494</b>	<b>765,534</b>	<b>(193,250)</b>	<b>-</b>	<b>3,038,091</b>
<b>Nunavik</b>													
Rex	1,115,610	123,960	-	8,302	340	-	-	-	(362)	132,240	(3,250)	-	1,244,600
Duquet	4,056	3,550	-	10,110	-	-	-	-	-	13,660	(4,400)	-	13,316
Rex South	522,459	175,356	-	10,128	255	-	-	-	(310)	185,429	(3,600)	-	704,288
Qassituq	4,408	-	-	-	-	-	-	-	-	-	-	-	4,408
<b>Total – Polymetallic</b>	<b>1,646,533</b>	<b>302,865</b>	<b>-</b>	<b>28,540</b>	<b>595</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>331,328</b>	<b>(11,250)</b>	<b>-</b>	<b>1,966,611</b>
Nantais	160,339	49,731	-	9,474	1,364	-	-	-	-	60,568	(4,700)	-	216,207
<b>Total - Gold</b>	<b>160,339</b>	<b>49,731</b>	<b>-</b>	<b>9,474</b>	<b>1,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,568</b>	<b>(4,700)</b>	<b>-</b>	<b>216,207</b>
North Rae	-	132	-	-	-	-	-	-	-	132	-	(132)	-
<b>Total - Uranium</b>	<b>-</b>	<b>132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>-</b>	<b>(132)</b>	<b>-</b>
<b>Total – Nunavik</b>	<b>1,806,872</b>	<b>352,728</b>	<b>-</b>	<b>38,014</b>	<b>1,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>392,028</b>	<b>(15,950)</b>	<b>(132)</b>	<b>2,182,818</b>
<b>Total – E&amp;E assets</b>	<b>4,272,679</b>	<b>424,189</b>	<b>3,009</b>	<b>322,004</b>	<b>9,625</b>	<b>308,671</b>	<b>48,837</b>	<b>24,406</b>	<b>16,822</b>	<b>1,157,563</b>	<b>(209,200)</b>	<b>(132)</b>	<b>5,220,910</b>

## Change in E&E assets – Q2 2018

	Acquisition costs		Exploration costs										Credit on duties refundable for loss and tax credit for resources	Net book value as at February 28, 2018
	Net book value as at August 31, 2017	Claims and permits	Geochem. surveys	Geol. surveys	Geophys. surveys	Drilling	Stripping	Admin. & other	Camp maintenance and repair	Equipment	Depreciation of property and equipment	Cost incurred during the period		
Mineral property	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay</b>														
Opinaca A	36,464	-	-	-	-	-	-	-	-	-	-	-	-	36,464
Opinaca B	3,696	-	-	950	-	690	-	-	-	-	-	1,640	(715)	4,621
Eleonore South	468,673	-	4,414	42,513	6,802	271,639	19,235	(364)	15,067	6,496	17,494	383,297	(109,150)	742,819
Opinaca D	98,398	-	-	134	-	-	-	-	-	-	-	134	-	98,532
Wabamisk	19,137	-	-	935	295	-	-	-	-	-	-	1,230	(530)	19,837
Valore	53,276	-	-	-	-	-	-	-	-	-	-	-	-	53,276
SOQUEM JV	4	-	-	-	-	-	-	-	-	-	-	-	-	4
Dalmas	10,950	-	-	-	-	-	-	-	-	-	-	-	-	10,950
Galinée	52,576	9,503	-	-	-	-	-	-	-	-	-	9,503	-	62,079
SOQUEM Alliance	53,827	-	-	-	-	-	-	-	-	-	-	-	-	53,827
SOQUEM Alliance – Others	32,457	-	-	-	-	-	-	-	-	-	-	-	-	32,457
<b>Total – Gold</b>	<b>829,458</b>	<b>9,503</b>	<b>4,414</b>	<b>44,532</b>	<b>7,097</b>	<b>272,329</b>	<b>19,235</b>	<b>(364)</b>	<b>15,067</b>	<b>6,496</b>	<b>17,494</b>	<b>395,803</b>	<b>(110,395)</b>	<b>1,114,866</b>
Chromaska	172,025	1,340	260	5,393	4,078	1,130	-	-	-	-	-	12,201	(620)	183,606
<b>Total – Chromium-PGE</b>	<b>172,025</b>	<b>1,340</b>	<b>260</b>	<b>5,393</b>	<b>4,078</b>	<b>1,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,201</b>	<b>(620)</b>	<b>183,606</b>
Cawachaga	6,729	-	-	-	-	-	-	-	-	-	-	-	-	6,729
<b>Total – Zinc</b>	<b>6,729</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,729</b>
<b>Total – James Bay</b>	<b>1,008,212</b>	<b>10,843</b>	<b>4,674</b>	<b>49,925</b>	<b>11,175</b>	<b>273,459</b>	<b>19,235</b>	<b>(364)</b>	<b>15,067</b>	<b>6,496</b>	<b>17,494</b>	<b>408,004</b>	<b>(111,015)</b>	<b>1,305,201</b>
<b>Nunavik</b>														
Rex	1,013,647	77,145	845	1,544	-	-	-	-	-	-	1,318	80,852	(1,025)	1,093,475
Duquet	4,056	-	-	-	-	-	-	-	-	-	-	-	-	4,056
Rex South	400,000	71,584	520	2,433	-	-	-	-	-	-	1,542	76,079	(1,280)	474,799
Qassituq	-	3,881	-	65	-	-	-	-	-	-	-	3,946	-	3,946
<b>Total - Gold and Polymetallic</b>	<b>1,417,703</b>	<b>152,610</b>	<b>1,365</b>	<b>4,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,860</b>	<b>160,877</b>	<b>(2,305)</b>	<b>1,576,275</b>
Nantais	96,756	-	520	337	1,376	-	-	-	-	-	-	2,233	(960)	98,029
<b>Total – Gold</b>	<b>96,756</b>	<b>-</b>	<b>520</b>	<b>337</b>	<b>1,376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,233</b>	<b>(960)</b>	<b>98,029</b>
North Rae	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total – Gold</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total – Nunavik</b>	<b>1,514,459</b>	<b>152,610</b>	<b>1,885</b>	<b>4,379</b>	<b>1,376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,860</b>	<b>163,110</b>	<b>(3,265)</b>	<b>1,674,304</b>
<b>Total – E&amp;E assets</b>	<b>2,522,671</b>	<b>163,453</b>	<b>6,559</b>	<b>54,304</b>	<b>12,551</b>	<b>273,459</b>	<b>19,235</b>	<b>(364)</b>	<b>15,067</b>	<b>6,496</b>	<b>20,354</b>	<b>571,114</b>	<b>(114,280)</b>	<b>2,979,505</b>

## JAMES BAY REGION

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Since Azimut performed its initial mineral potential modelling across the Eeyou Istchee James Bay Territory (the “James Bay region”) in 2003, it has become one of the most active regions for gold exploration in Canada and remains a strategic priority for the Company. Azimut’s current holdings in the James Bay region comprise 20 gold or gold-polymetallic properties, a chromium-PGE property and a zinc property (Figure 2). Ownership is summarized in the list below. See text for detailed descriptions.

### Eleonore Gold Camp – Gold

Opinaca A	Agreement with Everton Resources Inc. (“Everton”)
Opinaca B	Agreement with Everton and Hecla Quebec Inc. (“Hecla”, formerly Aurizon)
Eleonore South	Three-party agreement with Eastmain Resources Inc. (“Eastmain Resources”) and Les Mines Opinaca Ltée
Opinaca D	100% Azimut

### Eastmain River Area – Gold

Wabamisk	Agreement with Goldcorp Inc. (“Goldcorp”)
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### Eastmain River Area – Chromium-PGE

Chromaska	100% Azimut
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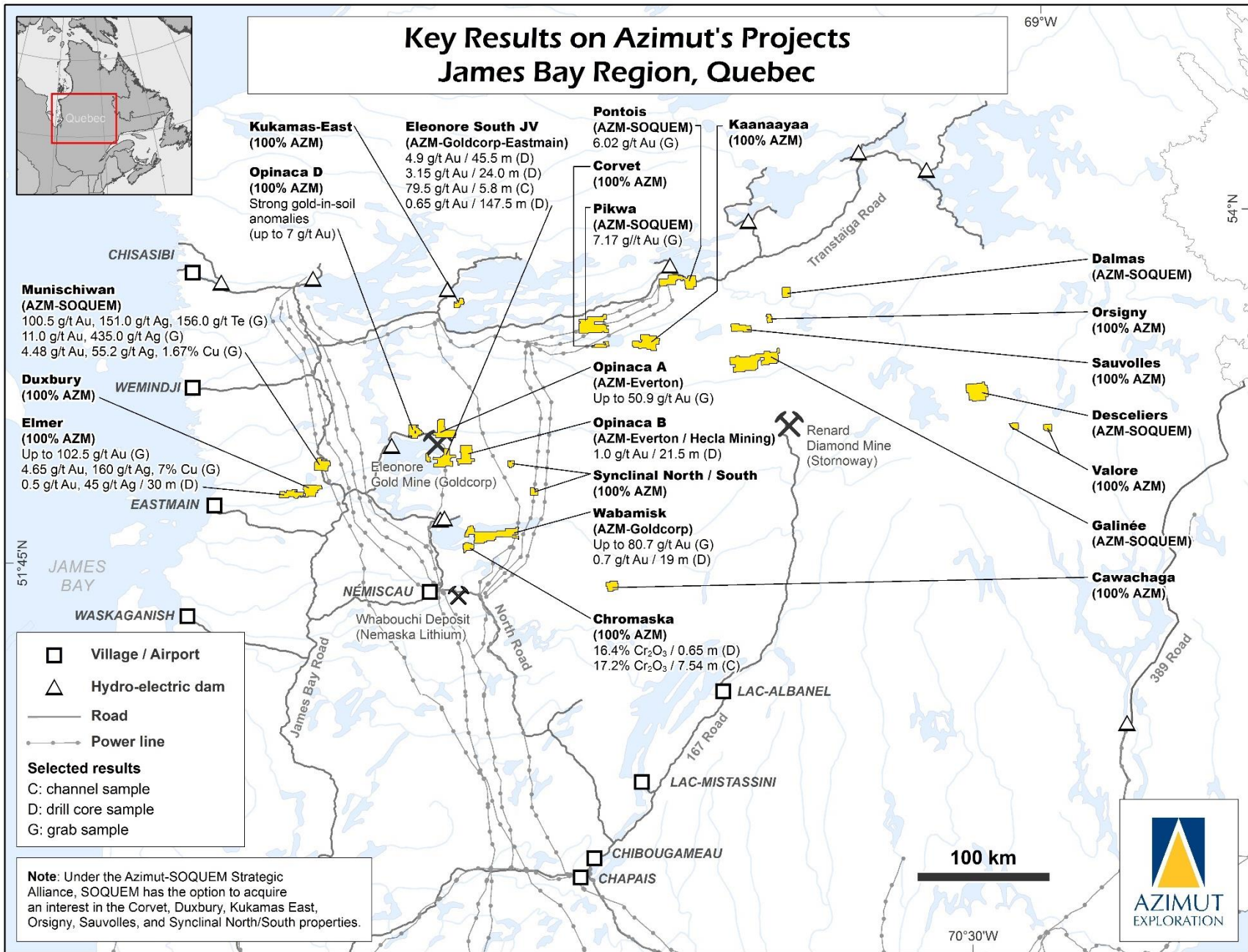
### Azimut-SOQUEM Strategic Alliance – Gold

Desceliers	JV with SOQUEM
Munischewan	JV with SOQUEM
Pikwa	JV with SOQUEM
Pontois	JV with SOQUEM
Dalmas	JV with SOQUEM
Galinée	JV with SOQUEM
Synclinal	100% Azimut
Corvet	100% Azimut
Duxbury	100% Azimut
Kukamas East	100% Azimut
Orsigny	100% Azimut
Sauvolles	100% Azimut

### Other James Bay properties

Valore (Gold)	100% Azimut
Kaanaayaa (Gold, Copper)	100% Azimut
Cawachaga (Zinc)	100% Azimut
Elmer (Gold, Silver, Copper, Zinc)	100% Azimut





**Figure 2:** Azimut's exploration properties in the James Bay region, Northern Québec.

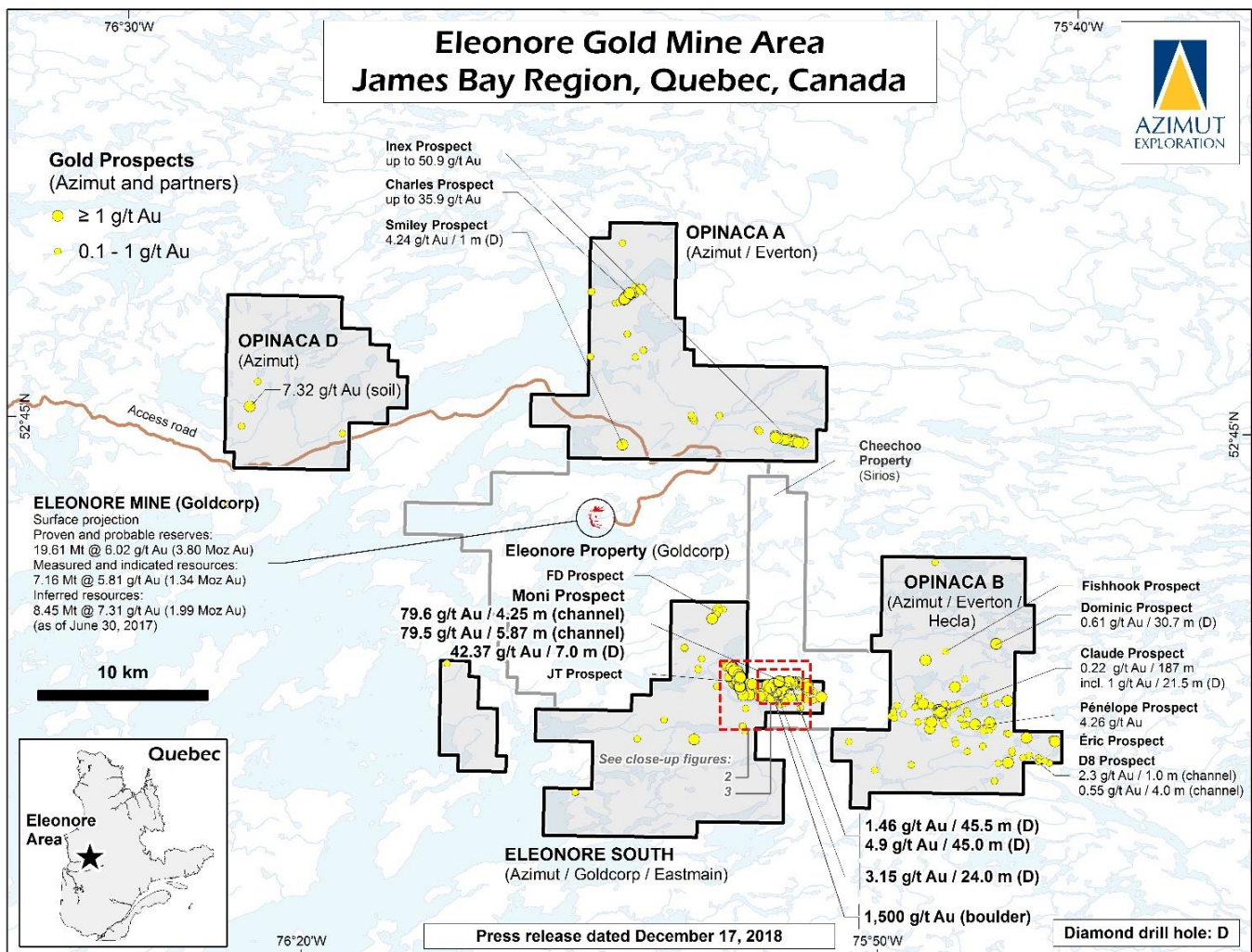


## ELEONORE CAMP – GOLD

In 2004, Virginia Mines Inc. discovered the Roberto gold deposit (Eleonore mine) on the Opinaca Reservoir (Figures 2 and 3), a distance of 320 kilometres from Matagami and 176 kilometres from the town of Eastmain. The project was acquired by Goldcorp in 2006 and the Eleonore mine poured its first gold bar on October 1, 2014. The mine reached commercial production on April 1, 2015 and production was 305,000 ounces in 2017. The main horizon remains open down dip where it has been drill-tested 200 metres below the current mineral reserves, and exploration continues to test for extensions and structural repetitions (Goldcorp website).

Goldcorp's 43-101 compliant mineral reserve and resource statement, as of June 30, 2018, announced proven and probable reserves of 17.78 Mt at 5.69 g/t Au for 3.25 Moz of gold, measured and indicated resources of 3.17 Mt at 5.03 g/t Au for 0.51 Moz of gold, and inferred resources of 3.19 Mt at 5.76 g/t Au for 0.59 Moz of gold (Goldcorp website).

Azimut acquired extensive holdings both before and after the Eleonore discovery based on the targeting results of the Company's gold potential modelling of the entire James Bay region. As a result, Azimut gained one of the leading property positions in the area (Figure 3). Several exploration targets on the Eleonore gold mine property are in close proximity to Azimut's project boundaries, and positive new results have recently been obtained on another adjacent property (see below for details).



**Figure 3:** Azimut's gold properties in the Eleonore Gold Camp, James Bay region, Northern Québec.

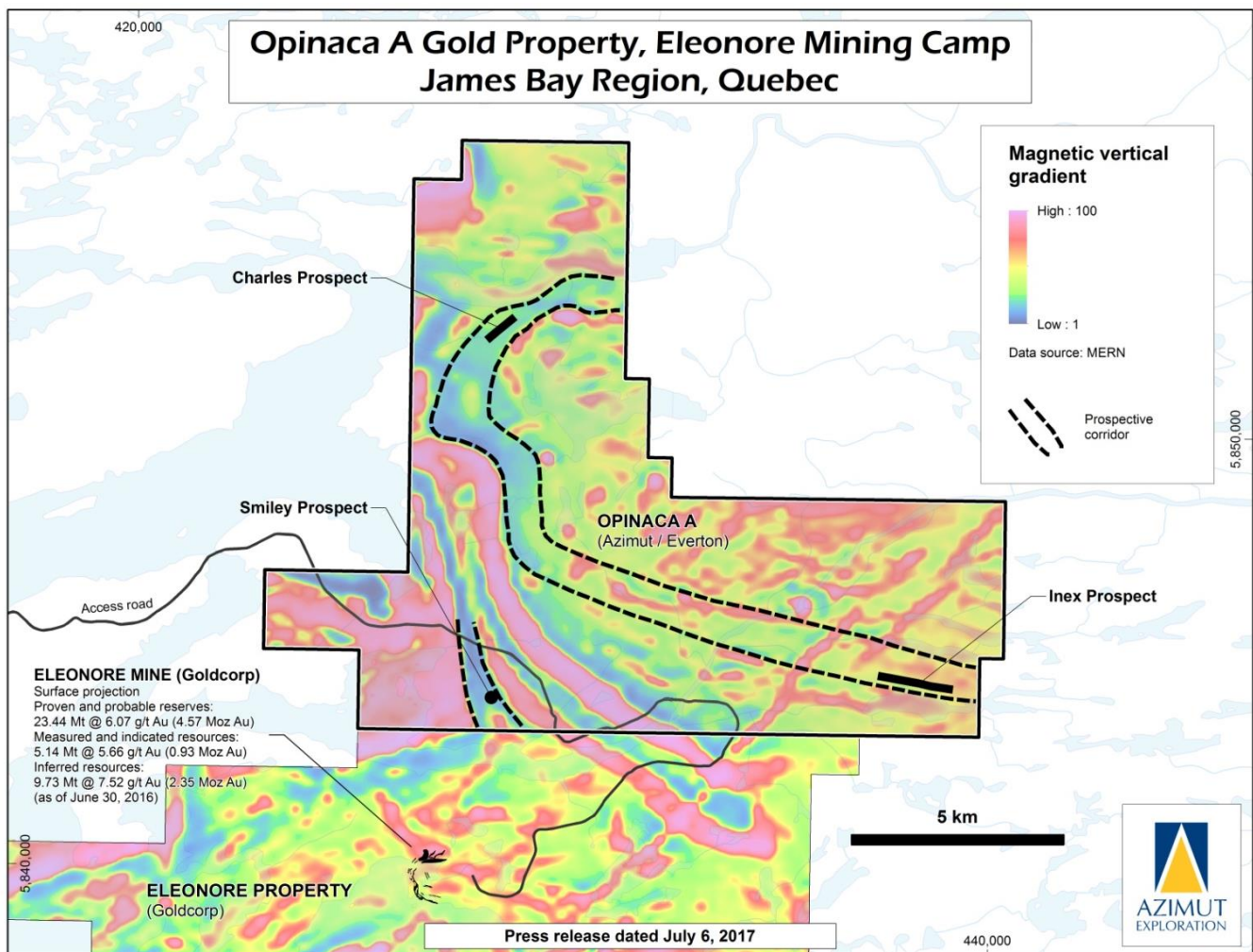
## Opinaca A Property

The Opinaca A Property (247 claims, 128.7 km<sup>2</sup>) is adjacent to Goldcorp's Eleonore mine property (see Figure 3). In March 2010, Everton earned its 50% interest on the Opinaca A Property. In September 2010, the property became subject to a three-party agreement between Azimut, Everton and Hecla covering both the Opinaca A and B properties, but this agreement was later amended on November 14, 2014 to exclude all claims comprising the Opinaca A Property.

### Gold potential and exploration programs

A reassessment of the property's gold potential using previous exploration work and new regional information (press release of July 6, 2017) concluded that two major gold prospects (Charles and Inex; see descriptions below) may be linked by a 20-kilometre prospective trend defined by geophysical, geological and geochemical parameters, including till anomalies (Figures 3 and 4). This underexplored sector is characterized by: a) the continuity of the magnetic signature between the two prospects; b) arsenic, antimony and bismuth anomalies in lake-bottom sediments; c) gold anomalies in glacial sediments; and d) local evidence of folding that may act as traps for gold mineralization.

The previous exploration program was a combined \$850,000 Opinaca A/B program in 2014, funded and operated by Hecla. The program, which followed up on the 2007–2008 programs (ground geophysics, prospecting, drilling) included a \$205,000 dedicated Opinaca A diamond drilling program (2,317 m in 9 holes) mainly on targets in the Smiley Prospect area, as well as prospecting, channelling and till sampling, which extended the Charles Prospect and improved target definition in the area. The salient results of the 2014 and earlier work programs are summarized in the descriptions below (press releases of August 9 and December 7, 2007, September 2, 2008, and March 19, 2015).



**Figure 4:** Map of magnetic vertical gradient showing prospective trends on the Opinaca A Property and the location of prospects (see Figure 2 in press release of July 6, 2017 for drill results).

The **Charles Prospect** is a 1-kilometre-long gold prospect hosted in biotite-rich paragneiss with quartz veins and up to 15% sulphides (pyrite, pyrrhotite). Several high-grade gold grab samples were obtained (up to 42.34 g/t Au). The best drill hole intersection was 2.7 g/t Au over 2.0 m (hole AC-07-01).

The **Inex Prospect** is a 1.7-kilometre-long gold prospect associated with a garnet-biotite-amphibole-silica-rich rock hosted in paragneiss. Gold is free or associated with pyrite and pyrrhotite. The best grab samples returned up to 50.9 g/t Au and the best drill hole returned 9.03 g/t Au over 0.6 m (hole OP-06-02).

The **Smiley Prospect** (4.24 g/t Au over 1.0 m in hole OS-08-04-A), located 800 metres north of the boundary with the Eleonore mine property, is positioned along an interpreted 2.5-kilometre-long north-trending prospective target supported by magnetic data. It is characterized by a major gold anomaly in till coupled with a gold-arsenic anomaly in soil, and by locally intense alteration in greywackes and paragneiss.

For Q2 2019, Azimut incurred \$7,000 (\$Nil – Q2 2018) in exploration work for the preparation of a work report, of which \$2,500 was charged back to Everton.

### **Opinaca B Property**

The Opinaca B Property (248 claims, 129.7 km<sup>2</sup>) lies approximately 16 kilometres east of Goldcorp's Eleonore Mine and is adjacent to the Cheechoo Gold Project held by Sirios Resources Inc. ("Sirios") (see Figure 3). In March 2010, Everton earned its 50% interest in the property, and Hecla signed a three-party agreement with Azimut and Everton on the Opinaca A and B properties (press release of September 16, 2010), which was amended in November 2014 to exclude the Opinaca A Property. According to the terms of the amended agreement, Hecla has the option to acquire a 50% interest in the Opinaca B Property by making cumulative cash payments of \$580,000 and incurring a total of \$6.0 million in exploration work over four (4) years (extended by an additional two (2) years in an amendment on November 15, 2013). Hecla may earn an additional interest of 10%, for a total interest of 60%, by making cumulative cash payments of \$300,000 and incurring at least \$3 million in exploration expenditures over three (3) years from the election date, and by delivering an independent pre-feasibility study on or before the fourth anniversary. The Company has received cash payments of \$290,000 on the first option and will receive \$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 million ounces of gold at an average grade of at least 6 g/t Au are discovered before the end of the eighth year of the initial option agreement, Hecla shall make a payment of \$1.5 million in Hecla common shares, subject to regulatory approval. The Company will receive 50% of these issued shares.

### ***Gold potential and exploration programs***

The discovery potential of the Opinaca B Property has been strengthened by recent drilling on the adjacent Cheechoo Property, which yielded results of 15.61 g/t Au over 9.70 m, 15.04 g/t Au over 12.35 m and 12.08 g/t Au over 20.30 m (Sirios press release of March 29, 2016).

In 2018, Hecla funded a heliborne magnetic survey totalling 1,495 line-km on the property, as well as a soil geochemical survey totalling 483 samples.

The \$925,000 exploration program in 2017, funded and operated by Hecla, consisted of a 2,945-metre (12-hole) diamond drilling program on multiple gold prospects (Dominic, 4 holes; Fishhook, 4 holes; D8, 2 holes; Eric, 1 hole; and Claude, 1 hole; see below for descriptions), as well as ground magnetic and electromagnetic surveying (press releases of June 19 and November 9, 2017). The best drilling result was at the Dominic Prospect with 0.61 g/t Au over 30.7 m (starting in mineralization), including 2.38 g/t Au over 2.0 m and 3.21 g/t Au over 1.7 m. Detailed results are provided below. A follow-up work program including mechanical trenching is planned for 2018.

In 2016, Hecla conducted a \$756,000 exploration program consisting of prospecting (548 rock grab samples), mechanical stripping in six areas, and sampling along 10 channels for a total length of 202.2 metres (press release of January 23, 2017). In 2015, Hecla conducted a \$394,000 exploration program comprising 40.5 line-kilometres of ground magnetic surveying, 21.8 line-kilometres of IP surveying, a prospecting program (473 rock grab or float samples; 96 soil samples), and a trenching program (153 channel samples from 6 sites) (press release of November 25, 2015). In 2012, field work led to the discovery of the D8, Eric and Penelope prospects. The work



program comprised 622 line-kilometres of magnetic-EM surveying, 684 soil samples, 243 rock grab samples, 290 channel samples from 258.35 metres of channels, and 93 till samples.

Everton's earlier work on the property in 2007 and 2008 included IP and magnetic ground surveys, drilling and prospecting at Claude and Dominic, and diamond drilling at Dominic (press releases of August 9 and December 7, 2007, and September 2, 2008).

### ***Mineralization and salient results***

The **Dominic Prospect**, where the most significant results have been obtained, corresponds to a folded epidote-amphibole-quartz-feldspar vein hosted in metasediments close to a felsic intrusion. Starting in mineralization, hole OP-17-51 intersected 0.61 g/t Au over 30.7 m in a chloritic breccia, including two higher grade intervals: 2.38 g/t Au over 2.0 m and 3.21 g/t Au over 1.7 m. These results warrant further evaluation during the next field program, including trenching. In 2016, several grab samples returned values higher than 0.1 g/t Au, including 1.4 g/t Au and 1.1 g/t Au from outcrops of metasediments and paragneisses carrying sulphides and/or magnetite. Several channel samples in metasediments returned values higher than 0.1 g/t Au, including 1.8 g/t Au over 0.75 m and 1.2 g/t Au over 1.0 m. In 2007-2008, diamond drilling yielded 0.6 g/t Au over 1.2 m, and grab samples returned 6.1 g/t Au, 4.5 g/t Au and 1.7 g/t Au in pyritized, silicified and chloritized metasedimentary rocks with quartz and pegmatite veins.

The **Fishhook Prospect** is a magnetic anomaly related to an iron-rich sedimentary unit. Drill targets correspond to possible alteration zones and faulting. Hole OP-17-49 returned 1.06 g/t Au over 1.5 m related to a fault zone.

The **D8 Prospect**, originally identified by gold anomalies in soil and till, displays a 20-metre-wide sheared and altered arsenopyrite-tourmaline-rich shear zone in metasediments (0.55 g/t Au over 4.0 m in a trench) and amphibolite-hosted quartz veins (channel sample of 2.3 g/t Au over 1.0 m) roughly 150- to 200-metre-wide package of IP anomalies. No significant values were obtained in two (2) holes drilled in 2017. In 2015, a grab sample from a boulder of chloritized wacke with quartz-feldspar-tourmaline veinlets yielded 3.0 g/t Au.

At the **Claude Prospect**, mineralization is associated with quartz-tourmaline veins and veinlets. In 2007-2008, drilling yielded an intersection of 0.22 g/t Au over 187 m (including 1.0 g/t Au over 21.5 m), two (2) grab samples returned 5.8 g/t Au and 4.3 g/t Au, and a channel sample graded 2.4 g/t Au over 0.5 m. Only marginal values were obtained in the single 2017 hole.

At the **Eric Prospect**, mineralization is related to calc-silicate altered sediments and arsenopyrite-tourmaline-bearing pegmatites within a kilometre-scale arsenic-gold soil geochemistry target. In 2012, eight (8) grab samples yielded values above 0.1 g/t Au, including two above 0.5 g/t Au. Only marginal values were obtained in the single 2017 hole.

The **Penelope Prospect** yielded ten (10) grab samples with grades above 0.1 g/t Au in 2007-2008, including four with values above 0.5 g/t Au up to 4.26 g/t Au. Mineralization is associated with quartz-tourmaline veins and veinlets.

As at February 28, 2019, Hecla had made cumulative cash payments of \$580,000 (\$580,000 – Q2 2018) and had incurred a total of \$6.0 million in work expenditures. Azimut has received \$290,000 (\$290,000 – Q2 2018) in cash payments, reflecting its 50% interest in the property. Hecla's fulfilment of its obligations to earn its 50% interest in the property is subject to the Company's validation.

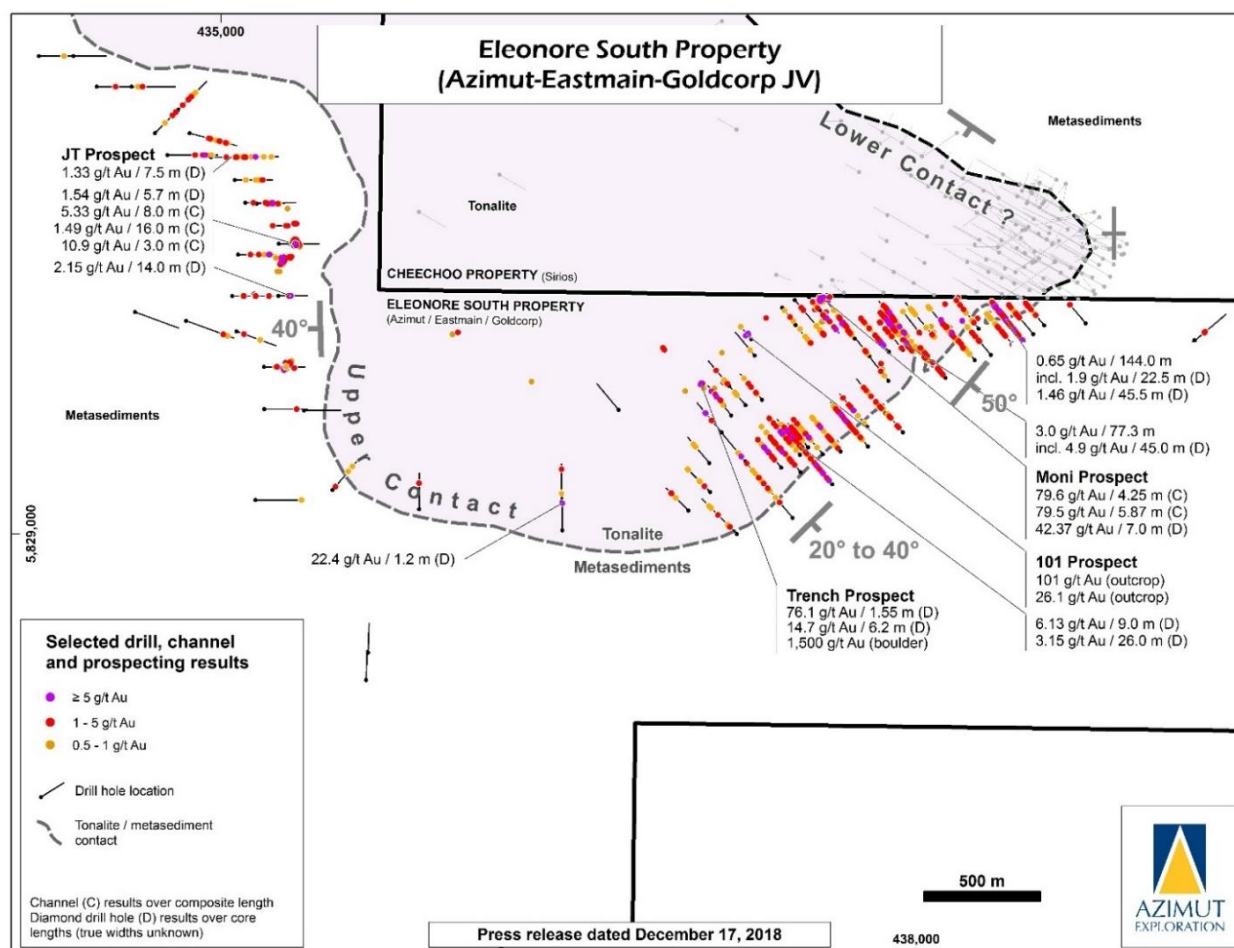
### **Eleonore South Property**

The Eleonore South Property (282 claims in 2 blocks, 147.6 km<sup>2</sup>) is located in a highly prospective part of the Eleonore mining camp, about 10 kilometres south of Goldcorp's Eleonore gold mine (see Figure 3). The Property is covered by a three-party agreement between Azimut, Les Mines Opinaca Ltée (a wholly-owned subsidiary of Goldcorp) and Eastmain Resources (see *Ownership* for details). Part of the property (116 claims; 60.3 km<sup>2</sup>) is subject to a royalty agreement signed with three companies: Goldcorp, Les Mines Opinaca Ltée (formerly Virginia Gold Mines Inc.) and Osisko Exploration James Bay Inc. (formerly Virginia Mines Inc.).

## Gold mineralization

Since 2016, surface exploration work and diamond drilling (100 holes for more than 22,100 m) have revealed a large tonalite-hosted gold-bearing system in the eastern part of the property with the following key features (see press releases of July 18, September 11 and December 17, 2018):

- A gold corridor at least 2 kilometres long by 600 to 700 metres wide within the Cheechoo tonalite intrusion and up to its contact with the surrounding metasedimentary rocks; mineralization extends towards the Sirius discovery on the adjacent Cheechoo Property to the northeast (details below) and is open to the southwest (Figure 5);
- Consistent anomalous gold values ( $>0.5$  g/t Au) within the corridor, which is characterized by several networks of quartz veins and veinlets, strong sodic alteration, very low sulphide concentrations ( $<0.5\%$ ) and frequent native gold grains;
- Two higher-grade trends within the mineralized envelope (Figure 6):
  - **Contact Trend:** Mineralized and altered envelope of variable thickness in tonalite, ranging from several tens of metres to over 100 metres thick in core length with continuous intervals of anomalous gold values. This trend is characterized by clusters of quartz-albite-biotite stockwork accompanied by arsenopyrite, pyrrhotite, pyrite, scheelite and native gold. Evidence of foliation and folding within the intrusive, and injection and subsequent deformation of mafic dykes described as lamprophyres.
  - **Moni Trend:** System of pegmatitic quartz-feldspar veins and quartz-dominant veins with interstitial feldspar, carrying native gold and very low sulphide contents.
- Mineralization at an additional gold prospect to the west – the JT Prospect (see Figure 5) – occurs in the metasedimentary sequence near the intrusive-metasedimentary contact. Previous drill results indicate that the Cheechoo tonalite is also mineralized in this area. This may indicate a potential extension of the Contact Trend to form a semi-ring shape approximately 5.5 kilometres long.



**Figure 5:** Map of the tonalite-metasedimentary contact on the Eleonore South Property showing selected drill, channel and prospecting results on the Moni and Contact trends (right) and the JT Prospect (left).

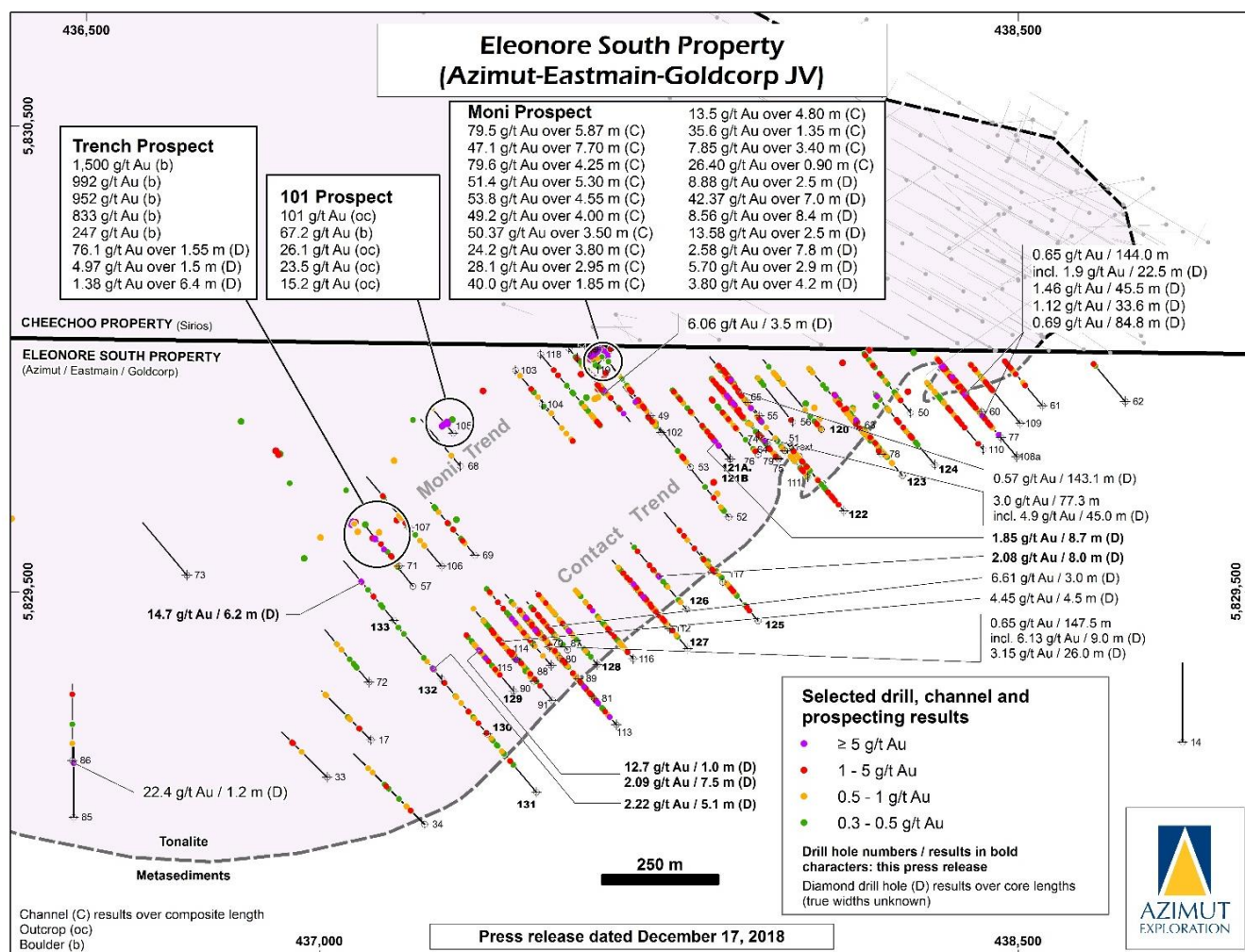
## Recent joint exploration programs

The property has been the subject of two major exploration programs from 2016 to 2018 totalling \$5.9 million, and a new \$2.5 million program that was recently completed. Figures 5 and 6 show the highlights of the drilling, prospecting and channeling results from these programs (see below for details).

The Fall 2018 program included the following:

- 2,000 metres of mechanized trenching to expose gold mineralization and alteration in the tonalite intrusion and along the intrusion-metasediment contact (1,250 m of trenching), and to expose the southwestern extensions of the high-grade Moni Prospect (750 m of trenching);
- 7,000 metres of diamond drilling with the following objectives (see results under “*Contact Trend*” below):
  - Establish the continuity of significant previous drilling results in the intrusions;
  - Expand exploration along the intrusion-metasediment contact;
  - Assess the gold potential of the tonalite below the sediment-hosted JT Prospect, along the western edge of the intrusion (the western end of the Contact Trend); and
  - Assess the extensions of the Moni Trend and the high-grade Moni Prospect based on the results of the trenching program.

The 2016–2017 and 2017–2018 programs comprised 76 diamond drill holes for 15,134 metres, along with detailed prospecting, stripping, channel sampling, lake-bottom sediment geochemistry and a high-definition heliborne magnetic survey (980 line-km at 25-m line spacing) (press releases of June 16, 2016; August 9, 2017; February 27, July 18 and September 11, 2018).



**Figure 6:** Details of the Moni and Contact trends showing selected drill, channel and prospecting results.



## Moni Trend

The 1.8-kilometre-long northeast-striking Moni Trend is about 500 metres from the metasedimentary contact and includes the Moni, 101 and Trench prospects. The Moni Trend has been drilled with 20 holes totalling 2,351.2 metres.

This includes the extension of hole ES16-48 by 107.2 metres (final depth of 258 m for ES18-48ext). One hole was abandoned (ES18-92 at 14.6 m). The vein systems within the Moni Trend remain open at depth and laterally.

### Moni Prospect

The high-grade quartzofeldspathic vein system at the Moni Prospect starts at surface and has been drill-tested to a vertical depth of 40 metres along a 60-metre strike length. The key features can be described as follows:

- The vein system is related to a larger network of quartz-feldspar veins and veinlets hosted in strongly altered tonalite. Mineralized facies vary laterally from grey or black quartz veins to a quartzofeldspathic pegmatite carrying trace to 1-2% sulphides (mostly arsenopyrite with lesser pyrite, pyrrhotite), and small amounts of tourmaline and scheelite. Alteration minerals are silica, albite, biotite and chlorite;
- 345 native gold grains have been observed in 42 of the 82 channel samples (see below for more details), as well as 18 of the last 32 drill holes and several previous holes;
- The tonalite is pervasively altered (albite, silica) and displays a network of regularly spaced quartz veins and veinlets of variable widths, with feldspathic selvages (sheeted veins); and
- The NE-SW-trending gold-bearing system is deformed: it shows some evidence of folding and is roughly parallel to the steeply dipping foliation trend.

Closely spaced drill holes on the Moni Prospect reveal a pegmatitic vein with good geometric continuity. Gold values obtained generally relate to the presence of native gold. The information obtained from these drill holes suggests that other Moni-type gold-bearing veins may show similar continuity.

The best drill intercepts include 42.37 g/t Au over 7.0 m (hole ES18-100), 8.56 g/t Au over 8.4 m (hole ES18-98) and 13.58 g/t Au over 2.5 m (hole ES18-95), which correlate well with high-grade channel results. The following highlights from Phase 2 of the 2017-2018 program was reported in the press release of July 18, 2018. Figure 7 shows a surface projection of selected drill holes on the Moni Prospect.

Hole ES18-92a:	5.7 g/t Au over 2.9 m	
Hole ES18-93:	3.8 g/t Au over 4.2 m	including 20.1 g/t Au over 0.7 m
Hole ES18-95:	13.58 g/t Au over 2.5 m	including 33.0 g/t Au over 1.0 m
Hole ES18-98:	8.56 g/t Au over 8.4 m	including 71.4 g/t Au over 1.0 m and 18.01 g/t Au over 3.9 m
Hole ES18-99:	2.58 g/t Au over 7.8 m	including 17.4 g/t Au over 0.9 m
Hole ES18-100:	42.37 g/t Au over 7.0 m	including 294.0 g/t Au over 1.0 m
Hole ES18-101:	6.06 g/t Au over 3.5 m	including 13.6 g/t Au over 1.5 m
Hole ES18-102:	1.68 g/t Au over 5.0 m 15.7 g/t Au over 0.6 m	
Hole ES18-118:	0.64 g/t Au over 25.1 m	
Hole ES18-119:	10.4 g/t Au over 1.5 m	

In 2017, a vein in a newly exposed area was sampled in 17 channels, most of which were cut perpendicular to vein strike (press release of October 17, 2017). The resulting 82 channel samples had a cumulative length of 64.95 metres and an average sample weight of 3.75 kilograms. The best composite grades were 79.6 g/t Au over 4.25 m and 79.5 g/t Au over 5.87 m. Individual sample results and composite intervals are shown in Figure 8 and highlights are listed below (from northeast to southwest). True width appears to range from 70% to 100% of apparent surface width. Gold values are uncut.

Channel 05-05':	24.2 g/t Au over 3.80 m
Channel 01:	79.5 g/t Au over 5.87 m

Channel 07:	51.4 g/t Au over 5.30 m
Channel 08:	53.8 g/t Au over 4.55 m
Channel 08':	40.0 g/t Au over 1.85 m
Channel 09:	13.5 g/t Au over 4.80 m
Channel 10:	79.6 g/t Au over 4.25 m
Channel 11:	28.1 g/t Au over 2.95 m

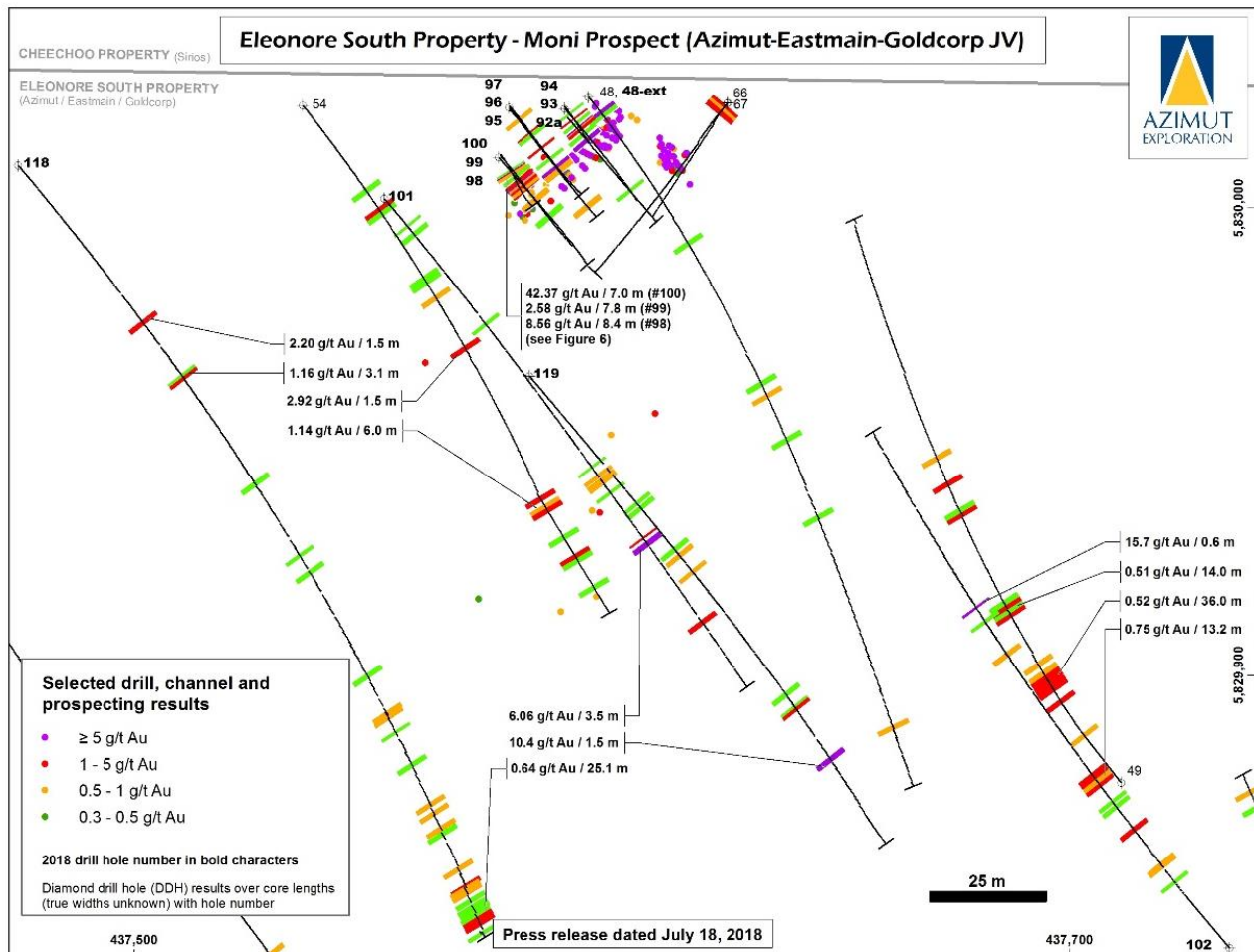
Another vein, located about 15 metres southeast from the abovementioned vein, returned the following composite intervals:

Channel 16:	47.1 g/t Au over 7.70 m
Channel 17:	35.6 g/t Au over 1.35 m

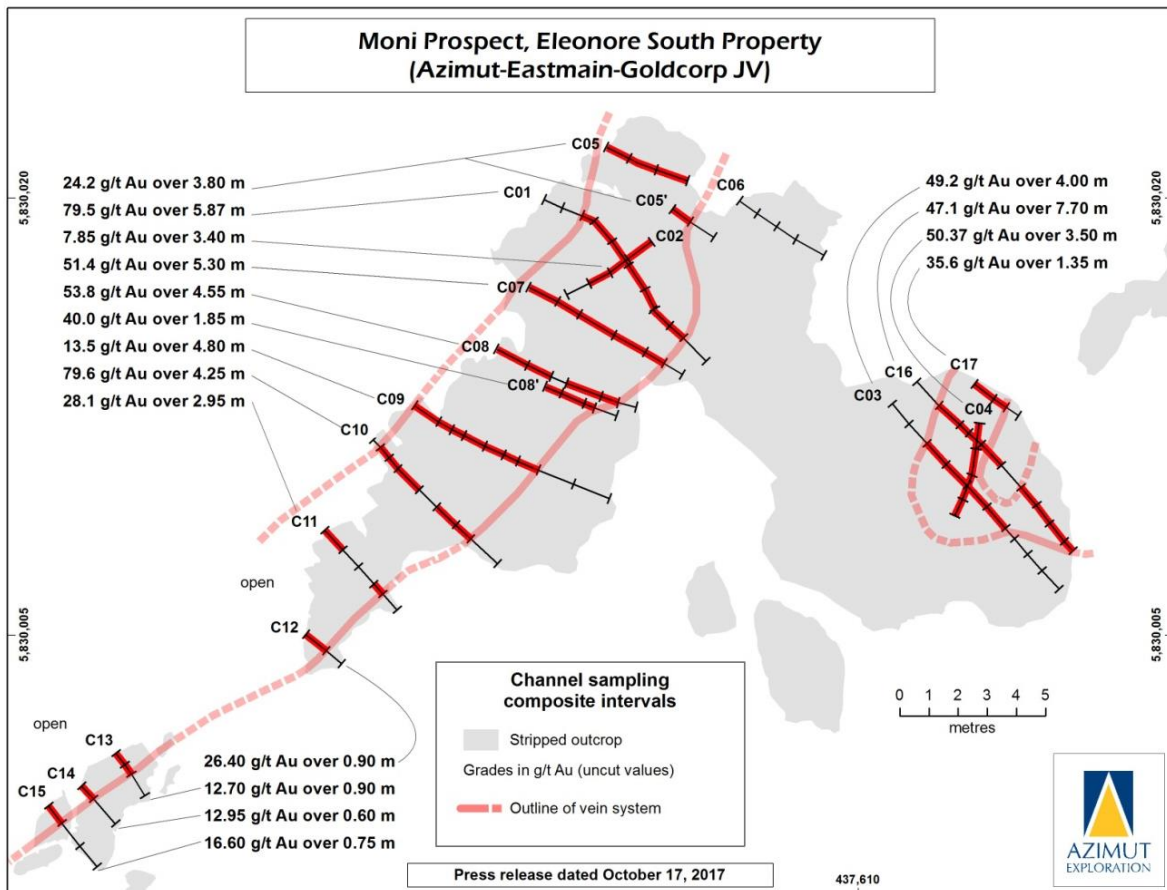
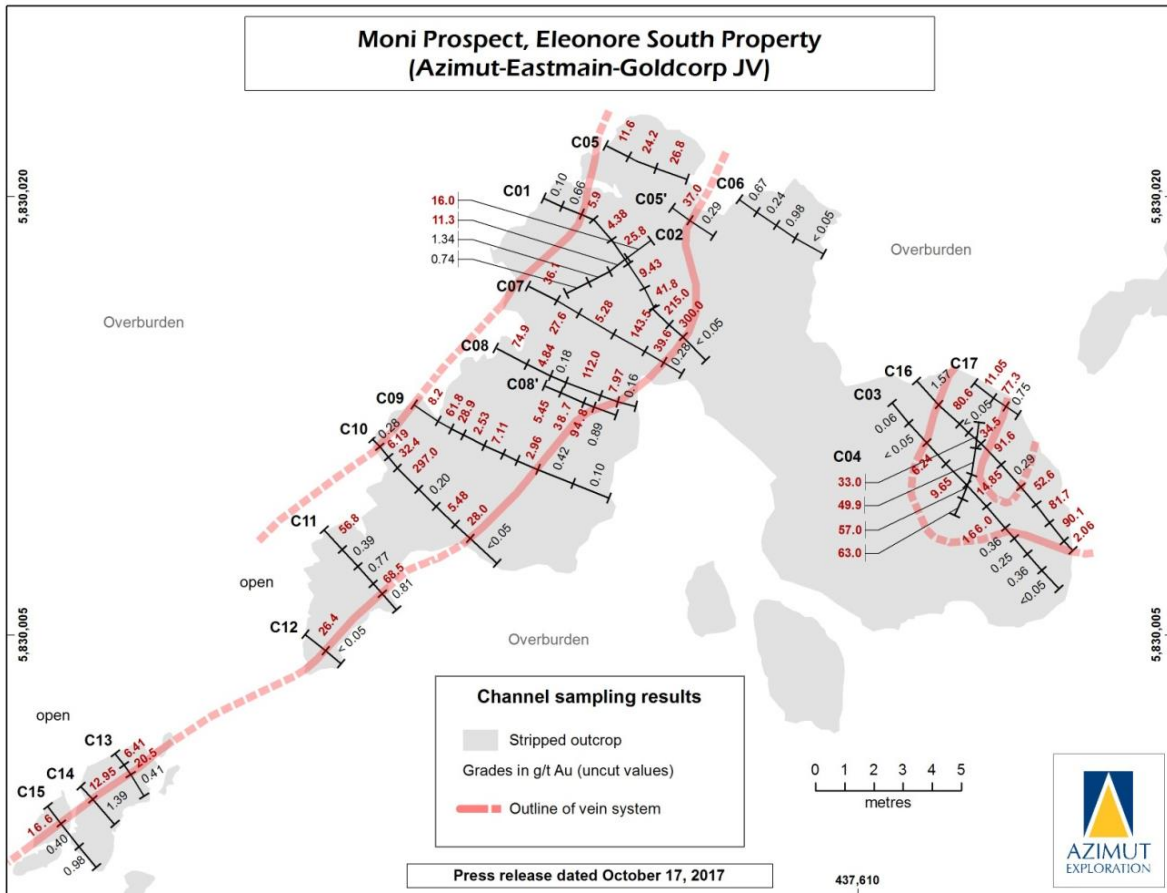
**101 Prospect**

The 101 Prospect is located 400 metres to the southwest of the Moni Prospect. Mineralization is related to a network of quartz-feldspar pegmatitic veins and veinlets carrying native gold in strongly altered tonalite, striking NE-SW with a subvertical dip. Previous outcrop sampling returned up to 101 g/t Au. In 2017, a prospecting program yielded high-grade grab samples from the 101 Prospect (press release of November 16, 2017). The four (4) listed below had grades above 15.0 g/t Au. Grab samples are selective by nature and unlikely to represent average grades.

<u>Grade</u>	<u>Sample type</u>	<u>Sample number</u>
15,2 g/t Au	Subcrop	S657630
26,1 g/t Au	Outcrop	S657631
23,5 g/t Au	Outcrop	S657633
67,2 g/t Au	Boulder	S657638



**Figure 7:** Selected drill, channel and prospecting results on the Moni Prospect.



**Figure 8:** Maps of the Moni Prospect showing individual channel sample results (top) and composite intervals (bottom).

### Trench Prospect

The Trench Prospect is located 650 metres southwest of the Moni Prospect (250 m southwest of the 101 Prospect). The very high-grade samples (up to 1,500 g/t Au) correspond to angular boulders of quartz-feldspar-(biotite) pegmatitic veins with native gold. These samples may correspond to a larger dismantled boulder. Mineralized tonalite boulders with arsenopyrite are also found in close proximity. Previous prospecting returned 247 g/t Au from a boulder in the same area, which is marked by a strong gold-arsenic soil anomaly. It is believed these mineralized boulders come from a nearby source. In 2017, a prospecting program yielded high-grade grab samples from the Trench Prospect (press release of November 16, 2017). The four (4) listed below had grades above 15.0 g/t Au.

<u>Grade</u>	<u>Location</u>	<u>Sample type</u>	<u>Sample number</u>
833 g/t Au	Trench Prospect	Boulder	S657739
952 g/t Au	Trench Prospect	Boulder	S657740
1500 g/t Au	Trench Prospect	Boulder	S657741
992 g/t Au	Trench Prospect	Boulder	S657743

### **Contact Trend**

The Contact Trend has been drilled by 50 holes for more than 13,090 metres of core. Drilling confirms the presence of consistent gold mineralization along a zone at least 1.4 kilometres long and 150 to 300 metres wide, adjacent to the contact with the surrounding metasedimentary rocks. Results show reasonably good geometric continuity to the gold mineralization and zones remain open down dip and along strike. Recently announced highlights and observations from the Fall 2018 program (press release of December 17, 2018) are presented below.

Holes **ES18-120** to **ES18-124** tested the extensions of mineralization previously encountered in a cluster of drill holes, including ES17-74 (0.56 g/t Au over 54.0 m from 190.5 m to 244.5 m).

- Hole ES18-120 was collared 100 metres northeast of hole ES16-51 (0.6 g/t Au over 79.1 m from 170 m to 250.1 m) to test the lateral extension of mineralization in that hole, returning an interval averaging 0.40 g/t Au over 34.5 m from 220.5 m to 255.0 m.
- Hole ES18-121a was collared 100 metres southwest of hole ES17-74 and intersected several near-surface mineralized intervals starting at 57.3 m (1.85 g/t Au over 8.7 m), 78.6 m (3.83 g/t Au over 3.9 m) and 90.0 m (2.84 g/t Au over 3.9 m); however, the results did not replicate the deeper interval seen in ES17-74.
- Hole ES18-122 was collared 100 metres southeast along section of Hole ES18-111 (1.4 g/t Au over 9.4 m from 267.3 m to 276.6 m) and returned numerous mineralized intervals, including 0.81 g/t Au over 25.15 m from 57.9 m to 83.0 m.
- Hole ES18-123 was collared 85 metres southeast along section from hole ES17-78 (0.51 g/t Au over 17.1 m from 212.5 m to 229.5 m) and returned several anomalous intervals including 0.47 g/t Au over 59.0 m from 119.0 m to 178.0 m.
- Hole ES18-124 was drilled between holes ES18-123 and ES18-108a (1.1 g/t Au over 33.6 m from 208.0 m to 241.5 m). This hole returned 0.74 g/t Au over 17.4 from 116.6 m to 134.0 m and 0.50 g/t Au over 13.4 m from 185.1 m to 198.5 m.

Holes **ES18-125** to **ES18-129** were drilled along a northeast trend, testing 100 metres to the southwest and 200 metres to the northeast along the Contact Trend, starting from the centre of a cluster of previous holes drilled around ES17-80 and ES17-88.

- Hole ES18-125 was collared 100 metres to the southeast of hole ES18-117 (0.48 g/t Au over 15.4 m from 44.7 m to 60.1 m). This hole returned 0.48 g/t over 19.0 m from 123.0 m to 142.0 m.
- Hole ES18-126 was drilled 50 metres northeast of hole ES18-112 (0.70 g/t Au over 43.4 m from 108.2 m to 151.6 m), returning two notable intervals of 2.08 g/t Au over 8.0 m from 141.0 m to 149.0 m and 0.51 g/t Au over 10.5 m from 167.5 m to 178.0 m.
- Hole ES18-127 was drilled on section to the southeast of ES18-112 and returned two intervals of 0.59 g/t Au over 16.5 m from 120.9 m to 137.4 m, and 0.69 g/t Au over 25.0 m from 266.7 m to 291.7 m.
- Hole ES18-128 was drilled 50 metres northeast of ES17-89 (1.04 g/t Au over 6.2 m from 74.8 m to 81.0 m and 0.57 g/t Au over 19.5 m from 164.5 m to 184 m) returning 1.0 g/t Au over 10.5 m from 139.5 m to 150 m, and 0.44 g/t Au over 11.3 m from 180 m to 191.3 m.

- Hole ES18-129 was drilled 50 metres southwest of hole ES17-90 (0.5 g/t Au over 123.5 m from 92.0 m to 215.5 m). This hole intersected several gold intervals, including: 0.50 g/t Au over 6.4 m from 94.5 m to 100.9 m, 0.79 g/t Au over 5.5 m from 129.0 m to 134.5 m, 1.51 g/t Au over 10.0 m from 143.5 m to 153.5 m (incl. 12.7 g/t Au over 1.0 m), and 2.09 g/t Au over 7.5 m from 173.0 m to 180.5 m (incl. 8.02 g/t Au over 1.5 m).

Holes **ES18-130** to **ES18-133** were drilled as a fence section located 100 to 150 metres southwest of the cluster of drill holes around ES17-80 and ES17-88.

- Holes ES18-130 and ES18-131 intersected short intervals of anomalous gold mineralization. Hole ES18-132 intersected 2.22 g/t Au over 5.1 m from 43.9 m to 49 m including 13.0 g/t Au over 0.8 m.
- Hole ES18-133 intersected 2.82 g/t Au over 3.0 m from 103.0 m to 106.0 m, and 14.7 g/t Au over 6.2 m including 80.4 g/t Au over 1.0 m. This intersection contains visible gold in tonalite but is spatially closely related to an actinolite schist, interpreted as an altered and foliated lamprophyre dyke. A similar interval is cut by hole ES16-57 located 80 m to the NE of hole ES18-133. This intersection assayed 76.1 g/t Au over 1.55 m in tonalite, spatially related in similar fashion to an adjacent lamprophyre dyke.

Earlier this year, three clusters of drill holes from Phase 2 of the 2017-2018 program yielded the following results from northeast to southwest (press release of July 18, 2018):

- 1.12 g/t Au over 33.6 m and 0.69 g/t Au over 84.8 m, including 1.17 g/t Au over 10.9 m and 1.23 g/t Au over 16.1 m (hole ES18-108a).

Hole ES18-108a represents the downdip extension of the following previously reported results:

1.46 g/t Au over 45.5 m, 0.53 g/t Au over 106.0 m (hole ES17-77); and  
0.65 g/t Au over 144.0 m including 1.9 g/t Au over 22.5 m, 4.74 g/t Au over 6.0 m (hole ES17-60).

This cluster trends northeast and is 200 metres long by 100 metres wide with a dip of 50° to 60° to the southeast.

- 1.41 g/t Au over 9.4 m including 5.64 g/t Au over 1.0 m and 2.18 g/t Au over 5.6 m (hole ES18-111); and 0.57 g/t Au over 143.1 m including 5.0 g/t Au over 4.0 m, 14.05 g/t Au over 1.0 m, 0.81 g/t Au over 28.5 m and 1.16 g/t Au over 6.7 m (hole ES18-51ext).

Both holes represent the extension of the following previously reported results:

3.06 g/t Au over 77.3 m including 4.9 g/t Au over 45.0 m (hole ES17-64);  
1.58 g/t Au over 12.0 m and 0.59 g/t Au over 28.5 m (hole ES16-55); and  
0.45 g/t Au over 87.0 m (hole ES17-74).

This cluster measures at least 300 metres by 50 metres and trends northeast with a possible subhorizontal to shallow dip to the southeast.

- 2.18 g/t Au over 3.0 m, 1.13 g/t Au over 9.9 m and 0.62 g/t Au over 16.0 m (hole ES18-113).

This hole represents the extension of the following previously reported significant results:

0.49 g/t Au over 76.5 m (hole ES17-87);  
0.62 g/t Au over 147.5 m including 1.11 g/t Au over 6.0 m, 5.76 g/t Au over 9.0 m (hole ES17-80);  
1.53 g/t Au over 6.0 m and 3.15 g/t Au over 24.0 m (hole ES17-88); and  
0.50 g/t Au over 123.5 m including 4.45 g/t Au over 4.5 m, 12.35 g/t Au over 1.5 m and 1.04 g/t Au over 6.0 m (hole ES17-90).

This cluster has a northeast trend with a minimum extent of 300 metres by 100 metres and a possible subhorizontal dip.

### **JT Prospect**

The JT Prospect is located 2.5 to 3 kilometres to the west of the Contact and Moni trends. This gold-bearing zone was explored by drilling programs from 2008 to 2010 that targeted sedimentary sequences. These sequences display comparable characteristics with the stratigraphy hosting the Eleonore gold mine located 12 kilometres to the northwest. Gold was identified in the metasedimentary rocks above the tonalite-metasedimentary contact. Results

from some historical drill holes indicate that the Cheechoo tonalite is also mineralized in this area, including hole ES08-12 which returned 2.15 g/t Au over 14.0 m in the intrusion.

Gold intersections in tonalite at the JT Prospect near the intrusive-metasedimentary contact may be an extension of the Contact Trend to form a semi-ring shape approximately 5.5 kilometres long. The Cheechoo tonalite below the JT Prospect will be drill-tested in the coming months.

### ***Updated exploration model and upside***

Several key factors point toward a reduced intrusion-related deposit type for the gold-bearing system identified at Eleonore South (see press release of July 18, 2018). The Fort Knox mine in Alaska (Kinross Gold Corporation) and the Côté Lake Project in Ontario (IAMGOLD) are useful examples of large-scale intrusion-related gold deposits. In this scenario, assessing the geometry of the intrusion and the surrounding metasedimentary rocks is critical given that the tops of intrusions are typically viewed as highly prospective.

The 2.61 billion-year-old Cheechoo tonalite, late in the geological sequence, is interpreted to be a mushroom-shaped intrusion with a roughly tabular top 450 to 500 metres thick, with a shallow to moderate dip to the south along its southern contact and a moderate dip to the west along its western contact (JT Prospect area). The current interpretation suggests the intrusion has not been overturned. The Contact Trend is interpreted as a decompression stockwork zone close to the top of the intrusion.

### ***Discovery on adjacent property***

The continuation of the Eleonore South mineralized system onto the adjacent Cheechoo Property is strongly supported by results released by Sirios. Some of the Cheechoo holes were collared as close as 12 metres from the Eleonore South boundary, and results included the following: 15.61 g/t Au over 9.70 m and 15.04 g/t Au over 12.35 m in hole CH-15-20, 12.08 g/t Au over 20.30 m in hole CH-16-52, 11.9 g/t Au over 13.5 m in hole CH-17-95 and 6.4 g/t Au over 12.4 m in hole CH-18-176 (Sirios press releases of December 1, 2015; June 8, 2016; May 9, 2017; September 25, 2018).

### ***Details of the Eleonore South footprint and targeting approach***

In early 2016, Azimut conducted a rigorous interpretation and comparison of the geochemical footprints for the Eleonore South Property and the Eleonore gold mine. Extensive, consistent and strong coincident gold and arsenic anomalies (higher than 90<sup>th</sup> percentile) were outlined in B-horizon soil samples on Eleonore South (press release of March 30, 2016). In most cases, gold mineralization recognized by prospecting, trenching and drilling is spatially related to these soil anomalies (e.g., JT Prospect), and the Eleonore gold mine shows a comparable feature (Figure 9).

The example of the Eleonore mine footprint suggests little to no displacement of the gold-arsenic soil anomalies from their bedrock sources. Consequently, the areas with unexplored strong geochemical anomalies are considered to be top quality targets for potential near-surface discoveries.

### ***Ownership***

The ownership of the Eleonore South Property is Azimut 26.57%, Goldcorp 36.71% and Eastmain Resources 36.72%. Azimut was operator of the work programs until June 2018. As at Q2 2019, the cumulative work expenditures amounted to \$5.88 million to cover exploration work (prospecting, geophysical interpretation and drilling) and building the exploration camp. The allocation of expenditures was as follows: Azimut \$1.56 million, Goldcorp \$2.16 million and Eastmain Resources \$2.16 million.

### ***Opinaca D Property***

The Opinaca D Property (112 claims, 58.4 km<sup>2</sup>) lies about 8 kilometres northwest of Goldcorp's Eleonore Property (see Figures 2 and 3).

Exploration on the Opinaca D Property began in 2005 and has included reconnaissance geological mapping and prospecting over a number of exploration targets defined by VTEM and/or soil geochemistry anomalies. Soil geochemistry surveys confirmed a broad trend of gold, arsenic and antimony anomalies, with respective maximum values of 7.32 g/t Au, 447 ppm As and 2.3 ppm Sb. The strong gold-arsenic-antimony soil anomalies have not yet



been tested by drilling. Several drill targets have been defined on the project. In 2018, 339 rock grab samples were collected during a prospecting program.

For Q2 2019, Azimut incurred \$7,000 (\$Nil – Q2 2018) in claim renewals and \$17,000 (\$100 – Q2 2018) in exploration work for prospecting and geophysical data interpretation.

## **EASTMAIN RIVER AREA**

The Eastmain River area is 290 kilometres north of Chibougamau and about 80 kilometres southeast of the Opinaca Reservoir. The area is notable for the Eau Claire (Clearwater) gold deposit belonging to Eastmain Resources and the Whabouchi deposit of Nemaska Lithium Inc. The 43-101 compliant mineral resource estimate for the Eau Claire deposit comprises an open pit component (measured and indicated resources of 1.210 Mt at 5.86 g/t Au for 228,000 oz Au, and inferred resources of 43,000 t at 5.06 g/t Au for 7,000 oz Au) and an underground component (measured and indicated resources of 3.084 Mt at 6.3 g/t Au for 625,000 oz Au, and inferred resources of 2.339 Mt at 6.56 g/t Au for 493,000 oz Au) (disclosed in Eastmain Resources press release of July 4, 2018).

Azimut has two projects in the Eastmain River area: Wabamisk and Chromaska.

### **Wabamisk Property (gold)**

Azimut acquired the Wabamisk Property in 2004 based on the results of its regional-scale gold potential modelling of the James Bay region. The property (464 claims, 245.6 km<sup>2</sup>) is located about 70 kilometres south of Goldcorp's Eleonore mine (Figure 2) and has a comparable geological context and geochemical signature. In 2011, Azimut announced that Goldcorp earned its 51% interest in the Wabamisk Property. Later that year, Goldcorp elected to pursue its second option on the property, whereby it can earn a 70% interest by funding additional exploration work and completing a bankable feasibility study within ten (10) years. Eight (8) of the claims are subject to a 2.1% NSR payable to Virginia Mines (1.4%) and SOQUEM (0.7%), with a buy-back of 1.05% for \$350,000.

### ***Recent exploration highlights***

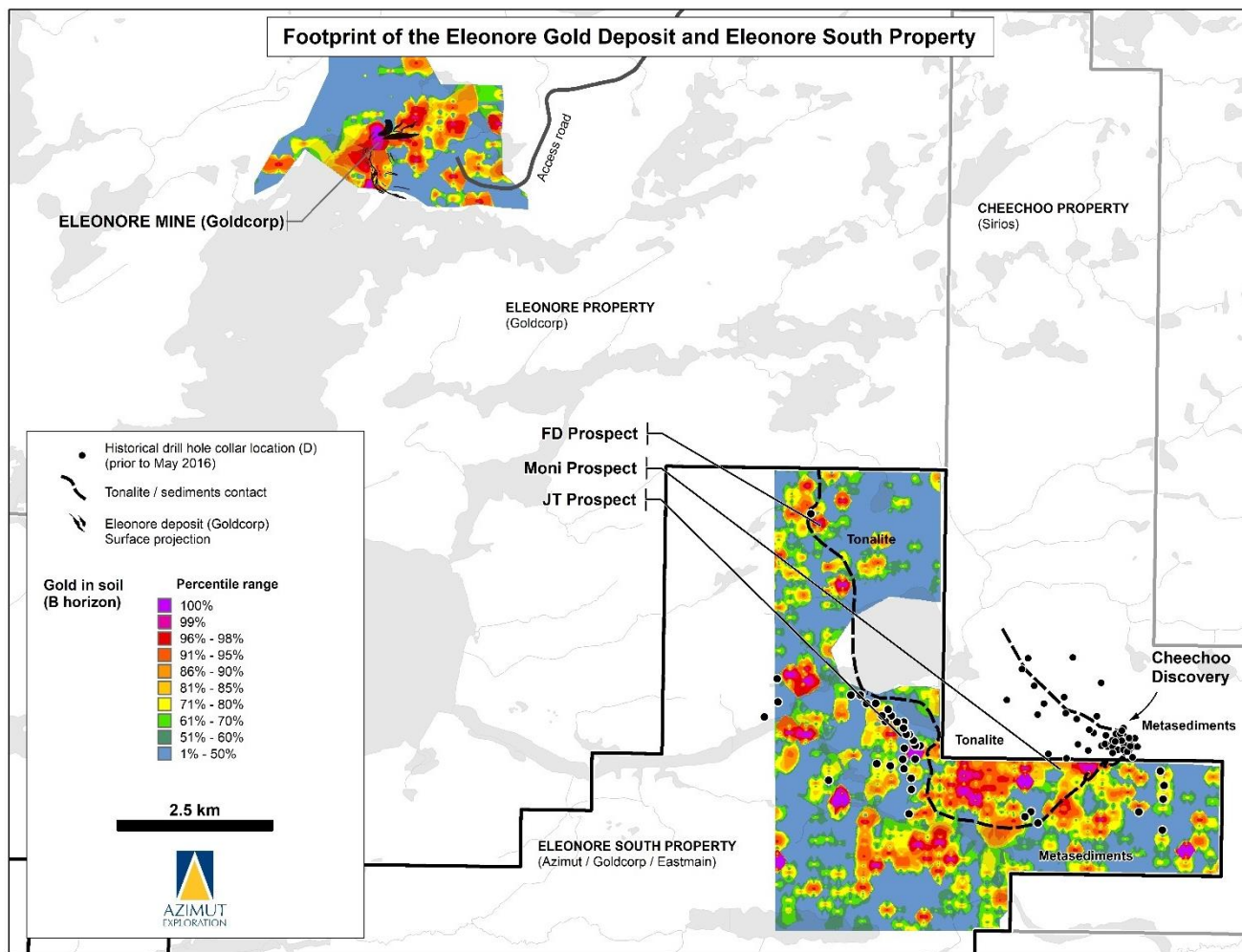
In 2018, Goldcorp contracted Geo Data Solutions Inc. to fly a heliborne SkyTEM electromagnetic survey over the property at a line spacing of 100 metres for a total coverage of 3,322 line-kilometres. The objective was to enhance target definition by delineating high-quality conductors on the project. Goldcorp funded the survey (\$325,000 budget).

In 2015, Goldcorp funded a \$103,000 IP survey over altered shear zones that warranted additional work. The 2014 mapping and prospecting program (195 grab samples) had yielded best results of: 2.42% Cu, 0.41 g/t Au and 23.6 g/t Ag (grab sample); 1.42% Cu and 7.1 g/t Ag (grab sample); and 1.01% Cu, 0.67 g/t Au and 9.1 g/t Ag (boulder) (press release of March 19, 2015).

### ***Pre-2014 exploration programs***

Initial exploration in 2005 identified several major gold target areas that included most of the known historical gold showings. A soil geochemistry survey in 2006 was followed by prospecting, mapping, IP surveys, and soil and rock sampling in 2007–2008. The 2009 program tested several quality gold targets in the eastern half of the property through soil sampling, prospecting, grab and channel sampling, and an initial diamond drilling program that mainly intersected sulphides or graphite with little or no gold.

In 2010, Goldcorp completed an 8-hole (2,800 m) diamond drilling program that identified two main prospective areas for gold in the western half of the property. Six (6) drill holes in the first area, the **GH Prospect**, yielded a best result of 2.3 g/t Au over 4.3 m within a large envelope defined by an interval of 0.7 g/t Au, 0.39% Sb and 0.20% As over 19 m. This gold-antimony-arsenic zone is associated with a diorite intrusion and metasedimentary rocks. Mineralization is characterized by Sb and As sulphides as disseminations and veinlets accompanied by sericitization and silicification. The target zone is 3.5 kilometres long, outlined by coincident soil (Sb, As) and geophysical (IP) anomalies. The alteration-mineralization footprint indicates a strong exploration potential along strike and at depth. The second area, the **Dome-ML Prospect**, is 1.7 kilometres long and yielded several historical high-grade gold values (up to 80.7 g/t Au) in grab samples taken from sheared and altered mafic volcanic units and a dioritic intrusion.



**Figure 9:** Map comparing the gold-in-soil footprints of Azimut’s Eleonore South Property and the neighbouring Eleonore gold mine (Goldcorp).

In 2012 and 2013, Goldcorp funded work programs that included a soil geochemistry survey (3,890 samples), prospecting (456 grab samples) and a high-resolution helicopter-borne magnetic survey (3,502 line-km). These programs led to the discovery of a new prospective area in the western part of the property, where prospecting returned 12.45 g/t Au in a quartz vein grab sample and a soil survey yielded several significant gold anomalies.

### Chromaska Property (chromium-PGE)

The wholly-owned Chromaska Property (81 claims, 42.9 km<sup>2</sup>) (formerly the “Eastmain West Property”) is located in a highly accessible region with major infrastructure (permanent roads, power lines, airports; Figure 2), 35 kilometres north of the Whabouchi mining project (Nemaska Lithium Inc.) and the nearby community of Nemiscau.

The exploration focus is chromium (Cr) and platinum group elements (PGE). Chromium’s high resistance to corrosion and high melting point make it a key element in the production of stainless steel and heat-resistant steel.

The property shares several attractive geological and geophysical similarities with the Black Thor Intrusive Complex, host to the major Black Thor chromite deposit in the Ring of Fire district of Northern Ontario (measured and indicated resources of 137.7 Mt at 31.5% Cr<sub>2</sub>O<sub>3</sub> and inferred resources of 26.8 Mt at 29.3% Cr<sub>2</sub>O<sub>3</sub>; Noront Resources Ltd website); also, the ages of the two intrusive complexes appear to be very close (Black Thor: 2,734 billion years; Chromaska: 2,739 billion years).

### ***Mineralization, mineralogy and geological context***

Chromium mineralization at Chromaska occurs as disseminated to massive chromitite horizons in a well-defined prospective horizon along a 4-kilometre-long ultramafic intrusion. The initial outcrop discovery was made in 2010 during a self-funded exploration program.

Mineralization occurs as two main facies (press release of May 19, 2011): (i) ultramafic (massive to semi-massive chromite layers); and (ii) chromite-rich dykes or sills. The main showings are the **Sledgehammer Prospect**, which can be traced at surface for 100 metres within a magnetic high measuring 200 metres by 900 metres, and the **Dominic Prospect**, which occurs in a magnetic low.

A preliminary mineralogical study indicated very coarse chromite grains in a magnesium-rich aluminosilicate matrix (press release of May 19, 2011). Consequently, a primary grind should be sufficient to easily liberate the chromite from the silicate gangue. A subsequent mineralogical study of the chromite grains indicated a Cr<sub>2</sub>O<sub>3</sub> content of 44.5% and Cr/Fe ratios ranging from 1.63 to 2.4 (press release of January 19, 2017).

### ***Maiden drilling program***

In the press release of May 29, 2018, Azimut announced it had completed a self-funded diamond drilling program consisting of four (4) holes totalling 1,002 metres. Holes CHR18-03 and CHR18-04 intersected semi-massive to massive chromite-bearing horizons within a large disseminated chromite-bearing envelope. An additional phase of work (3 holes totalling 370.5 m and channel sampling) has been completed to further assess the lateral continuity of the chromitite horizons.

### ***Ground gravity survey***

In early 2017, Azimut completed a self-funded ground gravity survey (press releases of February 21 and May 8, 2017) to investigate the main target zone in the central part of the intrusion where channeling obtained 17.21% Cr<sub>2</sub>O<sub>3</sub> over 7.54 m (see below), and to assess the property's potential for Ni-Cu-PGE massive sulphides, which are often present in this type of geological setting. More specifically, the objective was to characterize the footprint and extensions of the Dominic and Sledgehammer prospects within an area measuring 1,200 metres long by 900 metres wide. The gravity method is a proven geophysical tool for delineating the footprints of major chromite deposits in the Ring of Fire.

The residual gravity anomaly is 1.2 kilometres long and up to 200 metres wide and remains open to the north and south. The position of the anomaly is stratigraphically high in the intrusion, which is a favourable criterion for chromite sills. Inversion modelling was done to construct subsurface 3D models of possible causative bodies to explain the anomaly. The results suggest a body of significant strike, generally more developed below a depth of 50 metres. It could reflect a subvertically dipping chromite body of substantial size, or disseminations/thin interdigitations of chromite within high-density host rocks (dunite, harzburgite).

### ***Prospecting and channel sampling program***

In late fall 2016, a total of 73 rock samples were collected during a short prospecting program (press release of January 19, 2017), comprising 14 grabs and 59 channel samples (cumulative length of 53.10 m in 5 channels). The best interval was 33.2% Cr<sub>2</sub>O<sub>3</sub> over 3.55 m. Channel lengths were limited by thick overburden and a creek.

Salient results are as follows:

- 17.21% Cr<sub>2</sub>O<sub>3</sub> over 7.54 m, including 33.2% Cr<sub>2</sub>O<sub>3</sub> and 0.41 g/t PGE (Pt, Pd) over 3.55 m (Dominic Prospect, channel 3). The best result along this channel is 40.24% Cr<sub>2</sub>O<sub>3</sub> over 1.55 m;
- 5.13% Cr<sub>2</sub>O<sub>3</sub> over 22.49 m, including 23.1% Cr<sub>2</sub>O<sub>3</sub> over 0.55 m, 19.57% Cr<sub>2</sub>O<sub>3</sub> and 0.20 g/t PGE over 2.60 m (Sledgehammer Prospect, channel 1);
- 8.59% Cr<sub>2</sub>O<sub>3</sub> over 6.54 m, including 17% Cr<sub>2</sub>O<sub>3</sub> and 0.22 g/t PGE over 1.18 m, 22.5% Cr<sub>2</sub>O<sub>3</sub> and 0.14 g/t PGE over 0.98 m (Sledgehammer Prospect, channel 2).

For Q2 2019, Azimut incurred \$2,000 (\$1,000 – Q2 2018) in claim renewal expenditures and \$12,00 (\$11,000 – Q2 2018) in drilling and prospecting compilations.

## **AZIMUT-SOQUEM STRATEGIC ALLIANCE**

On September 26, 2016, Azimut announced it had formed a four-year strategic alliance with SOQUEM to cover a 176,300-km<sup>2</sup> surface area in the James Bay region (the “James Bay Alliance”). The objective was to identify gold targets and to explore the most prospective targets after converting them into properties. Under the terms of the James Bay Alliance, Azimut provided SOQUEM with a Target Report that identified major targets and SOQUEM selected four (4) targets to convert into properties at SOQUEM’s cost for an initial 50% ownership (the “SOQUEM JV Properties”). SOQUEM has the option to reserve additional targets that can be converted into properties during the Alliance under the same conditions. SOQUEM can acquire Azimut’s interest in the SOQUEM JV Properties by investing a total of \$3 million in exploration work over four (4) years, including diamond drilling, at which stage Azimut will retain a 2% NSR royalty interest of which 0.8% can be bought back for \$800,000 in cash. On any additional targets, SOQUEM has the option to acquire Azimut’s interest by spending \$750,000 per target over four (4) years, at which stage Azimut will benefit from the same royalty interest as described above. In the event that SOQUEM does not complete its minimum investment for a given target, the target will become a joint venture project. On any proposed target not retained by SOQUEM, Azimut will have the right to explore the target alone or with third parties. Azimut is the manager of the James Bay Alliance.

In 2018, SOQUEM and Azimut reached an agreement to convert Dalmas and Galinée into joint venture properties (press release of October 3, 2018).

On February 25, 2019, Azimut announced it had signed a letter agreement with SOQUEM that amended the terms of the James Bay Alliance. The transaction is subject to regulatory approvals and the execution of definitive agreements between SOQUEM and Azimut. The amended terms include a 50% back-in option for Azimut that will come into effect once SOQUEM has earned a 100% interest in the first four SOQUEM JV Properties. Specifically, Azimut will have the option to regain a 50% interest in said properties by investing \$3.31 million in exploration work over a period of three (3) years, representing the same amount initially invested by SOQUEM under the existing James Bay Alliance. Azimut will remain operator during this earn-in period. In addition, Azimut and SOQUEM will each retain a 50% interest in the Galinée and Dalmas properties, and SOQUEM will relinquish its exclusive rights to acquire an interest in four other properties wholly owned by Azimut (Duxbury, Kukamas East, Corvet and Synclinal).

## **JOINT VENTURE ALLIANCE PROPERTIES**

The six (6) joint venture properties with SOQUEM include the SOQUEM JV Properties (Munischiwan, Pikwa, Pontois, Desceliers) and Dalmas and Galinée (see Figure 2). Held 50% by each partner, these properties were acquired by map designation and now comprise a total of 2,378 claims covering 1,224.2 km<sup>2</sup>. They display strong multi-element geochemical footprints for gold in lake-bottom sediments, along with favourable geophysical, geological and structural criteria. Historically, they have seen little exploration for gold.

The Desceliers Property is underlain by Archean rocks of the Opinaca Subprovince. The other five properties are in the Archean La Grande Subprovince of the Superior Province where they straddle significant strike lengths of prospective volcano-sedimentary belts (5 to 30 km) and their faulted contacts with the surrounding intrusive rocks, namely tonalite-granodiorite complexes.

### ***2018 exploration program***

Azimut was manager of the \$1.5 million 2018 program, funded by SOQUEM (press release of June 6, 2018). The bulk of the budget (\$1,058,000) was dedicated to follow-up work on the SOQUEM JV Properties (Munischiwan, Pikwa, Pontois and Desceliers) and reconnaissance on another property under the James Bay Alliance (Corvet) (see below for details). The work included prospecting on all properties, as well as mechanized stripping on Munischiwan and a heliborne geophysical survey on Desceliers. The second component of the 2018 program, with a budget of \$464,000, consisted of exploration work on recently defined targets on the Dalmas and Galinée properties, which were wholly owned by Azimut at the time but were subsequently added to the SOQUEM JV Properties under the Alliance based on the encouraging results (press release of October 3, 2018).

### *Property descriptions*

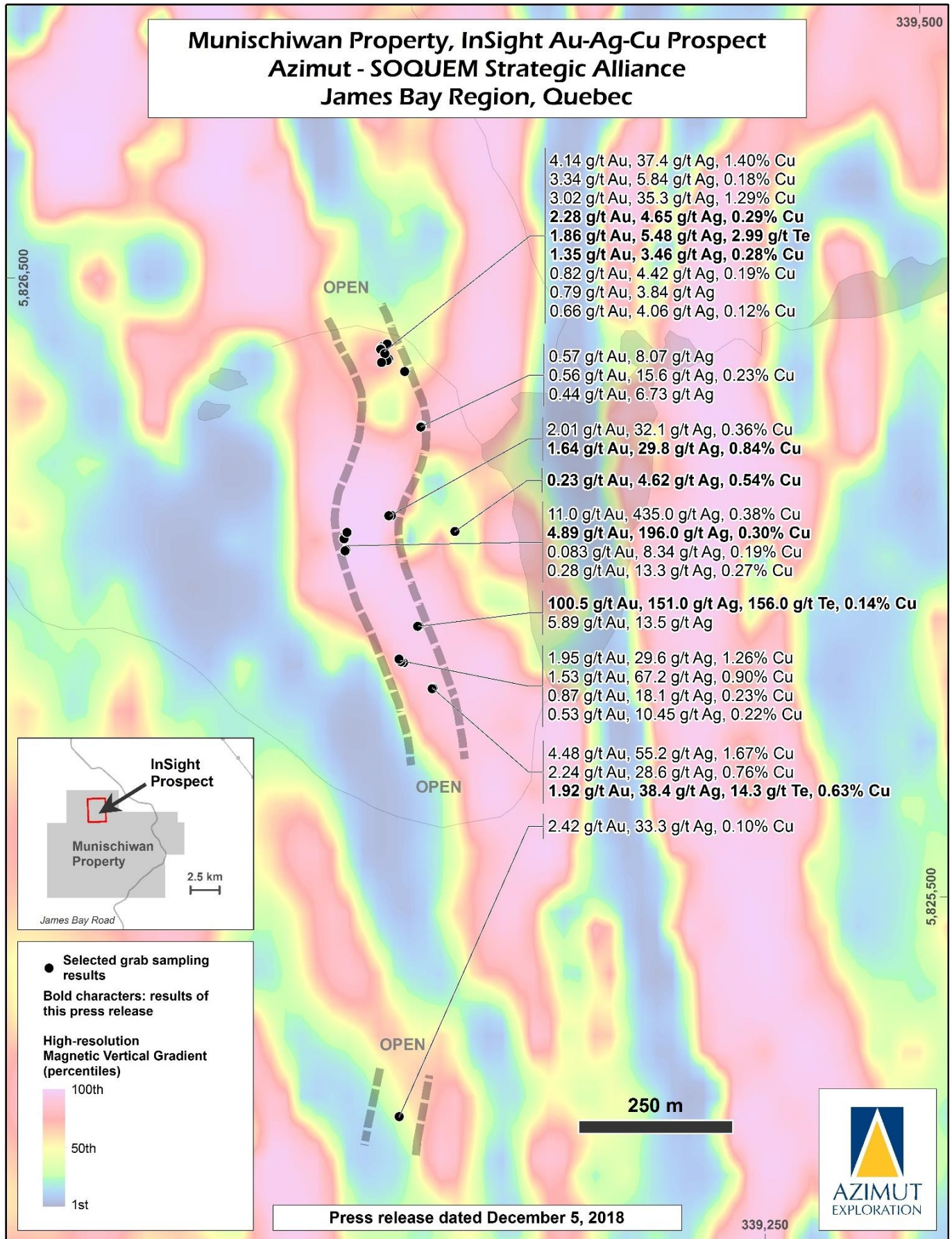
The **Munischiwan Property** (167 claims, 87.6 km<sup>2</sup>) is a gold project located about 85 kilometres east of the Cree community of Eastmain in an area serviced by road, electric power and airport infrastructure. The project covers part of the Lower Eastmain volcano-sedimentary belt. The property is marked by a well-defined As-Ag-Bi-Cu-Sb geochemical anomaly in lake-bottom sediments. In a press release on October 25, 2018, Azimut and SOQUEM announced the discovery of an outcropping gold-copper-silver zone. Now known as the **InSight Prospect** (Figure 10), it is 600 metres long by 100 to 150 metres wide, dips about 30° east, and is open in all directions. Mineralization is mostly composed of disseminated chalcopyrite, quartz veins and quartz veinlets hosted in foliated metasediments with strong biotite alteration. An additional gold showing 600 metres to the south (2.42 g/t Au) may represent the extension of the Prospect, bringing the minimum prospective strike to 1,200 metres. There were no known showings on the Property before the current exploration initiative.

Grab samples from outcrops returned the following grades (press releases of October 25 and December 5, 2018) (Figure 10):

100.5 g/t Au, 151.0 g/t Ag, 156.0 g/t Te, 0.14% Cu  
4.89 g/t Au, 196.0 g/t Ag, 0.30% Cu  
2.28 g/t Au, 4.65 g/t Ag, 0.29% Cu  
1.92 g/t Au, 38.4 g/t Ag, 14.3 g/t Te, 0.63% Cu  
1.86 g/t Au, 5.48 g/t Ag, 2.99 g/t Te  
1.64 g/t Au, 29.8 g/t Ag, 0.84% Cu  
1.35 g/t Au, 3.46 g/t Ag, 0.28% Cu  
11.0 g/t Au, 435.0 g/t Ag, 0.38% Cu  
5.89 g/t Au, 13.5 g/t Ag, 0.05% Cu  
4.48 g/t Au, 55.2 g/t Ag, 1.67% Cu  
4.14 g/t Au, 37.4 g/t Ag, 1.40% Cu  
3.34 g/t Au, 5.84 g/t Ag, 0.18% Cu  
3.02 g/t Au, 35.3 g/t Ag, 1.29% Cu  
2.24 g/t Au, 28.6 g/t Ag, 0.76% Cu  
2.01 g/t Au, 32.1 g/t Ag, 0.36% Cu  
1.95 g/t Au, 29.6 g/t Ag, 1.26% Cu  
1.53 g/t Au, 67.2 g/t Ag, 0.90% Cu

The 2018 prospecting program followed an 838 line-kilometre heliborne Mag-VTEM<sup>TM</sup>Plus survey flown over the property in spring 2017 with a line spacing of 100 metres (press release of November 2, 2017), and was also guided by the results of a reconnaissance program (249 grab samples) later that year, which collectively led to the discovery of new prospects. In 2019, Azimut and SOQUEM commenced a 70-line-kilometre Mag-IP ground survey to further assess the InSight Prospect (press release of March 25, 2019). The survey used a grid about 3.1 kilometres long by 2 kilometres wide, with 100-metre line spacing.





**Figure 10:** Map showing selected grab sample results from the InSight Prospect, Munischiwan Property.



The **Pikwa Property** (703 claims, 360.4 km<sup>2</sup>) is a gold project located 40 kilometres east of the LG-3 hydroelectric infrastructure and 2 kilometres south of the Trans-Taiga Road, a major gravel highway. The property is adjacent to the Mythril Property where Midland Exploration Inc. (“Midland”) announced the discovery of a significant mineralized zone that appears to be directly on strike with the main target zone on Pikwa based on publicly available information. The Pikwa Property is characterized by a regional arsenic-bismuth-copper (As-Bi-Cu) anomaly in lake-bottom sediments and a 20-kilometre-long magnetic high (Figure 11).

Joint exploration programs by Azimut and SOQUEM have included an in-fill lake-bottom sediment survey that produced 211 samples (press release of December 5, 2016), two prospecting programs in 2017 and 2018 that produced 539 grab samples (press releases of November 6 and November 27, 2018), and a 2,234-line-kilometre VTEM<sup>TM</sup> Plus and magnetic heliborne survey (press release of April 15, 2019). The preliminary geophysical results indicate a well-defined 10.5-kilometre-long corridor of strong electromagnetic conductors hosting the **Hyperion Prospect**, as well as other conductors that are positioned along strike with the **Copperfield Prospect** on the property.

At the Hyperion Prospect, gold mineralization is associated with disseminated to semi-massive arsenopyrite. Grab samples yielded up to 7.17 g/t Au, as well as highly anomalous cobalt (up to 0.22% Co), silver (up to 3.69 g/t Ag) and tellurium (up to 4.37 g/t Te). Another area 4 kilometres to the east displays high background gold values (up to 0.9 g/t Au) with anomalous bismuth (up to 217 g/t Bi) and molybdenum (up to 0.106% Mo). At the Copperfield Prospect, several angular boulders with chalcopyrite yielded up to 2.95% Cu, 0.22 g/t Au, 7.58 g/t Te and 1.68 g/t Ag.

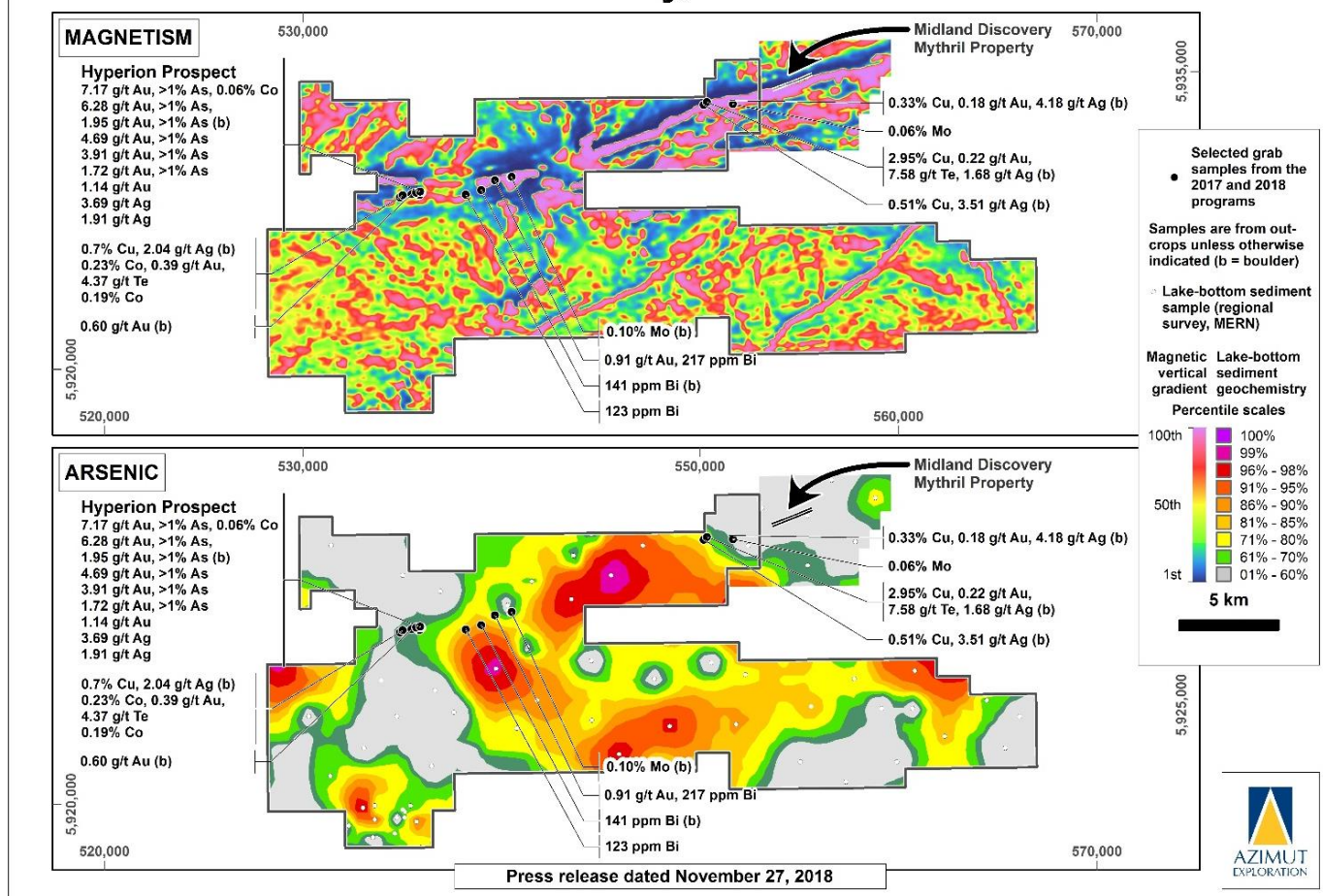
The strong project-scale geochemical footprint is characterized by spatially correlated arsenic and bismuth anomalies identified by a regional survey (Government of Québec), with peak values of 22 ppm As and 0.67 ppm Bi, both classical pathfinder elements for gold mineralization, and by a 38-kilometre-long copper anomaly identified by the same survey, now largely covered by the Property, with a peak value of 136 ppm Cu. The core of the copper anomaly correlates well with the As and Bi footprints.

The **Pontois Property** (399 claims in 1 claim block, 203.2 km<sup>2</sup>) a gold project immediately south of the LG-4 hydroelectric dam and is crossed by the Trans-Taiga Road. The property corresponds to a strong As-Sb-W signature in lake-bottom sediments. The volcano-sedimentary rocks and iron formations of the La Grande belt, the bounding tonalitic intrusions, and the distribution of several regional faults and shear zones collectively provide a favourable geological and structural setting.

The Company’s exploration program in 2018 followed up on the results from 2017 (225 grab samples; press release of June 6, 2018). There were no known showings on the property before the current exploration initiative. The best gold results in 2018 (press release of Nov. 8, 2018) were 6.02 g/t Au, 2.56 g/t Au and 0.90 g/t Au in grab samples from outcrops. Other values included silver (up to 2.61 g/t Ag) and tellurium (up to 23.7 g/t Te). Significant copper values (up to 0.18% Cu) were obtained 2 kilometres from the prospect, along the same geological trend. Gold is hosted in mafic metavolcanics and intrusive dykes with quartz veins, near a sheared contact with metasediments. The intrusive facies contains disseminated fine pyrite. This 40 by 20 metre area is open along strike in both directions.

The **Desceliers Property** (363 claims, 188.4 km<sup>2</sup>) is a gold project located 175 kilometres east of provincial highway 167 that leads to the Renard mine (Stornoway) in the eastern part of the James Bay region. The property is characterized by a strong geochemical signature in Au-As-Cu-W in lake-bottom sediments. This area has seen minimal exploration in the past and very little is known about its geology. The geochemical footprint (an especially strong Au-Cu association), the size of the anomaly, and the untested potential of the area make this target highly attractive.

## Pikwa Property Azimut-SOQUEM Strategic Alliance James Bay, Québec



**Figure 11:** Selected grab samples from the 2017 and 2018 programs on the Pikwa Property superimposed on background maps of magnetism and arsenic values in lake-bottom sediments. The discovery on the adjacent Mythrill Property (Midland Exploration) is indicated with an arrow.

The multi-property reconnaissance program of 2017 produced 192 grab samples on Desceliers. Salient results are as follows:

- A mineralized boulder field (anomalous Au, Ag, As, Bi, Co and Cu values) within a target area measuring 7 kilometres by 4 kilometres. The bedrock source of the boulders is considered proximal. The best results include:
  - 0.33 g/t Au, 493 ppm Cu
  - 0.2 g/t Au, 1.03 g/t Ag, 173 ppm Co, 562 ppm Cu, 0.14% Zn
  - 5.90 g/t Ag, >1% As, 287 ppm Cu
  - 0.22 g/t Au, 8.36 g/t Ag, >1% As, 551 ppm Cu.
- Two mineralized outcrops located 1.7 kilometres apart within a target area measuring 4 kilometres by 3 kilometres. Samples yielded the following results:
  - >500 ppm REE, >500 ppm Y, 377 ppm Zr, >1% P, 619 ppm Mo, 0.32% Pb
  - 140 ppm Cu, 235 ppm Y, >500 ppm Zr

In 2018, an airborne magnetic, electromagnetic (DIGHEM) and spectrometric survey was completed for a total of 1,017 line-kilometres, followed by a short prospecting program with the collection of 60 rock grab samples.

The **Galinée Property** (658 claims, 339.6 km<sup>2</sup>) is a gold project located about 50 kilometres north-north-west of the Renard mine (Stornoway Diamond Corp.) and 60 kilometres south of the Trans-Taiga Road. The 36-kilometre-long gold property is underlain by the La Grande Subprovince, about 15 kilometres north of the contact with the Opinaca Subprovince. There were no known showings on the Property before the current exploration initiative.

In 2017, a lake-bottom sediment survey identified a main target area characterized by a very unusual cluster of high gold values measuring 8 by 9 kilometres (1,890 ppb Au, 877 ppb Au, 380 ppb Au, 217 ppb Au, etc.), associated with other geochemical gold pathfinders (As, Bi, Sb) (press release of May 31, 2018). Three additional multi-kilometre attractive targets were defined laterally by strong combined arsenic, antimony, bismuth and/or tungsten anomalies.

In 2018, the Company's exploration program produced the following highlights (press release of November 13, 2018):

- Discovery by prospecting of a subcropping gold-bearing zone with 26 grab samples delivering values above 0.1 g/t Au, including six (6) samples returning values from 0.53 g/t Au to 0.84 g/t Au and one sample returning 2.17 g/t Au.
- Mineralized facies are hosted in a tonalite intrusion containing disseminated to semi-massive arsenopyrite with quartz veins and veinlets, accompanied by some pyrite and pyrrhotite and by chlorite alteration.
- The 130-metre by 30-metre zone, located in the eastern part of the property, trends NE-SW and is open along strike in both directions.
- About 5 kilometres to the west, till sampling identified a gold grain dispersion train, including one sample returning 52 delicate gold grains, interpreted as deriving from a proximal source.
- About 25 kilometres to the west, another 4-kilometre-long target area returned anomalous gold counts in till samples. Some samples included coarse gold, and overall, the results confirm the unusual cluster of previously reported high gold values – up to 1.89 g/t Au – in lake sediments.

The **Dalmas Property** (88 claims, 44.9 km<sup>2</sup>) is a gold project located 25 kilometres south of the Trans-Taiga Road. The target is characterized by a strong As-Cu-Sb-W geochemical association in lake-bottom sediments in the La Grande Subprovince. This anomaly is underlain by a small metasedimentary belt in contact with intrusive bodies.

The property-wide lake-bottom sediment survey of mid-2017 identified a 7.5 km by 3 km target characterized by a strong footprint of arsenic bismuth, copper and antimony, which correlates spatially with a small under-explored greenstone belt. In 2018, an initial prospecting phase has been conducted with the collection of 156 rock grab samples.

## **OTHER ALLIANCE PROPERTIES**

Six (6) wholly owned properties—Corvet, Synclinal, Duxbury, Kukamas East, Orsigny and Sauvolles (the “SOQUEM Alliance Properties”)—cover targets identified under the James Bay Alliance. They were acquired by map designation and comprise a total of 519 claims covering 269.9 km<sup>2</sup> (see Figure 2).

On February 25, 2019, Azimut announced it had signed a letter agreement with SOQUEM that amended the terms of the James Bay Alliance whereby SOQUEM will relinquish its exclusive rights to acquire an interest in Duxbury, Kukamas East, Corvet and Synclinal. The transaction is subject to regulatory approvals and the execution of definitive agreements between SOQUEM and Azimut. The Company has decided to abandon the Orsigny and Sauvolles properties.

### ***Exploration programs***

In 2018, Azimut carried out reconnaissance and prospecting on Corvet as part of a multi-property exploration program funded by SOQUEM and managed by Azimut (press release of June 6, 2018). This work followed up on the 2017 program that also included work on Synclinal, Sauvolles and Orsigny (press releases of November 2, 2017 and May 31, 2018). The 2017 program, funded by SOQUEM (\$247,000) but managed and carried out by Azimut, included a comprehensive 614-sample lake-bottom sediment geochemical survey on Sauvolles, Orsigny and Synclinal, and a reconnaissance prospecting program yielding 54 rock samples on Corvet.

### ***Property descriptions and salient results***

The **Corvet Property** (80 claims, 41.1 km<sup>2</sup>) is a gold project just south of Pikwa on the western shore of Lac de la Corvette, 55 kilometres southwest of the La Grande-4 airstrip next to the Trans-Taiga Road, and 225 kilometres east-southeast of Radisson. The project displays a strong spatial association between Ag-As-Bi-Cu-Sb in lake-bottom sediments. The property is in the Opinaca Subprovince, 6 kilometres south of its contact with the La Grande Subprovince. The presence of numerous gold showings near the subprovince contact justifies the interest in this claim group. A reconnaissance program in 2017 produced 225 grab samples on Corvet. The results included anomalous values in gold (0.111 g/t Au), copper (0.12% Cu) and arsenic (668 ppm As) within a target area measuring 7 by 1.5 kilometres. In 2018, 123 additional rock grab samples were collected during a new prospecting phase.

The **Synclinal Property** (100 claims in 2 blocks, 52.5 km<sup>2</sup>) is a gold project located about 58 kilometres southeast from the Eleonore gold mine, in the Opinaca Subprovince and close to the contact with the La Grande Subprovince. The target is characterized by a Bi-Sb anomaly in lake-bottom sediments underlain by a monzonite body. This context presents some analogies with the environment of the Eleonore mine, thus enhancing the interest of the target. In 2018, 32 rock grab samples were collected during reconnaissance prospecting.

The **Duxbury Property** (184 claims, 96.9 km<sup>2</sup>) is a highly accessible gold project adjacent to the Elmer Property. It is 5 kilometres west of the James Bay Road and about 70 kilometres east of the Cree community of Eastmain. The property is characterized by a well-defined As-Bi-Sb footprint in lake-bottom sediments that continues westward onto the adjacent Elmer Property. A grab sample yielded a grade of 1.9 g/t Ag and 0.58% Cu. Gold showings are known along strike both to the east and west of the property, including some high-grade prospects (e.g., up to 113.4 g/t Au about 7 km to the west). Geological and magnetic data suggest a 10-kilometre-long corridor of prospective stratigraphy on the property in the La Grande Subprovince. In 2018, 77 rock grab samples were collected during an initial prospecting program.

For Q2 2019, Azimut incurred \$1,500 (\$Nil – Q2 2018) in claim renewal expenditures and \$38,000 (\$Nil – Q2 2018) in exploration work for prospecting.

The **Kukamas East Property** (70 claims, 35.8 km<sup>2</sup>) is a gold project located 20 kilometres east-northeast of the La Grande-3 airstrip (next to the Trans-Taiga Road), and 115 kilometres east-southeast of the town of Radisson. The project displays a strong Ag-As-Bi-Cu-Sb anomaly in lake-bottom sediments. Several Au-Cu showings are present near the property (Tour Elle: 18.1 g/t Au; Girard-Dupras: 3.6 g/t Au over 1.0 m (channel); La Guiche Zone: 2.72 g/t Au; and Dune Zone: 2.2 g/t Au, 4.3% Cu). The property is in the La Grande Subprovince, 10 kilometres north of the contact with the Opinaca Subprovince, and 12 kilometres south of the contact with the Bienville Subprovince. The main feature of interest is the contact, about 4 to 5 kilometres long, between a tonalitic intrusion and a volcanic-sedimentary belt.

For Q2 2019, Azimut incurred \$7,000 (\$Nil – Q2 2018) in exploration expenditures for data interpretation.

The **Orsigny Property** (11 claims, 5.6 km<sup>2</sup>) is a gold project located 45 kilometres southwest of the Trans-Taiga Road. Azimut has decided to not pursue additional work on the project; accordingly, the property has been written off.

The **Sauvolles Property** (74 claims, 38.0 km<sup>2</sup>) is a gold project located 40 kilometres south of the Trans-Taiga Road. Azimut has decided to not pursue additional work on the project; accordingly, the property has been written off.

### **OTHER PROPERTIES IN THE JAMES BAY REGION**

Azimut holds four (4) other properties in the James Bay region acquired by map designation: Kaanaayaa, Valore, Elmer and Cawachaga (see Figure 2).

The **Kaanaayaa Property** (390 claims, 200.5 km<sup>2</sup>), a newly acquired gold-copper project (press release of March 28, 2019), is situated 35 kilometres south of the Trans Taiga Road and a Hydro-Québec powerline and 42 kilometres south of the LG-4 airport, just east of the Pikwa and Corvet properties. The property has the following notable features:

- Strong regional-scale geochemical footprint in lake-bottom sediments, combining bismuth, silver, copper, molybdenum and tungsten; this footprint is comparable to the signature over gold and polymetallic prospects on the Pikwa Property;
- Favourable geology characterized by metasedimentary and mafic to intermediate volcanic formations crosscut by several small granitic intrusions; the fertile nature of these intrusions for mineralization may be revealed by the polymetallic footprint present on the project; and
- Favourable structural context with a kilometre-scale Z-fold that may have acted as a trap for mineralization.

Past exploration on the project is very limited. An adjacent property, jointly held by Osisko Baie James and Goldcorp, hosts several significant gold prospects about 5 kilometres southwest of Kaanaayaa, notably the Marco Prospect (1.07 g/t Au over 27.0 m and 10.1 g/t Au over 5.2 m) and the Contact West Zone (11.82 g/t Au over 4.7 m).

For Q2 2019, Azimut incurred \$47,000 (\$Nil – Q2 2018) in claim acquisition expenditures and \$3,000 (\$Nil – Q2 2018) in exploration expenditures for data interpretation.

The **Valore Property** (108 claims in 2 claim blocks, 56.4 km<sup>2</sup>) is a gold project located 185 kilometres east of the Renard mine, in the eastern part of the James Bay region. The property is in an area of poor geological coverage in the Opatuca Subprovince and has seen very little historical exploration. Azimut carried out a preliminary infill lake-bottom sampling survey in 2008 that identified several strong gold anomalies, including 2.13 g/t Au and 2.12 g/t Au, and a till survey and geological reconnaissance program in late fall 2016.

The **Elmer Property** (216 claims, 113.8 km<sup>2</sup>) is a highly accessible gold-polymetallic (Au-Ag-Cu-Zn) project situated 40 kilometres west of the James Bay Road, a major paved highway, and 60 kilometres east of the municipality of Eastmain.

Historical exploration uncovered many high-grade gold-silver-copper-zinc prospects, including many significant targets that remain untested by drilling. Mineralization is concentrated along the Elmer Trend, a 32-kilometre-long highly prospective corridor covered by the Elmer and Duxbury properties (Figure 12). In 2018, the best grab sample grades from Azimut's preliminary assessment (46 samples) was 77.8 g/t Au and 167.0 g/t Ag at the Gabbro Zone. The Company's preliminary observations of gold mineralization are presented below, along with highlights of the results to date (press release of November 20, 2018):

**Gabbro Zone:** hematized and boudinaged quartz veins with traces of pyrite hosted in sheared gabbro; 11 samples including 4 samples with grades above 1.0 g/t Au:

7.98 g/t Au, 18.43 g/t Ag over 0.55 m (channel)  
 77.8 g/t Au, 167.0 g/t Ag (grab)  
 60.4 g/t Au, 122.0 g/t Ag (grab)  
 6.11 g/t Au, 9.49 g/t Ag (grab)

**Patwon Zone:** quartz veins and quartz-ankerite stockwork with pyrite in the wall rock, hosted in sheared mafic metavolcanics; 28 samples including 15 samples with grades above 1.0 g/t Au:

2.90 g/t Au over 3.50 m (channel)  
 5.29 g/t Au over 0.60 m (channel)  
 54.6 g/t Au, 6.44 g/t Ag (grab)  
 5.61 g/t Au, 14.25 g/t Ag (grab)  
 4.57 g/t Au (grab)  
 2.94 g/t Au (grab)

**Gold Zone:** quartz-ankerite veins with pyrite, pyrrhotite and chalcopyrite hosted in sericitized mafic metavolcanics; seven (7) samples including two (2) samples with grades above 1.0 g/t Au:

8.56 g/t Au (grab)  
 1.28 g/t Au, 0.158% Cu (grab)

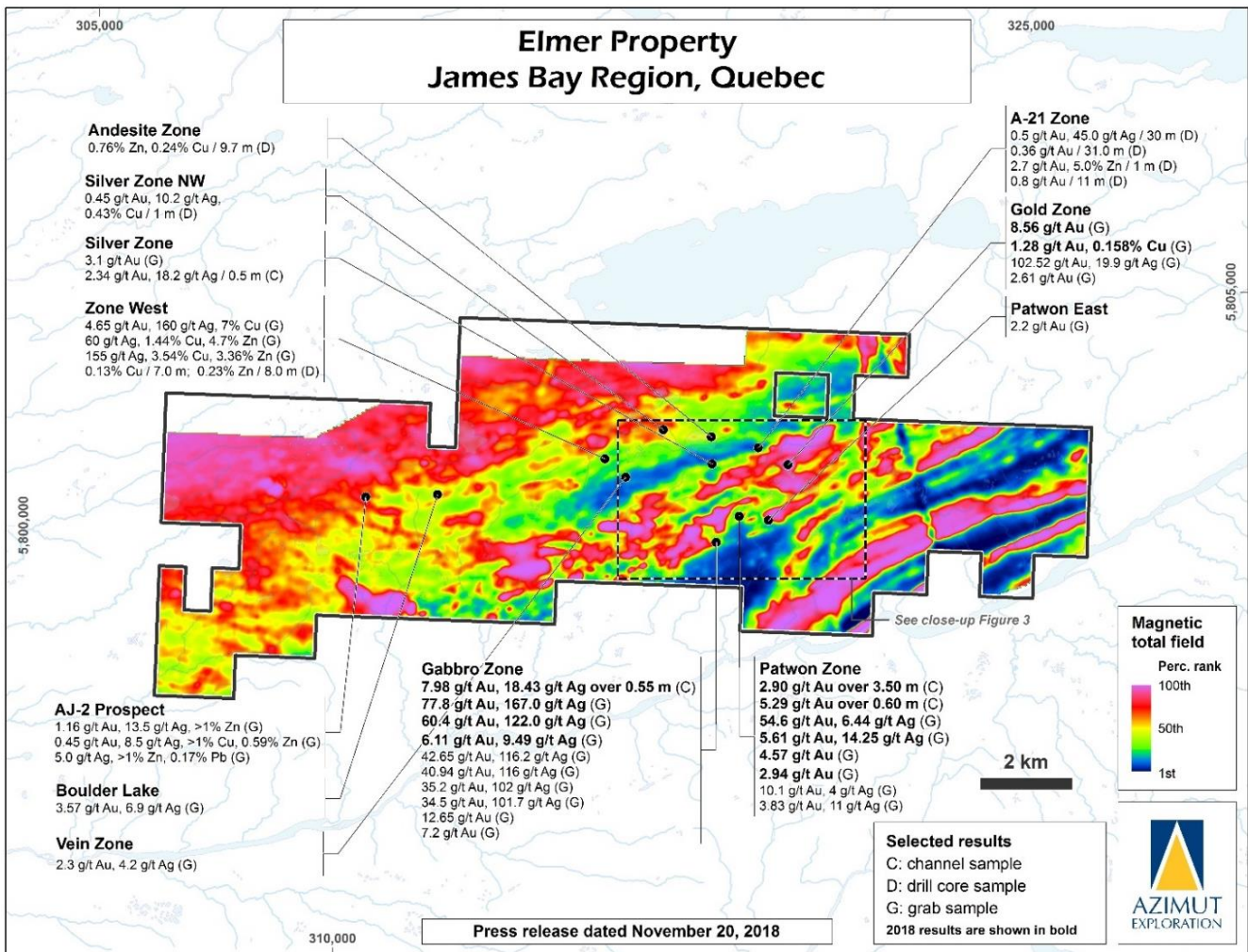
Azimut is systematically reviewing and reprocessing the large historical database for the property, and its short-term objective is to build a robust exploration model for the Elmer Trend. The geological setting and mineralized context share strong similarities with the Windfall Project in the Abitibi region (Osisko Mining Inc.). Other exploration



companies have also compared features of the Elmer Trend to the Hemlo and Bousquet-Doyon mining camps. Azimut is planning a 2019 program that will include systematic prospecting, channel sampling and mechanized stripping.

For Q2 2019, Azimut incurred \$12,000 (\$Nil – Q2 2018) in claim acquisition expenditures and \$54,000 (\$Nil – Q2 2018) in exploration work for prospecting and geophysical surveys.

The **Cawachaga Property** (105 claims, 56.0 km<sup>2</sup>) is a zinc project located about 140 kilometres east of the community of Nemaska and 100 kilometres east of the electrical substation of Poste Albanel along the James Bay Road. The property comprises 105 claims covering a strong zinc anomaly in lake-bottom sediments about 8 kilometres across.



**Figure 12:** Magnetic map of the Elmer Property showing the location of prospects and selected historical and recent results.

## NUNAVIK REGION

Management believes Nunavik (the region in Northern Quebec above the 55<sup>th</sup> parallel) has significant potential for large-scale deposits of copper, gold, silver, tungsten, rare earth elements (“REE”) and uranium. The results of Azimut’s 640,000-km<sup>2</sup> mineral potential assessment generated many quality exploration targets in Nunavik, several of them very large. The types of data used in the targeting process included multi-element lake-bottom sediment geochemistry, geophysics, geology and remote sensing. The Company’s current land position comprises six (6) properties covering polymetallic or gold-only projects, and one (1) uranium property.



On February 22, 2019 the Company and SOQUEM signed a letter agreement to form a new alliance in Nunavik (the “Nunavik Alliance”) under which SOQUEM will have the option to earn an initial 50% interest in the Rex-Duquet, Rex South and Nantais properties by investing \$16 million in exploration work over a period of four (4) years, of which the first two (2) years is a firm commitment of \$4 million each year. SOQUEM may also acquire an additional 10% interest by investing \$8 million per designated property over a period of two (2) years and delivering a preliminary economic assessment. Azimut will be the operator of the Nunavik Alliance. The transaction is subject to regulatory approvals and the execution of definitive agreements between SOQUEM and Azimut.

## **NUNAVIK – POLYMETALLIC**

In 2009, Azimut identified very large and very strong geochemical footprints for copper and REE in Nunavik and began acquiring the most significant targets that same year.

The Rex, Duquet and Rex South properties (collectively 4,228 claims; 1,825.9 km<sup>2</sup>) provide a commanding position over what the Company calls the **Rex Trend** (Figure 13), a strong 300-kilometre-long copper anomaly in lake-bottom sediments coupled with a strong 100-kilometre-long REE anomaly (press releases of March 31 and July 22, 2011). Management considers the Rex Trend to be a new mineral province with the potential to host large-scale deposits, including iron oxide copper-gold (“IOCG”) deposits, intrusion-related polymetallic deposits and sediment-hosted gold deposits. The Rex Trend shares similarities with the Carajás Mineral Province in Brazil (press release of April 4, 2012).

Azimut has gained a key exploration edge in the region by virtue of the work conducted by the Company and its partners on the Rex Trend properties: 21,379 line-kilometres of airborne geophysics, 6,226 infill lake-bottom sediment samples, 7,628 prospecting rock samples, and 7,070 metres of standard rotary percussion (“rotary”) and reverse circulation (“RC”) drilling in 82 holes.

### **Rex Property (copper-gold-REE)**

The wholly-owned 80-kilometre-long polymetallic Rex Property (1,837 claims; 784.6 km<sup>2</sup>) occupies the northern segment of the Rex Trend (Figures 13 and 14). Since announcing the initial copper discovery at Rex (press release of October 13, 2010), Azimut has identified more than 20 other copper or polymetallic (copper-gold-silver-cobalt-tungsten) prospects. Drilling results, supported by prospecting, geological, structural and geochemical data, have confirmed several multi-kilometre IOCG-type targets. Azimut is also investigating the potential for other mineralization types, including diamonds. The main zones and target types are summarized below.

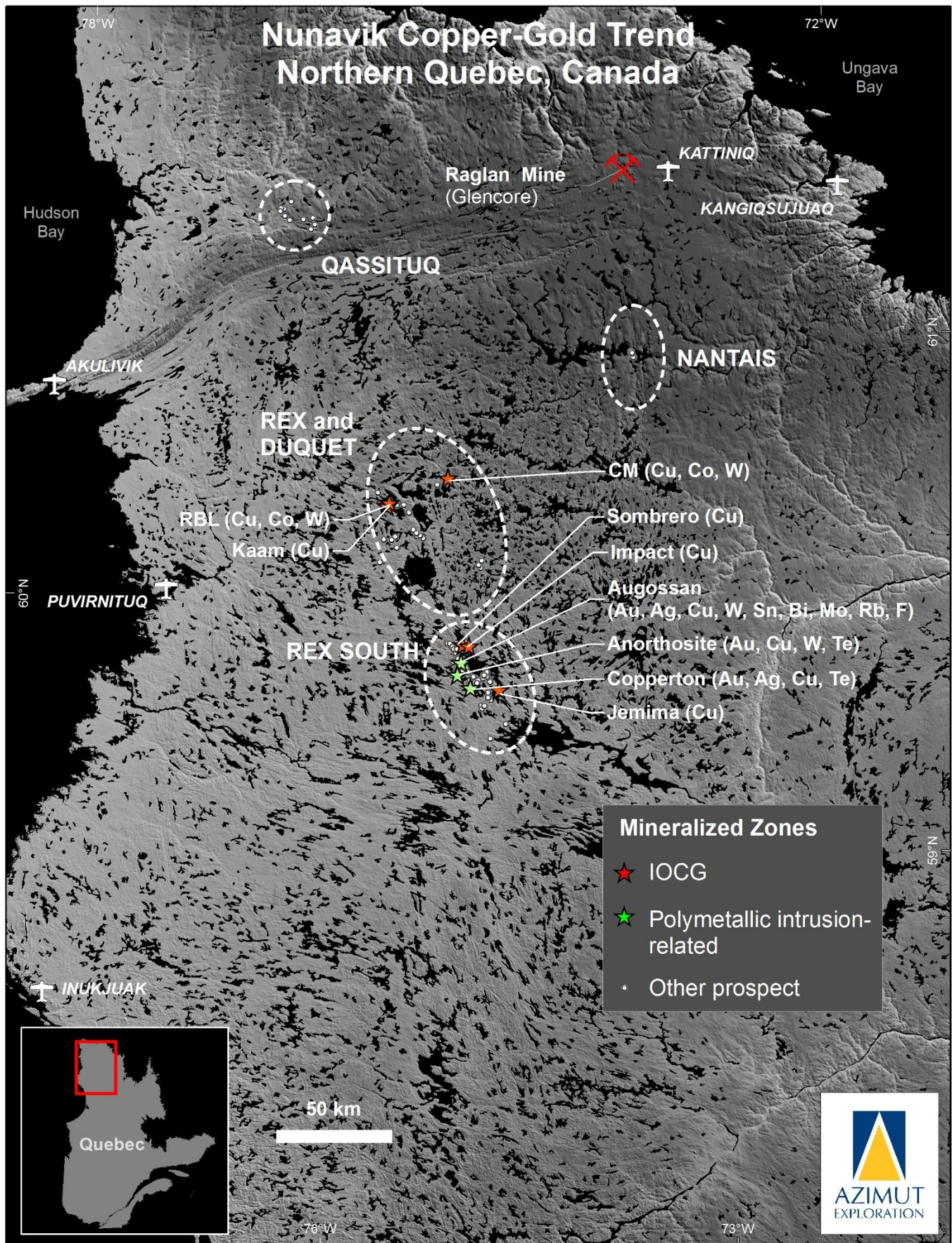
#### ***Mineralized zones***

The two main zones on the Rex Property were discovered during Azimut’s initial exploration program in 2010 (Figure 14).

The **RBL Zone** is at least 3 kilometres long by 50 to 200 metres wide, with a maximum grade to date of 11.3% Cu (grab sample). The preliminary 2011 drilling program (1,764 m in 23 short holes: 21 rotary + 2 RC) yielded the following best grades: 0.34% Cu over 4.58 m, 0.13% Cu over 9.14 m, 0.14% Cu over 13.72 m, 0.64% Cu over 1.52 m and 0.17% Cu over 6.10 m (press release of February 9, 2012). An envelope of mineralization and alteration is recognizable over the entire zone, and the drilling program revealed that copper values are frequently associated with anomalous values of cobalt and tungsten in a wide (up to 200 m) envelope containing anomalous barium, manganese, phosphorus and iron.

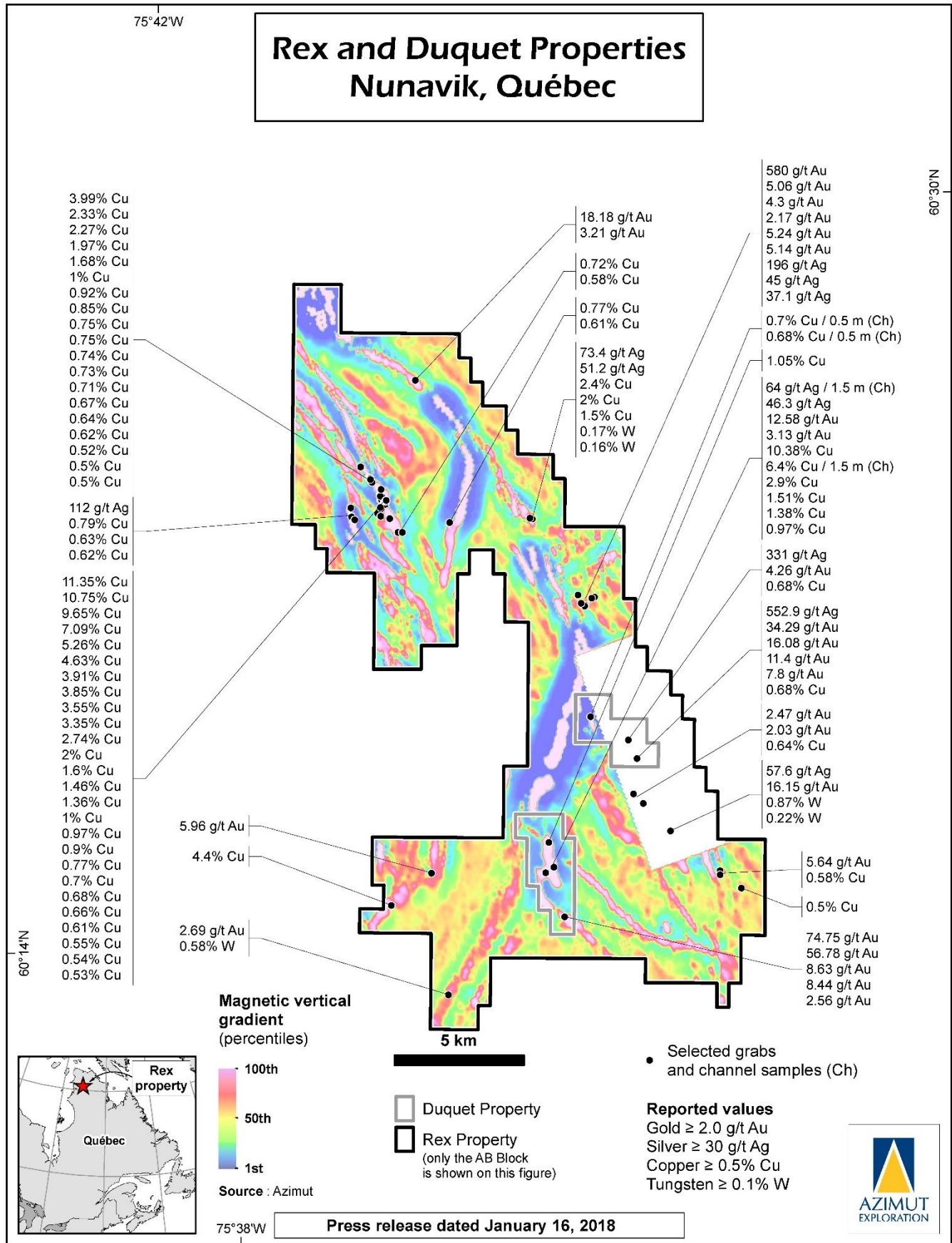
The **CM Zone** measures at least 2.5 kilometres long by 50 to 100 metres wide with a maximum grade to date of 4.3% Cu (grab sample; press release of October 13, 2010). An envelope of mineralization and alteration is recognizable over the entire zone at surface, and the 2011 drilling program (408 m in 6 short holes: 5 rotary + 1 RC) revealed a strong alteration system 150 metres wide, containing anomalous copper, cobalt, tungsten, molybdenum, barium, manganese, phosphorous and iron values (press release of February 9, 2012).

The mineralization of both zones is present as breccias hosted by migmatitic gneisses. The breccias contain chalcopyrite, bornite and pyrite (± covellite) and networks of magnetite and/or hematite with or without quartz veins/veinlets. Alteration is dominated by strong potassic alteration and pervasive silicification locally accompanied



**Figure 13:** Location of Azimut’s wholly-owned properties in Nunavik. The Rex Trend comprises the Rex, Duquet, Rex South and NCG properties.





**Figure 14:** Rex and Duquet properties. Note: this figure shows only the AB Block of the Rex Property.

by albite, chlorite and epidote. Anomalous values in gold (up to 0.16 g/t Au at RBL), silver (up to 5.0 g/t Ag at RBL and up to 9.0 g/t Ag at CM) and cobalt (up to 1,130 ppm Co) were announced for surface grab samples collected during the 2010 program (press release of October 13, 2010).

The geological context of the RBL and CM zones (large alteration and breccia systems spatially associated with regional-scale structures) suggest significant depth to the systems, and both zones show excellent potential for extensions based on their strong magnetic signatures and geochemical footprints in lake-bottom sediments. Azimut considers them to be significant IOCG-type targets. Furthermore, the two zones, spaced 27 kilometres apart, demonstrate the regional scale of mineralization on the Rex Property.

A number of other prospects on the property, several of them kilometre-scale, have also yielded significant grades for copper (up to 4.4% Cu), gold (up to 16.2 g/t Au and 580.0 g/t Au), silver (up to 196.0 g/t Ag), tungsten (up to 0.87% W), molybdenum (up to 0.65% Mo), rhenium (up to 0.91 g/t Re) and bismuth (up to 285 ppm Bi) (press releases of February 9, 2012 and October 12, 2010). In addition, results in the southern part of Rex revealed a 4-kilometre trend defined by anomalous barium values (up to 11.95% Ba) within a strong, 13-kilometre copper-molybdenum-cobalt-REE-manganese footprint in lake-bottom sediments. This area represents a top-priority IOCG target.

### ***Mineral potential assessment***

Azimut's management is of the opinion that the Rex Property has the potential to become an important metal district in Northern Quebec. Field work and analytical results to date validate Azimut's assessment of the property as highly prospective for IOCG-type deposits. The IOCG deposit-type encompasses a wide spectrum of ore bodies, often polymetallic and of significant size, which may notably produce iron, copper, gold, uranium, silver, cobalt and REE. The best known IOCG example is Olympic Dam in Western Australia, one of the largest known deposits in the world. Other prospective zones on the Rex Property may be related to deposit types typical of Archean greenstone belts, such as copper-gold mineralization in shear zones and volcanogenic massive sulphides. In addition, the 2010–2011 programs revealed strong exploration potential for diamonds. The ongoing assessment takes into account the results of an infill multi-element lake-bottom sediment program, a detailed aeromagnetic survey, a structural interpretation, and prospecting work on newly discovered ultramafic intrusive rocks and carbonatite dykes (press release of February 9, 2012). The Rex Trend covers a deep-seated structural corridor (the "Allemand-Tasiat Zone"), which has been recognized as prospective for diamonds by the Ministère de l'Énergie et des Ressources Naturelles (the "MERN").

### ***Exploration work***

In 2012, Azimut's self-funded \$765,000 Nunavik exploration program, which included the Rex Property, aimed to increase the sampling density on known quality mineralized zones and to conduct reconnaissance prospecting on newly defined targets. A total of 175 rock grab samples were collected on the Rex Property.

In 2011, Azimut's self-funded \$3.9-million combined exploration program for the Rex and NCG properties comprised the following: ground-based geophysical surveys (49.2 line-km of IP and 122.3 km of magnetics) to better define drilling targets on the RBL and CM zones; infill lake-bottom sediment sampling (614 samples) to further define targets in the western part of the Rex Property; 1,116 grab rock samples from outcrops and boulders during property-wide prospecting; and 2,172 metres of reconnaissance drilling. The drilling program consisted of 29 short holes (2,113 m in 26 rotary holes, and 59 m in 3 RC holes) from which 1,382 drill samples were sent for analysis. Results were published in the press release of February 9, 2012.

For Q2 2019, Azimut incurred \$124,000 in (\$77,000 – Q2 2018) in claim renewal expenditures and \$8,000 (\$4,000 – Q2 2018) in exploration work for technical evaluation and data interpretation. Azimut will pursue its assessment of the project in 2019 through a SOQUEM-funded work program on the Rex and Duquet properties, at which point the properties will be known as Rex-Duquet.

### **Duquet Property (gold-silver-copper)**

In 2015, Azimut acquired the Duquet Property (30 claims, 12.8 km<sup>2</sup>; 2 blocks; see Figures 13 and 14) from joint owners Osisko Gold Royalties Ltd (through the wholly-owned subsidiary Osisko Exploration James Bay Inc.),

Newmont Northern Mining ULC and SOQUEM (press release of October 7, 2015). All the rights, titles and interests in the Duquet Property were transferred to Azimut in consideration of an aggregate 2.25% net smelter return royalty (“NSR”) on the property, with a 0.75% NSR granted to each of the three previous joint owners.

The property is entirely surrounded by the Rex Property (see Figure 14). Duquet hosts significant gold and copper mineralization, including the following historical grab and channel results:

- Gold: 74.75 g/t Au, 56.78 g/t Au, 34.29 g/t Au, 16.08 g/t Au, 12.58 g/t Au and 11.4 g/t Au (grabs)
- Silver: 552.9 g/t Ag and 331 g/t Ag (grabs), and 64 g/t Ag over 1.5 m (channel)
- Copper: 10.38% Cu, 2.9% Cu and 1.51% Cu (grabs), and 6.4% Cu over 1.5 m (channel)

Duquet adds excellent prospects on strike with known major targets on the Rex Property and provides a more complete coverage of the strong regional-scale lake-bottom sediment copper and REE anomaly. Azimut will pursue its assessment of the project in 2019 through a SOQUEM-funded work program on the Rex and Duquet properties, at which point the properties will be known as Rex-Duquet.

### Rex South Property (copper-gold-tungsten)

The wholly-owned polymetallic Rex South Property (2,361 claims, 1,028.4 km<sup>2</sup>) occupies the middle segment of the Rex Trend (see Figure 13).

#### Exploration programs

In 2012, Azimut completed a self-financed \$360,000 exploration program in Nunavik that included infill grab sampling on two large zones of the Rex South Property. Results were published in press releases dated September 13 and October 4, 2012 (see below for details). In 2011, Azimut’s former partner Aurizon Mines Ltd operated a jointly designed comprehensive exploration program to follow up on the results of Azimut’s 2010 program comprising property-wide airborne geophysics (5,410 line-km), a detailed lake-bottom sediment geochemical survey (765 samples) and prospecting. The 2011 program consisted of ground-based geophysical surveys (53.9 line-km of IP and 149.5 km of magnetics), 257 infill lake-bottom sediment samples, 2,530 prospecting samples, 145.35 metres of channel samples (149 samples from 16 channels) and 4,934 metres of drilling in 53 holes on two zones (4,467 m of rotary and 467 m of RC; total of 3,171 samples). Results were published in press releases dated October 31, 2011 and April 4, 2012 (see below for details).

#### Mineralized zones

The above work yielded more than 30 new mineralized zones and prospects on Rex South (Figure 15). The most important are discussed below.

The **Augossan Zone** (gold-silver-copper-tungsten-tin) represents the first reported occurrence of significant tungsten grades in the Nunavik region. Other commodities of interest are bismuth, tantalum, beryllium, rubidium, molybdenum, rhenium, tellurium and lithium.

The Augossan Zone represents a large polymetallic envelope at the contact between a fluorite-topaz-bearing granitic intrusion (the **Qalluviartuuq Intrusive Complex**) and volcano-sedimentary rocks. It is 7,000 metres long and 100 to 350 metres wide, as defined by drilling, channelling and prospecting data. It remains open in all directions, notably toward the intrusion.

The best grades among 78 grab samples collected in 2012, mostly from outcrops, are as follows:

Copper (%)	Tungsten (%)	Gold (g/t)	Silver (g/t)	Sample #
0.84	1.03	-	31.4	L253840
1.71	0.02	1.3	17.9	L253842
1.27	0.18	-	45.1	L253839
0.37	0.21	0.6	62.3	L253836
0.09	1.35	0.4	-	L253803
1.08	0.02	0.6	9.0	L253849



The results for the 788 grab samples collected in this zone from 2010 to 2012 can be summarized as follows:

- Copper: 136 samples returned grades higher than 0.1% Cu, including 25 samples with grades ranging from 0.5% to 2.56% Cu
- Tungsten: 71 samples returned grades higher than 0.05% W, including 49 samples with grades ranging from 0.1% to 4.62% W
- Gold: 141 samples returned grades higher than 0.1 g/t Au, including 28 samples with grades ranging from 1.0 g/t to 23.3 g/t Au
- Silver: 209 samples returned grades higher than 1.0 g/t Ag, including 49 samples with grades ranging from 10.0 g/t to 90.0 g/t Ag

Channel sampling highlights from 2011 included the following: 13.75 g/t Au, 15.8 g/t Ag and 0.23% Cu over 1.1 m; 3.15% W over 1 m; and 0.64% W over 3 m. Channels were cut at 90° to the apparent orientation of mineralization.

Drilling highlights from 2011 include the following: 0.14% W over 15.24 m with an interval of 4.20 g/t Ag, 893 ppm Bi, 0.12% W, 0.35% Cu over 7.62 m; 1.28 g/t Au, 8.41 g/t Ag, 0.12% Cu over 6.1 m; 1.10 g/t Au, 2.60 g/t Ag over 9.14 m; 0.56% W, 2.84 g/t Ag, 0.11% Cu over 1.52 m. True widths of the drilling intervals were estimated to be approximately 75% to 100% of core length.

The gold-copper-tungsten **Anorthosite Zone** was discovered in 2010 several kilometres south of the Augossan Zone. A few reconnaissance holes and prospecting data outlined a preliminary envelope 4 kilometres long by 200 metres wide with Au, Ag, Cu, W and Te mineralization.

The **Copperton Zone**, discovered about 5 kilometres southeast of the Anorthosite Zone, is 3,500 metres long by 20 to 100 metres wide. The zone's characteristic chalcopyrite and pyrite mineralization occurs as disseminations, veinlets and massive sulphide lenses hosted in a variably sheared, steeply dipping feldspathic intrusion, as well as amphibolites and gneissic metasediments. Results from the 2012 infill sampling program revealed consistent copper-gold-silver grades within the known envelope. The best grades among the 218 grab samples are as follows:

Copper (%)	Gold (g/t)	Silver (g/t)	Sample #
7.37	3.86	56.9	L253563
2.17	9.56	31.4	L253585
1.19	1.96	11.5	L253742
0.74	4.62	4.46	L253549

The results for all 273 samples collected from Copperton Zone in 2011 and 2012 can be summarized as follows:

- Copper: 91 samples returned grades higher than 0.1% Cu, including 32 samples ranging from 0.5% to 9.28% Cu
- Gold: 89 samples returned grades higher than 0.1 g/t Au, including 19 samples ranging from 1.0 g/t to 9.56 g/t Au
- Silver: 77 samples returned grades higher than 1.0 g/t Ag, including 14 samples ranging from 10.0 g/t to 82.7 g/t Ag

Several samples returned significant tellurium (up to 38.4 g/t Te) and cobalt values (up to 500 ppm Co).

The **Aura-Pegor Zone**, 2 kilometres long, is characterized by disseminated pyrite and strong alteration, including tourmaline in veinlets or stockworks accompanied by silica and albite. Grab sample assays include 15 samples with grades ranging from 0.5 g/t Au to 11.75 g/t Au. In addition, this zone presents anomalous values in copper (up to 0.37% Cu), tungsten (up to 0.06% W), bismuth (up to 0.14% Bi) and tellurium (up to 34 g/t Te).

The **Jemima Zone** is a mineralized corridor 2 kilometres long by 30 to 100 metres wide, characterized by disseminated to semi-massive chalcopyrite and bornite associated with hematite-magnetite in veins, veinlets or breccia cement, accompanied by strong pervasive potassic alteration, silica, chlorite and epidote. Mineralization and associated alteration are related to a brittle structure that clearly crosscuts the Archean gneissic country rocks. Assays for 15 grab samples ranged from 0.5% to 2.86% Cu, up to 0.17% Mo (molybdenum) and up to 0.422 g/t Re (rhenium).

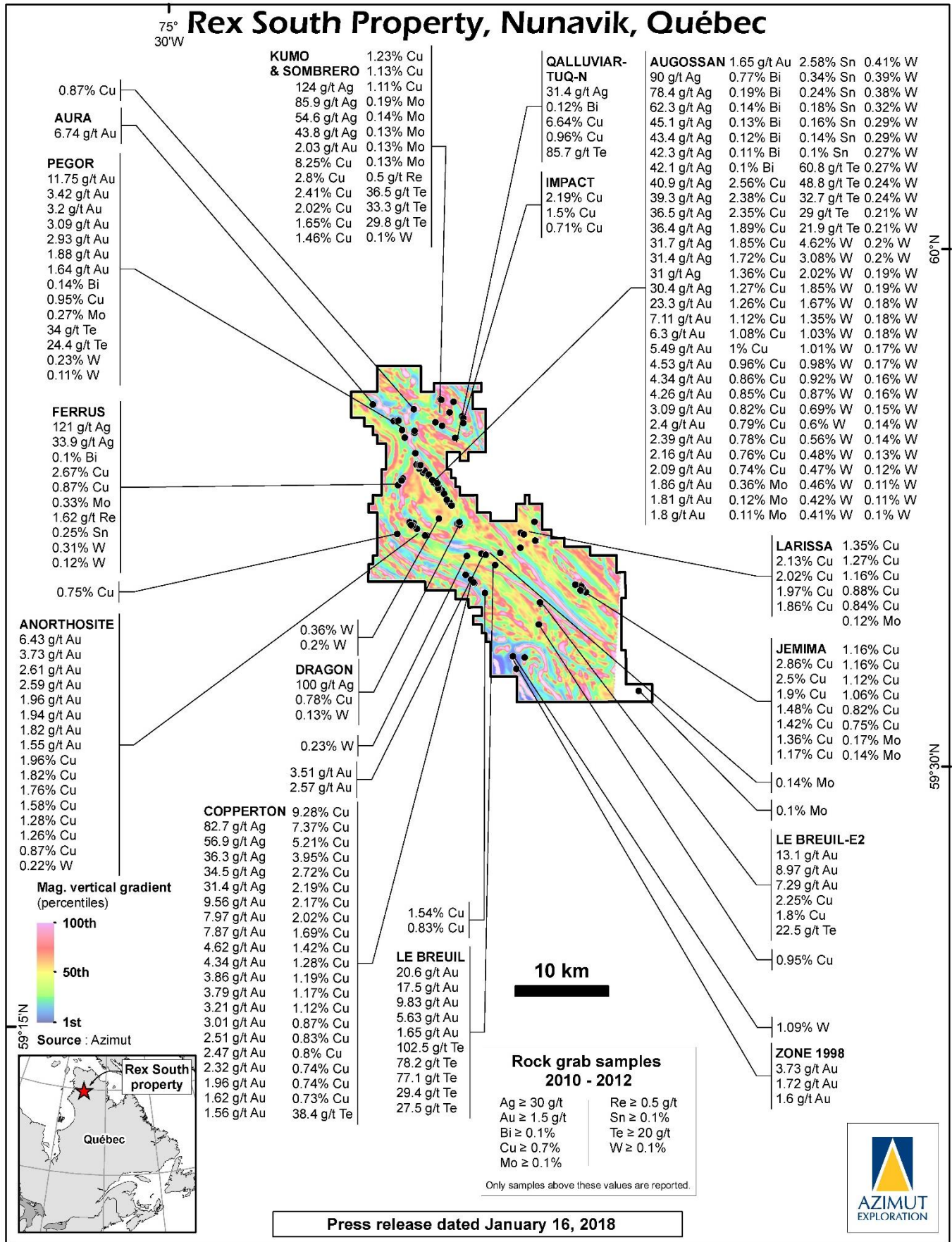


Figure 15: Main mineralized zones on the Rex South polymetallic (Cu-Au-W) property.

## ***Evidence of large-scale systems and comparison to other mineral provinces***

Overall, the Rex South Property demonstrates evidence for two types of district-scale mineralized systems:

1. A system mainly emplaced around the ovoid-shaped, fluorite-topaz-bearing Qalluviartuuq Intrusive Complex measuring 15 kilometres by 5 kilometres. This includes the Augossan, Anorthosite and Copperton zones, and the Pegor, Ferrus, Dragon and Le Breuil prospects. Considerable additional exploration potential exists along the 30-kilometre contact between the intrusion and the volcano-sedimentary host rocks, as well as within the intrusion itself. This 30-kilometre prospective trend is marked by a linear magnetic anomaly around the intrusion. The Aura-Pegor and Le Breuil zones, both characterized by abundant tourmaline and lesser fluorite, may represent a less eroded part of the system (possible roof zones) along the northwest and southeast extensions of the Augossan trend.
2. IOCG mineralization associated with brittle structures and characterized by copper-dominant values accompanied by hematite and pervasive potassic alteration, represented by the Jemima Zone and the Sombrero and Impact prospects. The Larissa, Agaku-1, Agaku-2, Agaku-4 prospects may also represent IOCG mineralization.

A comparison can be made between the context of the Rex Trend and the world-class Carajás Mineral Province in Brazil. The latter hosts several large IOCG deposits (Sossego, Salobo, Alemao, Gameleira and Cristalino) and intrusion-related Cu-Au-(W-Bi-Sn) and W deposits (Breves, Aguas Claras) associated with anorogenic granite intrusions. The ages for the Carajás IOCG deposits range from Archean (2.77 Ga) to Paleoproterozoic (1.73 Ga), and the intrusion-related Breves deposit is Paleoproterozoic (1.88 Ga). The Breves deposit (50 Mt @ 1.22% Cu, 0.75 g/t Au, 2.4 g/t Ag, 0.12% W, 70 ppm Sn, 175 ppm Mo, and 75 ppm Bi) has a number of features in common with the Qalluviartuuq mineralized system at Rex South, particularly the presence of fluorite, tourmaline, chalcopyrite, pyrite, arsenopyrite, wolframite, cassiterite, bismuthinite and native bismuth.

For Q2 2019, Azimut incurred \$175,000 (\$72,000 – Q2 2018) in claim acquisition expenditures and \$10,000 (\$4,000 – Q2 2018) in exploration work for technical evaluation and data interpretation. The assessment of the project requires follow-up airborne geophysics, prospecting, drilling on previous drill intersections and new targets, with particular focus on the Copperton, Augossan and Jemima zones. Azimut will pursue its assessment of the project in 2019 as part of a work program funded by SOQUEM.

### **NCG Property (copper-gold)**

The NCG Property (1 claim; 0.4 km<sup>2</sup>) is located at the southern end of the Rex Trend. For Q2 2019, Azimut did not incur any claim renewal expenditures (\$Nil – Q2 2018) or exploration expenditures (\$Nil – Q2 2018). The claim is still in good standing, but the NCG Property was fully impaired because Azimut elected to no longer pursue its assessment of the project due to other regional priorities.

### **Qassituq Property (copper-gold)**

In 2012, Azimut acquired the Qassituq Property based on the Company's systematic data processing of the Nunavik region (press release of January 17, 2013). The wholly-owned property (12 claims, 4.9 km<sup>2</sup>) lies to the north of the geological Cape Smith Belt at a distance of 85 kilometres from Salluit, an Inuit village on the Arctic Ocean, and 145 kilometres west of Glencore's world-class Raglan nickel mine (see Figure 13).

The property displays very strong lake-bottom sediment anomalies, most notably arsenic and/or copper. It contains several historical mineralized prospects with grab sample grades up to 4.13% Cu and 2.94 g/t Au. Qassituq also displays a strong potential for PGE related to its ultramafic lithologies. A historical diamond drill hole intersected 0.75 g/t Pd, 0.29 g/t Pt and 0.18 g/t Au over 15 m (Hole H-8-97).

For Q2 2019, Azimut did not incur any expenditures for claim renewals (\$4,000 – Q2 2018) or exploration work (\$100 – Q2 2018). Azimut might pursue its assessment of the Qassituq Property in 2019 on its own if financial conditions are adequate, or through partnership.

## **NUNAVIK – GOLD**

### **Nantais Property**

The wholly-owned Nantais gold property (539 claims; 225.7 km<sup>2</sup>) lies about 80 kilometres south of Glencore's Raglan nickel mine and 115 kilometres southwest of the Inuit village of Kangiqsujaq (see Figure 13). Azimut conducted prospecting programs in 2011 and 2012, yielding 152 grab samples and the discovery of two (2) new gold prospects: 16.7 g/t Au from an outcrop sample and 26.1 g/t Au from a near-source boulder (press release of April 19, 2012; Figure 16). To date, mineralization has been recognized along a 3-kilometre prospective trend, open in all directions, which includes three historical prospects. Mineralization is hosted within a steeply dipping north-trending unit of mafic and felsic volcanic rocks belonging to the Nantais Complex of the Minto Block, a geological division of the Archean Superior Province. The results and geological context indicate an excellent potential for gold-rich polymetallic volcanogenic massive sulphide deposits.

The best results are as follows (press release of September 18, 2012):

<b>Gold (g/t)</b>	<b>Silver (g/t)</b>	<b>Copper (%)</b>	<b>Sample #</b>
15.15	31.30	0.86	J351726
15.50	4.53	0.10	J351722
9.98	9.26	0.06	J351723
2.21	66.10	0.80	J351728
1.83	41.50	0.45	J351717

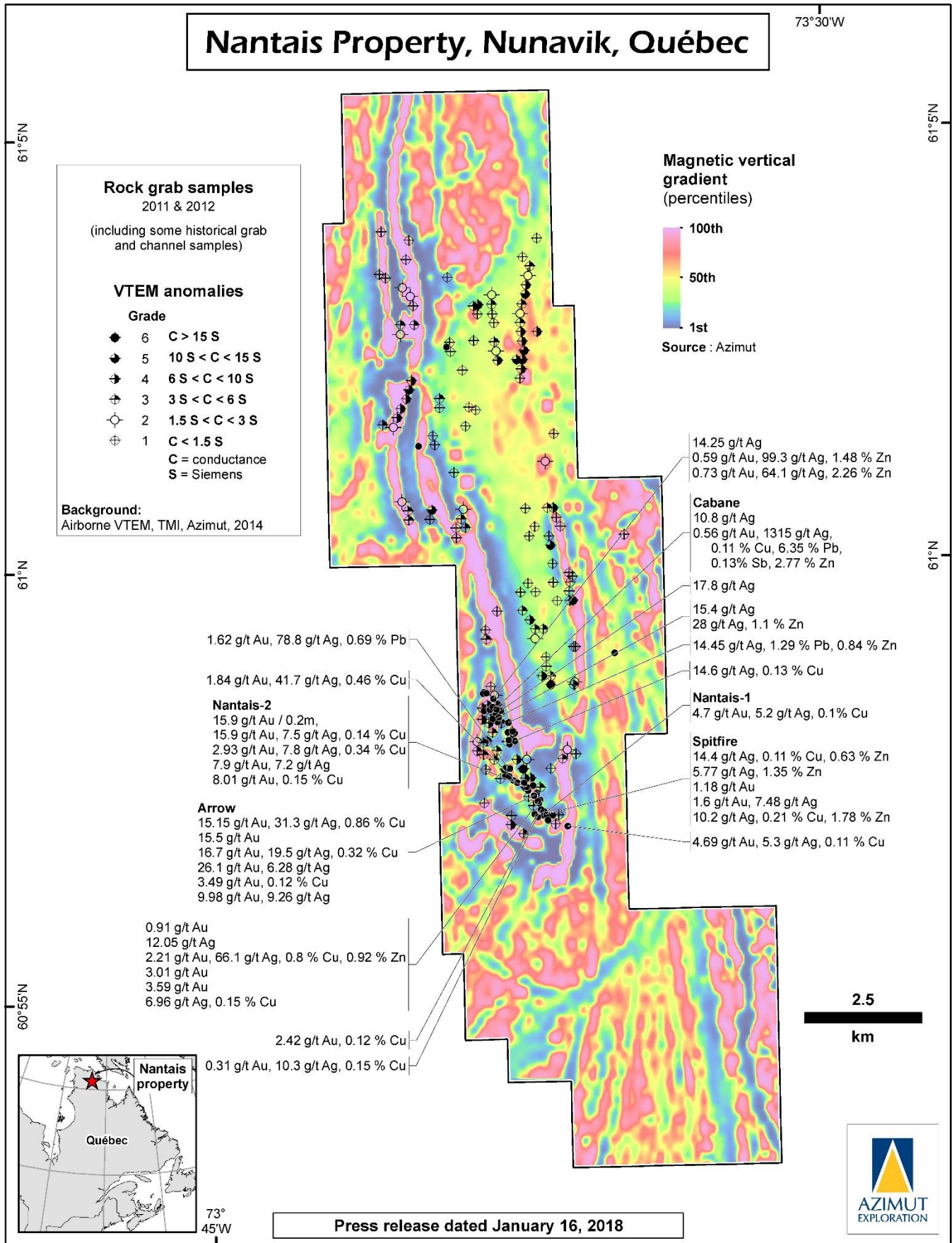
Many samples also returned anomalous zinc (up to 2.26% Zn) and lead values (up to 1.29% Pb). The results for all 152 samples collected from the Nantais Property in 2011 and 2012 can be summarized as follows:

- Gold: 31 samples returned grades higher than 0.1 g/t Au, including 14 samples ranging from 1.0 g/t to 26.10 g/t Au;
- Silver: 93 samples returned grades higher than 1.0 g/t Ag, including 15 samples ranging from 10.0 g/t to 99.30 g/t Ag; and
- Copper: 17 samples returned grades from 0.1% to 0.86% Cu.

In 2014, Azimut continued to assess the potential of the property through a helicopter-borne VTEM-Plus time-domain electromagnetic survey and high-resolution magnetic survey covering 998 line-kilometres at a spacing of 200 metres. The objective was to advance the project to the drilling stage by delineating high-quality conductors superimposed on or along strike with known mineralized prospects and structures. Electromagnetic anomalies with a cumulative length of 18.4 kilometres have been identified on 23 distinct conductors. These include a number of conductors forming an envelope 1.2 kilometres long by up to 900 metres wide, coincident with a mineralized corridor 3 kilometres long and up to 200 metres wide, which was previously outlined by Azimut (press releases of August 27 and September 29, 2014).

For Q2 2019, Azimut incurred \$50,000 (\$Nil – Q2 2018) in claim acquisition expenditures and \$11,000 (\$2,000 – Q2 2018) in exploration work for technical evaluation and data interpretation. Azimut will pursue its assessment of project in 2019 as part of a work program funded by SOQUEM.





**Figure 16:** Map of the main mineralized zones (Au, Ag, Cu-Zn) on the Nantais Property.



## **NUNAVIK – URANIUM**

### **North Rae Property**

Azimut considers Nunavik to be highly prospective for large-tonnage uranium deposits related to intrusive rocks in high-grade metamorphic environments. Azimut's only uranium property, the North Rae Property (1 claim, 0.5 km<sup>2</sup>), is located in a part of the eastern Ungava Bay region that management considers to be a new uranium province in Canada.

For Q2 2019, Azimut incurred \$100 (\$Nil – Q2 2018) in claim renewal expenditures but did not incur any exploration expenditures (\$2,000 – Q2 2018). The North Rae Property was fully impaired because no E&E expenditures were planned due to the uncertainty surrounding the uranium industry in Quebec.

## **REGIONAL MODELLING AND PROJECT GENERATION**

Azimut continues to pursue its mineral potential modelling of several regions in Quebec with the objective of generating new projects, most notably for gold and copper. Opportunities in other regions and for other commodities are also considered.

## **PERSPECTIVE**

The following tables present the status of the current work programs on Azimut's key properties and the planned exploration programs for 2019.

Azimut maintains its conservative business approach by minimizing equity dilution and preserving its cash position, especially in the current context of the mining industry. Azimut's strategy is to focus on developing new partnerships in Quebec in order to safeguard the value added to Azimut's projects. The Company also continues to assess quality exploration opportunities based on its systematic data processing approach.

The Company is maintaining its long-standing exploration focus in the James Bay region, primarily with its gold properties in the Opinaca Reservoir (Eleonore Gold Camp) and Eastmain River areas. The Company also continues to hold a commanding position over the Rex Trend, the 300-kilometre-long mineral belt in Nunavik containing major gold-polymetallic targets.

Management believes the Company has adequate financial resources to keep its properties in good standing and to pay its ongoing G&A expenses.

<b>JAMES BAY REGION</b>		
<b>Property</b>	<b>Status</b>	<b>2019 planned work programs</b>
Opinaca B (gold)	Targets identified	Ground geophysics and drilling program funded by the partner
Eleonore South (gold)	Targets identified	Prospecting, stripping and drilling program funded by the JV partner
Wabamisk (gold)	Technical assessment underway	Drilling stage Partner-funded program to be defined
Munischawan (gold)	Targets identified	Prospecting, stripping, drilling
Pikwa (gold)	Targets identified	Prospecting, stripping, ground geophysics, drilling
Pontois (gold)	Targets identified	Prospecting
Desceliers (gold)	Targets identified	Prospecting
Galinée (gold)	Targets identified	Prospecting, till sampling: 50% funded
Dalmas (gold)	Targets identified	Prospecting, till sampling: 50% funded
Elmer (gold-silver-copper-zinc)	Technical assessment underway	Prospecting, stripping, soil geochemistry
Cawachaga (zinc)	Technical assessment underway	Detailed lake-bottom sediment survey
Kaanaayaa (gold-copper)	Technical assessment underway	Detailed lake-bottom sediment survey

<b>NUNAVIK REGION</b>		
<b>Property</b>	<b>Status</b>	<b>2019 planned work programs</b>
Rex-Duquet (copper, gold, silver, REE)	Priority targets identified	Airborne/heliborne geophysics, prospecting, soil geochemistry Partner-funded program
Rex South (gold, silver, copper, tungsten)	Priority targets identified	
Nantais (gold, silver, copper, zinc)	Priority targets identified	Prospecting Partner-funded program

## SELECTED FINANCIAL INFORMATION

	Three months ended		Six months ended	
	February 28,		February 28,	
	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)
Revenue				
Management income	21,425	15,031	57,224	67,171
Expenses				
G&A	140,715	115,464	237,105	188,786
General exploration	28,540	5,925	41,883	8,286
Impairment of property and equipment	-	1,784	-	1,784
Impairment of E&E assets	-	-	132	-
Interest income, net of finance costs	(6,769)	(6,681)	(15,339)	(11,102)
	162,487	116,492	263,779	187,754
Other loss (gain)	(11,196)	(86,887)	25,929	(203,384)
Deferred income tax recovery	31,634	35,183	72,853	35,183
Net (loss) gain for the period	(98,232)	20,609	(159,632)	117,984
Basic and diluted (loss) income per share	(0.002)	0.000	(0.003)	0.003

## RESULTS OF OPERATIONS

### Q2 2019 COMPARED TO Q2 2018

Azimut reported a net loss of \$160,000 for Q2 2019 compared to a net income of \$118,000 for Q2 2018. The important variations are detailed below.

#### Revenue

The Company reported a revenue of \$57,000 (\$67,000 for Q2 2018) in management income for the Company's role as operator of its joint venture properties, mainly for the SOQUEM JV Properties (\$54,000)

#### Operating Expenses

G&A expenses amounted to \$237 in Q2 2019 compared to \$189,000 in Q2 2018. The increase in Q2 2019 is due mainly to the net effect of the following:

- An increase in professional fees of \$19,000 related to lawyer fees for the transaction with SOQUEM to amend the terms of the existing strategic alliance in James Bay and to create a new alliance in Nunavik.
- An increase in administration and office expenses of \$6,000 due mainly to greater activity and the need for more office furniture.
- An increase of \$10,000 in rent for a larger space to accommodate the Company's growth.

General exploration expenses were \$42,000 in Q2 2019 compared to \$8,000 in Q2 2018. The increase is mainly due to more time spent on mineral potential modelling of several regions in Quebec of \$38,000 for Q2 2019 (\$5,000 – Q2 2018), and the stock-based compensation costs of \$7,000 for Q2 2019 (\$Nil – Q2 2018) representing the fair value of 33,000 stock options vested during the period; this expense did not affect cash.

## OTHER GAINS AND LOSSES

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The Company reported other losses of \$26,000 for Q2 2019 compared to a gain of \$203,000 for Q2 2018. The changes were primarily attributable to the change of \$26,000 (\$201,000 – Q2 2018) in the fair value of the Company's investments, which is mainly due to its investments in Nemaska Lithium Inc. and Captor Capital Corp.

## OTHER INFORMATION

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	<b>February 28,</b>	<b>August 31,</b>
	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$2,166,384	\$2,487,979
Total assets	\$8,586,850	\$7,969,782
Shareholders' equity	\$6,792,322	\$5,859,505
Number of shares outstanding	52,980,649	48,559,496
Number of stock options outstanding	4,095,000	4,095,000
Number of warrants outstanding	2,210,576	-

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 deem necessary to consider in the circumstances. It is unlikely that any dividends will be paid in the near future.

## CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

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Azimut is currently in the exploration and evaluation stage and has not earned significant revenues.

### Financial Position

The Company's working capital was \$1,220,000 as at February 28, 2019, compared to \$2,551,000 as at February 28, 2018. Management is of the opinion that the current cash position is sufficient to meet current commitments on a continuous basis for at least the next twelve (12) months. To pursue the exploration and evaluation programs and operations of the Company beyond February 28, 2020, it will be necessary to periodically raise additional funds through the issuance of new equity instruments and/or the exercise of stock options and warrants and/or the signing of option agreements with partners on its E&E assets. 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.

As at February 28, 2019, the Company's cash and cash equivalent position decreased by \$322,000 compared to August 31, 2018. The variation in the cash position is mainly due to the net cash received of \$1,085,000 for closing the private placement, a payment of \$700,000 received from SOQUEM for the 2019 work program, the 2016 tax credit for resources and mining duties of \$162,000 and commodity taxes of \$133,000, offset by \$1,916,000 for cash used for investing activity costs and \$123,000 for operational costs for the period.

Total assets increased by \$617,000 since August 31, 2018, owing mainly to the acquisition of E&E assets. An increase in E&E costs incurred mainly in the James Bay region on the Eleonore South, Duxbury, Elmer and Kaanaayaa properties, and in the Nunavik region on Rex, Rex South and Nantais. A decrease in liabilities is largely due to advances received from joint venture partners that were applied to exploration work.

### Operating activities

For Q2 2019, net cash flows from operating activities totalled \$509,000 compared to \$103,000 used in Q2 2018. The variation is mainly due to the net change in non-cash working capital amounting to \$632,000 (\$15,000 – Q2 2018). The variation in amounts receivable of \$233,000 results from the 2016 tax credit for resources and mining duties in

the amount of \$162,000, a payment of \$112,000 received from Geotech Ltd for costs incurred during an attempted airborne survey on the Desceliers Property, and a receivable from Everton for costs incurred on the Opinaca A Property.

An increase in accounts payable of \$384,000 is mainly due to the commodity taxes charged to SOQUEM on exploration work expenditures incurred during the James Bay Alliance.

### Financing activities

The Company completed a non-brokered private placement of 4,421,153 units at \$0.26 per unit for aggregate gross proceeds of \$1,149,000. No commissions or finder's fees were paid in respect of the offering in Q2 2019 (\$1,550,000 – in Q2 2018).

### Investing activities

Investing activities consisted mainly of the additions to E&E assets. In Q2 2019, net cash flows from investing activities totalled \$1,916,000 compared to \$1,896,000 in Q2 2018. The variation is attributable to the net effect of the following:

- Additions to E&E assets amounting to \$2,746,000 (\$2,440,000 – Q2 2018). Significant costs were incurred in the James Bay region on the Eleonore South, Duxbury, Elmer, Kaanaayaa, SOQUEM JV and SOQUEM Alliance properties, and in the Nunavik area on the Rex, Rex South and Nantais properties. An amount of \$949,000 was charged back to the joint venture partners for exploration work (Opinaca A, Eleonore South, SOQUEM JV, and SOQUEM Alliance properties). A balance of \$140,000 is available as an advance for the Company's participating interest on exploration work (drilling) on the Eleonore South Property.
- \$700,000 received from SOQUEM for the 2019 program on Pikwa and Munischiwan properties;
- \$83,000 received for the 2016 tax credit for resources and mining duties; and
- \$50,000 of the proceeds received from the sale of 50,000 shares in Nemaska Lithium Inc. for \$46,000 and 19,600 shares in Albert Mining Inc. for \$4,000.

Advanced exploration on the Company's properties and the ongoing work to identify early-stage and major exploration targets are pursuits that require substantial financial resources. In the past, the Company has been able to rely on its ability to raise financing in privately negotiated equity offerings. There is no assurance that the Company will be successful in raising additional funds in the future.

## QUARTERLY INFORMATION

The information presented below details the total income (expenses), net earnings (loss), and net earnings (loss) per share for the last eight quarters. The information is based on the financial statements, which have been prepared in accordance with IFRS.

Quarter ended	Income (expenses) \$	Net earnings (loss) \$	Net earnings (loss) per share	
			Basic (\$)	Diluted (\$)
28-02-2019	32,621	(98,232)	(0.002)	(0.002)
30-11-2018	(1,325)	(61,400)	(0.001)	(0.001)
31-08-2018	12,801	* 979	0.000	0.000
31-05-2018	(58,708)	(137,888)	(0.003)	(0.003)
28-02-2018	101,918	** 20,609	0.000	0.000
31-11-2017	168,637	** 97,375	0.002	0.002
31-08-2017	35,990	*** (1,613,478)	(0.035)	(0.035)
31-05-2017	48,403	(22,226)	(0.000)	(0.000)

\* Gain arising from changes in fair value on investments.

\*\* Gain on option payments received.

\*\*\* Impairment of E&E assets, and stock-based compensation.



## Current quarter

For the three months ended February 28, 2019, the Company reported a net loss of \$98,000 compared to a net income of \$21,000 for the three months ended February 28, 2018. The change in 2019 was primarily attributable to the net effect of the following:

- \$140,000 in G&A expenses for the current quarter of 2019, compared to \$115,000 for the same quarter in 2018. The increase in 2019 is mainly due to the legal fees for document preparation related to SOQUEM transactions to amend the terms of the existing strategic alliance in James Bay and to create a new alliance in Nunavik.
- \$29,000 in general exploration expenses for the current quarter of 2019 due to more time spent on mineral potential modelling of several regions in Quebec compared to \$6,000 for the same quarter in 2018.
- A change of \$11,000 in the fair value of the Company's investments, compared to \$85,000 for the same quarter in 2018. This change is mainly attributable to the investment in Captor Capital Corp. (formerly NWT Uranium Corp).

## CONTRACTUAL OBLIGATIONS

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As at February 28, 2019, the Company's contractual obligation payments are as follows:

	<b>Less than 1 year \$</b>	<b>1–3 years \$</b>	<b>4–5 years \$</b>	<b>After 5 years \$</b>
Operating Leases	61,377	188,439	23,072	
Asset retirement obligations	-	251,480	-	-
Total contractual obligations	<u>61,377</u>	<u>439,919</u>	<u>23,072</u>	<u>-</u>

## OFF-BALANCE SHEET ARRANGEMENTS

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The Company has no off-balance sheet arrangements.

## CARRYING AMOUNT OF EXPLORATION AND EVALUATION ASSETS

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At the end of each quarter, management reviews the carrying value of its E&E assets to determine whether any write-offs or write-downs are necessary. Based on an impairment analysis performed in Q2 2019, the uranium property, North Rae, was fully impaired by \$100 due to uncertainty surrounding the uranium industry in Quebec.

The Company has sufficient funds to respect its short-term obligations. The estimation of impairment charges requires judgment from the management.

## RELATED PARTY TRANSACTIONS

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The related parties of the Company include key management and companies owned by the key management team. 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 is as follows:

	<b>2019 \$</b>	<b>2018 \$</b>
Salaries	158,840	144,702
Director fees	18,500	-
	<u>177,340</u>	<u>144,702</u>

An amount for salaries of \$57,000 (\$75,000 – Q2 2018) was capitalized to E&E assets in Q2 2019.

As at February 28, 2019, accounts payable and accrued liabilities include an amount of \$272,000 owed to key management (\$157,000 at February 28, 2018).

In the event that termination of employment is for reasons other than gross negligence, the CEO will be entitled to receive an indemnity equal to twelve (12) months of salary. The indemnity paid must not represent more than 10% of the Company's liquidities at such time.

In the event of a change of control or a termination of employment following a change of control, the CEO will be entitled to receive an indemnity equal to twenty-four (24) months of salary and the CFO will be entitled to receive an indemnity equal to eighteen (18) months of salary.

## **SUBSEQUENT EVENT**

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No subsequent events to be reported.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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A detailed summary of the Company's significant accounting policies is provided in note 2 of the annual financial statements as at August 31, 2018.

## **NEW ACCOUNTING STANDARDS OR AMENDMENTS**

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A detailed summary of new accounting standards or amendments adopted in the current year or to be adopted in later years is provided in notes 2 and 3 of the annual financial statements as at August 31, 2018.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

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A detailed summary of the Company's critical accounting policies and estimates is provided in note 4 of the annual financial statements as at August 31, 2018.

## **INFORMATION REGARDING OUTSTANDING SHARES**

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The Company can issue an unlimited number of common shares, without par value. As at April 24, 2019, there were 53,300,649 issued and outstanding shares and no shares held in escrow, and there were 2,210,576 warrants outstanding with an average exercise price of \$0.35, valid until June 21, 2020.

The Company maintained a stock option plan in which a maximum of 4,544,000 stock options may be granted. The exercise price of the options is set at the closing price of the Company's shares on the TSX Venture Exchange the day before the grant date. The options have a maximum term of ten (10) years following the granting date; the options are granted fully vested, unless otherwise approved by the Board of Directors. As at April 24, 2019, a total of 3,745,000 stock options were outstanding and 3,720,000 vested. Their exercise prices range from \$0.19 to \$1.25 and the expiry dates range from March 7, 2020 to April 11, 2029.

## **RISK RELATED TO FINANCIAL INSTRUMENTS**

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The Company has exposure to various financial risks, such as credit risk, liquidity risk and market risk from its use of financial instruments. A detailed summary is provided in note 19 of the annual financial statements as at August 31, 2018.

## **OUTLOOK**

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In the coming fiscal year, the Company will continue advancing the Eleonore South Property and six (6) other gold properties acquired under the James Bay Alliance with SOQUEM and will conduct technical assessment work on the Elmer property in the James Bay region. The Company will also advance the Rex-Duquet, Rex South and Nantais properties under the Nunavik Alliance with SOQUEM. The Company will continue its efforts to find new partners for available properties, and it intends to develop new business opportunities to apply its big data approach to other regional and country-scale settings. Furthermore, based on industry trends and demand, the Company will also

continue to pursue its mineral potential modelling of several regions in Quebec with the objective of generating new projects. Financing may be required for this purpose in the upcoming fiscal year.

## **ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE**

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This Management's Discussion and Analysis report is dated April 24, 2019 and was approved by the Board on April 24, 2019. The Company regularly discloses additional information through press releases and its financial statements on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

## **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

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This document contains forward-looking statements, which reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". The forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies, and failure to obtain necessary permits and approvals from government authorities, as well as other development and operating risks. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, other than as required to do so by applicable securities laws.

(s) Jean-Marc Lulin

President and CEO

(s) Moniroth Lim

CFO and Corporate Secretary

## CORPORATE INFORMATION

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### Azimut Exploration Inc.

#### Board of Directors

Michel Brunet, LL.B., Director (Montreal)

Jean-Marc Lulin, P.Geo., PhD, Director (Montreal) <sup>(1)</sup>

Angelina Mehta, Eng., MBA, LL.M., Director (Montreal)

Jean-Charles Potvin, MBA, B.Sc., Director (Toronto) <sup>(1)</sup>

Louis P. Salley, B.A., LL.B., Director (Vancouver)

Jacques Simoneau, Eng., PhD, Director (Montreal) <sup>(1)</sup>

<sup>(1)</sup> Member of the Audit Committee

#### Management

Jean-Marc Lulin, President and Chief Executive Officer

Moniroth Lim, Chief Financial Officer and Corporate Secretary

#### Legal Counsel

XploraMines S.A. (Montreal)

#### Auditors

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l. (Montreal)

#### Transfer Agent

AST Trust Company Canada (formerly Canadian Stock Transfer Company Inc.) (Montreal)

#### Listing

TSX Venture

Symbol: AZM

#### Contact Information

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