

# **Azimut Exploration Inc.**

Unaudited Condensed Interim Financial Statements  
**May 31, 2014 and 2013**  
(expressed in Canadian dollars, except share amounts)

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

	<b>May 31, 2014</b>	<b>August 31, 2013</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,993,283	2,222,226
Amounts receivable (note 4)	124,377	634,263
Prepaid expenses	14,953	28,505
	<u>2,132,613</u>	<u>2,884,994</u>
<b>Non-current assets</b>		
Mining rights receivable	32,745	138,381
Investments (note 5)	45,547	52,320
Property and equipment (note 6)	211,257	270,201
Intangible assets (less accumulated amortization of \$18,529; \$16,969 as at August 31, 2013)	5,378	6,938
Exploration and evaluation assets (note 7)	7,314,257	6,814,761
	<u>7,609,184</u>	<u>7,282,601</u>
<b>Total assets</b>	<u>9,741,797</u>	<u>10,167,595</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	132,258	225,301
Debenture payable	-	95,400
	<u>132,258</u>	<u>320,701</u>
<b>Non-current liabilities</b>		
Asset retirement obligations (note 8)	247,254	244,676
	<u>247,254</u>	<u>244,676</u>
<b>Total liabilities</b>	<u>379,512</u>	<u>565,377</u>
<b>Equity</b>		
Share capital	20,451,611	20,456,111
Stock options (note 9)	1,071,581	1,071,581
Contributed surplus	3,062,728	3,062,728
Deficit	(15,222,814)	(14,987,817)
Accumulated other comprehensive loss	(821)	(385)
<b>Total equity</b>	<u>9,362,285</u>	<u>9,602,218</u>
<b>Total liabilities and equity</b>	<u>9,741,797</u>	<u>10,167,595</u>

# Azimut Exploration Inc.

## Interim Statements of Comprehensive Loss

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Expenses</b>				
General and administrative (note 10)	74,582	134,639	254,573	378,176
General exploration (note 10)	1,322	6,426	15,129	29,337
Impairment of exploration and evaluation assets	-	337,800	-	1,266,630
<b>Operating loss</b>	<u>75,904</u>	<u>478,865</u>	<u>269,702</u>	<u>1,674,143</u>
<b>Financing cost, net</b>				
Interest income	(5,617)	(12,169)	(26,007)	(24,440)
Interest expense on debentures	-	15,177	38,526	60,578
Interest and bank charges	299	277	828	1,091
Unwinding of discount on asset retirement obligations	863	851	2,579	2,544
	<u>(4,455)</u>	<u>4,136</u>	<u>15,926</u>	<u>39,773</u>
<b>Other gains and losses</b>				
Gain on option payments received on exploration and evaluation assets	-	-	(56,558)	(57,957)
Management fees	-	-	(410)	(7,521)
Loss (gain) on sale of available-for-sale investments	-	-	469	(7,817)
Other gain	-	(52,640)	-	(52,640)
Impairment on available-for-sale investments	8,402	69,035	5,868	142,035
	<u>8,402</u>	<u>16,395</u>	<u>(50,631)</u>	<u>16,100</u>
<b>Loss for the period</b>	<u>79,851</u>	<u>499,396</u>	<u>234,997</u>	<u>1,730,016</u>
<b>Other comprehensive income (loss)</b>				
Unrealized loss on available-for-sale investments	(11,758)	(72,622)	(6,304)	(135,793)
Reclassification of impairment on available-for-sale investments to loss for the period	8,402	69,035	5,868	149,852
	<u>(3,356)</u>	<u>(3,587)</u>	<u>(436)</u>	<u>14,059</u>
<b>Comprehensive loss for the period</b>	<u>83,207</u>	<u>502,983</u>	<u>235,433</u>	<u>1,715,957</u>
<b>Basic and diluted loss per share</b>	<u>0.002</u>	<u>0.014</u>	<u>0.006</u>	<u>0.047</u>
<b>Basic and diluted weighted average number of shares outstanding</b>	36,470,328	36,470,328	36,470,328	36,470,328

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

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**Azimut Exploration Inc.**  
**Interim Statements of Changes in Equity**  
(in Canadian dollars)  
**(Unaudited) For the nine-month periods ended May 31, 2014 and 2013**

	Share capital		Warrants		Stock options		Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
	Number <sup>(1)</sup>	\$	Number	\$	Number	\$	\$	\$	\$	\$
<b>Balance as at September 1, 2013</b>	36,470,328	20,456,111	-	-	2,560,000	1,071,581	3,062,728	(14,987,817)	(385)	9,602,218
Loss for the period	-	-	-	-	-	-	-	(234,997)	-	(234,997)
Other comprehensive income (loss)										
Unrealized gain on available-for-sale investments	-	-	-	-	-	-	-	-	(6,304)	(6,304)
Reclassification of impairment on available-for-sale investments to loss for the period	-	-	-	-	-	-	-	-	5,868	5,868
Comprehensive income (loss)	-	-	-	-	-	-	-	(234,997)	(436)	(235,433)
Share issue expenses	-	(4,500)	-	-	-	-	-	-	-	(4,500)
<b>Balance as at May 31, 2014</b>	<u>36,470,328</u>	<u>20,451,611</u>	<u>-</u>	<u>-</u>	<u>2,560,000</u>	<u>1,071,581</u>	<u>3,062,728</u>	<u>(15,222,814)</u>	<u>(821)</u>	<u>9,362,285</u>
<b>Balance as at September 1, 2012</b>	36,470,328	20,456,111	2,666,664	426,308	2,220,000	1,436,434	2,159,387	(11,990,713)	(13,824)	12,473,703
Loss for the period	-	-	-	-	-	-	-	(1,730,016)	-	(1,730,016)
Other comprehensive income (loss)										
Unrealized loss on available-for-sale investments	-	-	-	-	-	-	-	-	(135,793)	(135,793)
Reclassification of impairment on available-for-sale investments to loss for the period	-	-	-	-	-	-	-	-	149,852	149,852
Comprehensive loss	-	-	-	-	-	-	-	(1,730,016)	14,059	(1,715,957)
Stock options forfeited	-	-	-	-	(66,666)	-	-	-	-	-
Stock options expired	-	-	-	-	(303,334)	(477,033)	477,033	-	-	-
Warrants expired	-	-	(2,666,664)	(426,308)	-	-	426,308	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-
<b>Balance as at May 31, 2013</b>	<u>36,470,328</u>	<u>20,456,111</u>	<u>-</u>	<u>-</u>	<u>1,850,000</u>	<u>959,401</u>	<u>3,062,728</u>	<u>(13,720,729)</u>	<u>235</u>	<u>10,757,746</u>

(1) Unlimited number of common shares authorized, without par value, voting and participating.  
There were no shares that were unpaid (Nil as at August 31, 2013).

# Azimut Exploration Inc.

## Interim Statements of Cash Flows

(in Canadian dollars)

(Unaudited) For the nine-month periods ended May 31, 2014 and 2013

	May 31, 2014 \$	May 31, 2013 \$
<b>Cash flows used in operating activities</b>		
Loss for the period	(234,997)	(1,730,016)
Items not affecting cash		
Depreciation of property and equipment	4,818	6,624
Amortization of intangible assets	1,560	2,229
Loss (gain) on sale of available-for-sale investments	469	(7,817)
Impairment on available-for-sale investments	5,868	142,035
Impairment of exploration and evaluation assets	-	1,266,630
Gain on option payments received on exploration and evaluation assets	(56,558)	(57,957)
Credit on duties refundable for loss and refundable tax credit for resources, net	44,629	(20,700)
Accretion expense on debentures payable and convertible debentures	4,600	13,800
Unwinding of discount on asset retirement obligations	2,578	2,544
	<u>(227,033)</u>	<u>(382,628)</u>
Net change in non-cash working capital items		
Amounts receivable	29,171	317,472
Prepaid expenses	13,552	10,764
Accounts payable and accrued liabilities	(115,908)	(231,443)
	<u>(73,185)</u>	<u>96,793</u>
	<u>(300,218)</u>	<u>(285,835)</u>
<b>Cash flows from financing activities</b>		
Payment on debenture payable	<u>(100,000)</u>	<u>(100,000)</u>
	<u>(100,000)</u>	<u>(100,000)</u>
<b>Cash flows used in investing activities</b>		
Proceeds from sale of investments	-	24,317
Proceeds from sale of camp material	19,950	-
Additions to exploration and evaluation assets	(552,646)	(581,696)
Proceeds from sale of options on exploration and evaluation assets	60,000	60,000
Tax credit and mining rights received	643,971	1,271,656
	<u>171,275</u>	<u>774,277</u>
<b>Net change in cash and cash equivalents</b>	(228,943)	388,442
<b>Cash and cash equivalents – Beginning of the period</b>	2,222,226	1,402,610
<b>Cash and cash equivalents – End of the period</b>	<u>1,993,283</u>	<u>1,791,052</u>
Interest received	(26,009)	(24,440)
Interest paid	76,101	57,326

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

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## 1 Nature of operations, general information and liquidity

Azimut Exploration Inc. (the “Company”), incorporated under the Québec Corporations Act, is in the business of acquiring and exploring mining properties. The Company’s registered office is located at 110 De La Barre Street, Suite 214, Longueuil, Quebec, Canada. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations.

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) and on the assumption of going concern. The application of IFRS under the assumption of going concern may be inappropriate because the above condition indicates the existence of a material uncertainty which may cast significant doubt on the ability on the Company to continue as a going concern. These condensed interim financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. It has not yet been determined whether the Company’s properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and evaluation of its properties, and the profitable sale of the exploration and evaluation assets.

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

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

As at May 31, 2014, the Company had working capital of \$2,000,356 (\$2,875,393 – 2013) including cash and cash equivalents of \$1,993,283 (\$1,791,052 – 2013) and accumulated deficit of \$15.2 million (\$13.7 million – 2013), and had incurred a loss of \$234,997 (\$1,730,016 – 2013) for the nine-month period then ended.

The Company’s management believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least but not limited to twelve (12) months from the end of the reporting period. To continue its exploration and evaluation program on its properties and its operation beyond May 31, 2015, the Company will periodically need to raise additional funds through the issuance of new equity instruments, the exercise of stock options or warrants, and the search of partners to sign option agreements on certain of its mining properties. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

The Company’s financial year ends on August 31. The unaudited condensed interim financial statements were approved for issue by the Board of Directors on July 22, 2014.

# **Azimut Exploration Inc.**

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

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## **2 Summary of significant accounting policies**

### **Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”)**

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the year ended August 31, 2013, which were prepared in accordance with IFRS as issued by the IASB.

The unaudited condensed interim financial statement should be read in conjunction with the most recent annual financial statements for the year ended August 31, 2013.

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

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual financial statements for the year ended August 31, 2013.

## **3 Critical accounting estimates and judgements**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended August 31, 2013.

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 4 Amounts receivable

	As at May 31, 2014 \$	As at August 31, 2013 \$
Tax credit receivable	106,996	587,712 <sup>(1)</sup>
Commodity taxes	9,632	18,156
Trade accounts receivable	7,749	28,395
	<u>124,377</u>	<u>634,263</u>

<sup>(1)</sup> The tax authority disallowed a tax credit amounting to \$131,763 claimed for certain expenditures renounced to Quebec non-residents. A bad debt amount of \$131,763 has been recorded for the refundable tax credits relating to resources for 2011, thus reducing current tax credits, of which an amount of \$120,968 has been included in exploration and evaluation assets and of which an amount of \$10,795 has been recorded in general exploration. There are no amounts receivable past due for which an allowance for doubtful accounts was not recorded.

## 5 Investments

	<u>As at May 31, 2014</u>			<u>As at August 31, 2013</u>		
	Market price / share \$	Adjusted cost \$	Carrying value \$	Market price / share \$	Adjusted cost \$	Carrying value \$
Eastmain Resources Inc. 20,000 shares (20,000 shares – August 31, 2013)	0.290	5,800	5,800	0.890	7,900	7,900
NWT Uranium Corp. 350,000 shares (350,000 shares – August 31, 2013)	0.022	7,608	7,606	0.080	3,850	4,063
Majescor Resources Inc. * 19,600 shares (196,000 shares – August 31, 2013)	0.060	1,176	1,176	0.145	1,960	1,960
Silver Spruce Resources Inc. 300,000 shares (300,000 shares – August 31, 2013)	0.005	1,500	1,500	0.035	3,000	3,000
Channel Resources Inc. <sup>(1)</sup> 150,000 shares – August 31, 2013	-	-	-	0.090	5,250	5,250
ABE Resources Inc. ** 50,000 shares (700,000 shares – August 31, 2013)	0.065	3,250	3,250	0.020	2,000	2,000
Nemaska Exploration Inc. 209,272 shares (209,272 shares – August 31, 2013)	0.100	20,927	20,927	0.390	27,205	27,205
Monarques Resources Inc. 10,469 shares (10,469 shares – August 31, 2013)	0.120	942	1,256	0.085	942	942
West African Resources <sup>(1)</sup> 37,500 shares (Nil in 2013)	0.105	4,500	3,938		-	-
18,750 warrants: exercise price of \$0.40, expiry on January 17, 2017 (Nil in 2013)	0.005	281	94		-	-
		<u>45,984</u>	<u>45,547</u>		<u>52,107</u>	<u>52,320</u>

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

\*\* Previously "Abitex Resources Inc." and its securities were consolidated on the basis of one (1) new security for ten (10) existing securities.

<sup>(1)</sup> West African acquired all of the issued and outstanding common shares of Channel in exchange for each Channel shareholder receiving 0.25 of a common share and 0.125 of a warrant of West African; each whole warrant is exercisable to acquire one West African share at a price of \$0.40 until January 17, 2017.

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 5 Investments (cont'd)

Unrealized gains and losses on available-for-sale securities resulted from fluctuations in market prices. As at May 31, 2014, the unrealized losses recognized in accumulated other comprehensive loss was \$821 (\$385 – August 31, 2013).

The investments are mainly held in common shares of Canadian publicly traded companies. The fair values of the investments in common shares are based on the quoted market prices of those shares on a recognized stock exchange at the end of each reporting period.

## 6 Property and equipment

	Office furniture \$	Office equipment \$	Computer equipment \$	Specialist equipment \$	Camp \$	Camp under finance lease \$	Vehicles \$	Total \$
<b>Year ended August 31, 2013</b>								
Opening net book amount	5,442	6,558	11,306	10,133	278,478	-	-	311,917
Additions	-	-	-	-	-	-	3,702	3,702
Transfer from exploration and evaluation assets	-	-	-	-	-	35,194	-	35,194
Depreciation for the year	(1,088)	(1,312)	(3,392)	(3,040)	(59,492)	(11,732)	(556)	(80,612)
<b>Closing net book amount</b>	<b>4,354</b>	<b>5,246</b>	<b>7,914</b>	<b>7,093</b>	<b>218,986</b>	<b>23,462</b>	<b>3,146</b>	<b>270,201</b>
<b>As at August 31, 2013</b>								
Cost	20,542	20,081	36,597	56,250	337,970	316,754	3,702	791,896
Accumulated depreciation	(16,188)	(14,835)	(28,683)	(49,157)	(118,984)	(293,292)	(556)	(521,695)
<b>Net book amount</b>	<b>4,354</b>	<b>5,246</b>	<b>7,914</b>	<b>7,093</b>	<b>218,986</b>	<b>23,462</b>	<b>3,146</b>	<b>270,201</b>
<b>Asset not subject to depreciation included in above *</b>	-	-	-	-	100,000	-	-	100,000
<b>Period ended May 31, 2014</b>								
Opening net book amount	4,354	5,246	7,914	7,093	218,986	23,462	3,146	270,201
Additions	-	-	-	-	-	-	-	-
Depreciation for the period	(654)	(786)	(1,782)	(1,596)	(44,619)	(8,799)	(708)	(58,944)
<b>Closing net book amount</b>	<b>3,700</b>	<b>4,460</b>	<b>6,132</b>	<b>5,497</b>	<b>174,367</b>	<b>14,663</b>	<b>2,438</b>	<b>211,257</b>
<b>As at May 31, 2014</b>								
Cost	20,542	20,081	36,597	56,250	337,970	316,754	3,702	791,896
Accumulated depreciation	(16,842)	(15,621)	(30,465)	(50,753)	(163,603)	(302,091)	(1,264)	(580,639)
<b>Net book amount</b>	<b>3,700</b>	<b>4,460</b>	<b>6,132</b>	<b>5,497</b>	<b>174,367</b>	<b>14,663</b>	<b>2,438</b>	<b>211,257</b>
<b>Asset not subject to depreciation included in above *</b>	-	-	-	-	100,000	-	-	100,000

\* Assets not subject to depreciation include a field camp not yet built.

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 7 Exploration and evaluation assets

All mining properties are located in the Province of Quebec.

### Change in exploration and evaluation assets

Exploration properties	Undivided interest	Cost as at August 31, 2013	Additions	Option payments	Proceed received	Tax credit	Cost as at May 31, 2014	Accumulated impairment as at August 31, 2013	Impairment	Accumulated impairment as at May 31, 2014	Net book amount as at May 31, 2014
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Nunavik</b>											
Rex	100										
Mining property		959,858	140,629	-	-	-	1,110,487	(663,221)	-	(663,221)	437,266
Exploration costs		3,947,097	83,167	-	(19,950)	(24,800)	3,985,514	-	-	-	3,985,514
		<u>4,906,955</u>	<u>223,796</u>	<u>-</u>	<u>(19,950)</u>	<u>(24,800)</u>	<u>5,086,001</u>	<u>(663,221)</u>	<u>-</u>	<u>(663,221)</u>	<u>4,422,780</u>
Rex South	100										
Mining property		29,433	94,334	-	-	-	123,767	-	-	-	123,767
Exploration costs		235,139	73,953	-	-	(23,700)	285,392	-	-	-	285,392
		<u>264,572</u>	<u>168,287</u>	<u>-</u>	<u>-</u>	<u>(23,700)</u>	<u>409,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,159</u>
NCG	100										
Mining property		730,511	5,605	-	-	-	736,116	(476,534)	-	(476,534)	259,582
Exploration costs		956,274	14,843	-	-	(1,700)	969,417	-	-	-	969,417
		<u>1,686,785</u>	<u>20,448</u>	<u>-</u>	<u>-</u>	<u>(1,700)</u>	<u>1,705,533</u>	<u>(476,534)</u>	<u>-</u>	<u>(476,534)</u>	<u>1,228,999</u>
Diana	100										
Mining property		60,835	14,690	-	-	-	75,525	(25,425)	-	(25,425)	50,100
Exploration costs		23,892	30,314	-	-	(12,900)	41,306	-	-	-	41,306
		<u>84,727</u>	<u>45,004</u>	<u>-</u>	<u>-</u>	<u>(12,900)</u>	<u>116,831</u>	<u>(25,425)</u>	<u>-</u>	<u>(25,425)</u>	<u>91,406</u>
Nantais	100										
Mining property		44,826	4,242	-	-	-	49,068	(40,584)	-	(40,584)	8,484
Exploration costs		51,672	17,376	-	-	(6,500)	62,548	-	-	-	62,548
		<u>96,498</u>	<u>21,618</u>	<u>-</u>	<u>-</u>	<u>(6,500)</u>	<u>111,616</u>	<u>(40,584)</u>	<u>-</u>	<u>(40,584)</u>	<u>71,032</u>
Others, copper-gold-silver-cobalt-REE	100										
Mining property		50,132	10,460	-	-	-	60,592	-	-	-	60,592
Exploration costs		1,042	40,823	-	-	(16,840)	25,025	-	-	-	25,025
		<u>51,174</u>	<u>51,283</u>	<u>-</u>	<u>-</u>	<u>(16,840)</u>	<u>85,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,617</u>
<b>Total copper-gold-silver-cobalt-REE properties</b>		<u>7,090,711</u>	<u>530,436</u>	<u>-</u>	<u>(19,950)</u>	<u>(86,440)</u>	<u>7,514,757</u>	<u>(1,205,764)</u>	<u>-</u>	<u>(1,205,764)</u>	<u>6,308,993</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 7 Exploration and evaluation assets (cont'd)

Exploration properties	Undivided interest	Cost as at August 31, 2013	Additions	Option payments	Proceed received	Tax credit	Cost as at May 31, 2014	Accumulated impairment as at August 31, 2013	Impairment	Accumulated impairment as at May 31, 2014	Net book amount as at May 31, 2014
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Nunavik (cont'd)</b>											
North Rae	100										
Mining property		477,520	5,757	-	-	-	483,277	(430,649)	-	(430,649)	52,628
Exploration costs		705,962	2,160	-	-	(930)	707,192	(46,871)	-	(46,871)	660,321
		<u>1,183,482</u>	<u>7,917</u>	<u>-</u>	<u>-</u>	<u>(930)</u>	<u>1,190,469</u>	<u>(477,520)</u>	<u>-</u>	<u>(477,520)</u>	<u>712,949</u>
<b>Total uranium properties</b>		<u>1,183,482</u>	<u>7,917</u>	<u>-</u>	<u>-</u>	<u>(930)</u>	<u>1,190,469</u>	<u>(477,520)</u>	<u>-</u>	<u>(477,520)</u>	<u>712,949</u>
<b>Total Nunavik</b>		<u>8,274,193</u>	<u>538,353</u>	<u>-</u>	<u>(19,950)</u>	<u>(87,370)</u>	<u>8,705,226</u>	<u>(1,683,284)</u>	<u>-</u>	<u>(1,683,284)</u>	<u>7,021,942</u>
<b>James Bay</b>											
Opinaca A-A East	50										
Mining property		-	-	-	-	-	-	-	-	-	-
Exploration costs		1,229	3,477	(2,036)	-	(1,450)	1,220	-	-	-	1,220
		<u>1,229</u>	<u>3,477</u>	<u>(2,036)</u>	<u>-</u>	<u>(1,450)</u>	<u>1,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,220</u>
Opinaca B-B-North	50										
Mining property		-	-	-	-	-	-	-	-	-	-
Exploration costs		770	2,337	(1,406)	-	(1,000)	701	-	-	-	701
		<u>770</u>	<u>2,337</u>	<u>(1,406)</u>	<u>-</u>	<u>(1,000)</u>	<u>701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701</u>
Eleonore South	26.4										
Mining property		-	-	-	-	-	-	-	-	-	-
Exploration costs		7,462	11,928	-	-	(680)	18,710	-	-	-	18,710
		<u>7,462</u>	<u>11,928</u>	<u>-</u>	<u>-</u>	<u>(680)</u>	<u>18,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,710</u>
Opinaca D	100										
Mining property		23,124	37,047	-	-	-	60,171	-	-	-	60,171
Exploration costs		6,238	5,528	-	-	(2,250)	9,516	-	-	-	9,516
		<u>29,362</u>	<u>42,575</u>	<u>-</u>	<u>-</u>	<u>(2,250)</u>	<u>69,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,687</u>

# Azimet Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 7 Exploration and evaluation assets (cont'd)

Exploration properties	Undivided interest	Cost as at August 31, 2013	Additions	Option payments	Proceed received	Tax credit	Cost as at May 31, 2014	Accumulated impairment as at August 31, 2013	Impairment	Accumulated impairment as at May 31, 2014	Net book amount as at May 31, 2014
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay (cont'd)</b>											
Wabamisk	49										
Mining property		-	2,781	-	-	-	2,781	-	-	-	2,781
Exploration costs		10,055	10,510	-	-	(4,400)	16,165	-	-	-	16,165
		10,055	13,291	-	-	(4,400)	18,946	-	-	-	18,946
<b>Total gold properties</b>		48,878	73,608	(3,442)	-	(9,780)	109,264	-	-	-	109,264
Eastmain West	100										
Mining property		15,586	-	-	-	-	15,586	(902)	-	(902)	14,684
Exploration costs		160,290	13,177	-	-	(5,100)	168,367	-	-	-	168,367
		175,876	13,177	-	-	(5,100)	183,953	(902)	-	(902)	183,051
<b>Total chromium-platinum palladium properties</b>		175,876	13,177	-	-	(5,100)	183,953	(902)	-	(902)	183,051
<b>Total James Bay</b>		224,754	86,785	(3,442)	-	(14,880)	293,217	(902)	-	(902)	292,315
<b>Total exploration and evaluation assets</b>		8,498,947	625,138	(3,442)	(19,950)	(102,250)	8,998,443	(1,684,186)	-	(1,684,186)	7,314,257

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

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## 7 Exploration and evaluation assets (cont'd)

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

	<b>May 31, 2014</b>	<b>August 31, 2013</b>
	\$	\$
<b>Balance – Beginning of the period</b>	<u>6,814,761</u>	<u>8,439,383</u>
Exploration and evaluation expenses incurred during the period		
Claims and permits	315,545	274,631
Geological surveys	233,586	348,457
Geophysical surveys	10,381	33,152
Drilling	660	40,951
Administration and others	10,840	-
Depreciation of property and equipment	54,126	71,778
Transfer from exploration and evaluation assets to property and equipment	-	(35,194)
	<u>625,138</u>	<u>733,775</u>
Impairment of exploration and evaluation assets	-	(2,215,008)
Vehicles received upon termination	-	(3,700)
Proceeds received on sale of camp materials	(19,950)	(74,450)
Option payments	(3,442)	(2,044)
Credit on duties refundable for loss and refundable tax credit for resources, net	<u>(102,250)</u>	<u>(63,195)</u>
<b>Balance – End of the period</b>	<u><u>7,314,257</u></u>	<u><u>6,814,761</u></u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 7 Exploration and evaluation assets (cont'd)

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

	Mining properties \$	Exploration costs \$	Total \$
<b>Year ended August 31, 2013</b>			
Balance – Beginning of the year	2,421,053	6,018,330	8,439,383
Exploration and evaluation expenses incurred during the year	274,631	459,144	733,775
Option payments	-	(2,044)	(2,044)
Proceeds received on sale of camp materials and others	(78,109)	(41)	(78,150)
Credit on duties refundable for loss and refundable tax credit for resources, net Impairment	-	(63,195)	(63,195)
	(1,863,067)	(351,941)	(2,215,008)
<b>Balance – End of the year</b>	<b>754,508</b>	<b>6,060,253</b>	<b>6,814,761</b>
<b>As at August 31, 2013</b>			
Cost	3,069,505	6,496,087	9,565,592
Accumulated impairment	(2,314,997)	(435,834)	(2,750,831)
<b>Net book amount</b>	<b>754,508</b>	<b>6,060,253</b>	<b>6,814,761</b>
<b>Period ended May 31, 2014</b>			
Balance – Beginning of the period	754,508	6,060,253	6,814,761
Exploration and evaluation expenses incurred during the period	315,545	309,593	625,138
Option payments	-	(3,442)	(3,442)
Proceeds received on sale of camp materials and others	-	(19,950)	(19,950)
Credit on duties refundable for loss and refundable tax credit for resources, net	-	(102,250)	(102,250)
<b>Balance – End of the period</b>	<b>1,070,053</b>	<b>6,244,204</b>	<b>7,314,257</b>
<b>As at May 31, 2014</b>			
Cost	3,385,050	6,680,038	10,065,088
Accumulated impairment	(2,314,997)	(435,834)	(2,750,831)
<b>Net book amount</b>	<b>1,070,053</b>	<b>6,244,204</b>	<b>7,314,257</b>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 8 Asset retirement obligations

	<b>May 31, 2014</b>	<b>August 31, 2013</b>
	\$	\$
Balance – Beginning of the period	244,676	241,278
Unwinding of discount on asset retirement obligations	2,578	3,398
Balance – End of the period	<u>247,254</u>	<u>244,676</u>

The estimated undiscounted cash flows required to settle asset retirement obligations are \$251,480. A discount rate of 1.39% (1.39% – 2013) was used to estimate the obligations in 2013; the calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2015. If the Company decides not to continue to explore on the Rex, Rex South or NCG properties, it is assumed that the asset retirement obligations will be settled in 2015. Should the Company decide to continue its activity on the Rex, Rex South or NCG properties, on its own or through a partner, the obligation will be settled further into the future. Each period, the Company reviews the expected timing of payment of the cash flows required to settle the obligations, and adjusts the asset retirement obligations accordingly.

## 9 Stock option plan

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

The following tables present the stock option activities for the period ended May 31, 2014 and summarize the information about stock options outstanding and exercisable as at that date:

	<u>May 31, 2014</u>		<u>August 31, 2013</u>	
	<b>Number</b>	<b>Weighted average exercise price \$</b>	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding – Beginning of the period	2,560,000	0.47	2,220,000	0.87
Granted	-	-	710,000	0.19
Expired	-	-	(303,334)	2.70
Forfeited	-	-	(66,666)	0.83
Outstanding and exercisable – End of the period	<u>2,560,000</u>	<u>0.47</u>	<u>2,560,000</u>	<u>0.47</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

## 9 Stock option plan (cont'd)

Exercise price \$	May 31, 2014	
	Options outstanding and exercisable (number)	Weighted average remaining contractual life (years)
0.19	710,000	9.17
0.34	495,000	4.87
0.45	395,000	7.95
0.60	80,000	6.15
0.66	410,000	5.78
0.80	430,000	6.63
1.25	40,000	6.84
	<u>2,560,000</u>	<u>7.05</u>

## 10 Expenses by nature

	Three-month period ended May 31,		Nine-month period ended May 31,	
	2014 \$	2013 \$	2014 \$	2013 \$
Salaries and fringe benefits	17,804	67,003	91,073	177,520
Professional and maintenance fees	6,920	16,306	31,186	40,434
Administration and office	13,688	11,434	35,723	44,722
Business development and administration fees	4,298	3,553	9,586	13,309
Advertising	220	600	6,403	6,628
Rent	10,142	9,974	30,090	29,921
Insurance	5,431	5,566	17,705	17,083
Travelling and entertainment	13,953	17,252	26,429	39,706
Depreciation of property and equipment	1,606	2,208	4,818	6,624
Amortization of intangible assets	520	743	1,560	2,229
<b>General and administrative expenses</b>	<u>74,582</u>	<u>134,639</u>	<u>254,573</u>	<u>378,176</u>
Salaries for search of properties	1,352	13,626	25,529	50,037
Credit on duties refundable for loss and refundable tax credit for resources	(30)	(7,200)	(10,400)	(20,700)
<b>General exploration</b>	<u>1,322</u>	<u>6,426</u>	<u>15,129</u>	<u>29,337</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three- and nine-month periods ended May 31, 2014 and 2013

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## 11 Related party transactions

### Compensation of key management

Key management includes directors, the chief executive officer (“CEO”) and the chief financial officer (“CFO”). The compensation paid or payable to key management for services consists of salary for the nine-month period ended May 31, 2014 in the amount of \$205,262 (\$254,120 – May 31, 2013).

An amount of \$97,985 (\$69,050 – May 31, 2013) for salary is capitalized to exploration and evaluation assets.

Accounts payable and accrued liabilities include an amount of \$90,340 (\$51,457 – May 31, 2013) owed to key management.

## 12 Additional cash flow information

	2014	2013
	\$	\$
Acquisition of exploration and evaluation assets included in accounts payable and accrued liabilities	73,544	1,056
Depreciation of property and equipment included in exploration and evaluation assets	54,126	53,835
Credit on duties refundable for loss and refundable tax credit for resources presented as a reduction in exploration and evaluation assets, net	102,250	131,485

## 13 Subsequent event

On June 20, 2014, the Company completed a non-brokered private placement of \$350,000 representing 1,166,668 units at \$0.30 per unit. Each unit is comprised of one (1) common share and one half (½) common share purchase warrant, each full warrant entitling the holder to purchase an additional common share at an exercise price of \$0.45 for a period of 24 months.