

Exploration Azimut inc.

MANAGEMENT'S DISCUSSION and ANALYSIS

For the period of three (3) months ended November 30, 2005

Scope of management's financial analysis

This Management's Discussion and Analysis supplements the financial statements and complements them by providing contextual and prospective information not provided by the financial statements. This analysis is based on the company's accounting policies that are in conformities with Canadian generally accepted accounting principles (GAAP).

Corporate profile and mission

Exploration Azimut Inc. ("Azimut") is a mineral exploration company developing cutting-edge geoscience data processing methods that improve exploration targeting with the objective of discovering major ore deposits.

Azimut was reactivated in June 2003 following the appointment of a new president. Since then, the company has acquired thirteen exploration projects – all of which are held 100% by Azimut – using the results of its regional-scale mineral potential assessments in Quebec:

- In the James Bay area:
 - four gold projects in the Opinaca area (A and A-East blocks, B and B-North blocks, C Block, D Block)
 - two gold projects in the Eastmain area (Eastmain and Wabamisk)
 - the Comptoir gold project
 - the Obamsca gold project
- In the region north of Sept-Îles and elsewhere in Quebec within the framework of a strategic agreement with Kennecott Exploration Company ("Kennecott"):
 - four copper-uranium-gold and rare earth element projects (Manitou, Aguanish, Baskatong and Mont Merry)
- In the Labrador Trough area:
 - the Retty copper-nickel and platinum group elements project

Azimut conducts its exploration activities by following two guiding principles. First, the company maximizes the probability of discoveries by using a cutting-edge targeting methodology that reduces

the exploration risk. Secondly, the company reduces the business risk by developing partnerships for projects generated by its targeting methodology.

Overall performance

Summary of activities

- Azimut stakes the Manitou copper-uranium-gold property in Quebec from March to May 2005 as part of the agreement with Kennecott.
- Six gold exploration programs get underway in July 2005 on Azimut's properties in the James Bay region; Azimut's partners finance the \$1,550,000 exploration budget.
- In the fall of 2005, Azimut and Everton Resources Inc. ("Everton") discover a 1.7-km trend of gold showings at the Opinaca project (A-Block) in the James Bay region.

Summary of projects

Opinaca

The Opinaca project is located 320 kilometres from Matagami or Chibougamau on the northeast side of the Opinaca reservoir in the James Bay region. In October 2005, 70 claims were added to the A Block. Azimut's six claim blocks in the area are divided into four properties:

- A Block 353 claims for a total area of 183.9 km²
 A-East Block 43 claims for a total area of 22.4 km²
- B Block 168 claims for a total area of 87.9 km²
 B-North Block 52 claims for a total area of 27.2 km²
- C Block 166 claims for a total area of 86.9 km²
- D Block 188 claims for a total area of 98.0 km²

The acquisition of the Opinaca gold exploration projects began in November 2003 following Azimut's regional modeling of the gold potential in the James Bay region.

Geologically, the properties lie within the central part of the Superior Province at the contact between the Opinaca (metasedimentary) and La Grande (volcanoplutonic) subprovinces. Paragneisses, amphibolites and rare conglomerate beds are folded along an east-west axis. Pre- to syn-tectonic intrusions (diorites to monzodiorites) and late intrusions (granodiorites and granites) are also found on the properties. The geological context is similar to that of the Eleonore property where a significant gold deposit has been discovered by Virginia Gold Mines Inc. The Opinaca properties cover targets that follow the along-strike extension of the Eleonore mineralized corridor, or are adjacent to the corridor but display comparable geochemical signatures. Strong arsenic anomalies associated with metasediments have been identified on all Opinaca claim blocks.

Everton performed exploration work on the A, A-East, B and B-North claim blocks during the summer and autumn of 2005. Work expenditures will total \$500,000 by the end of the first year of the agreement (December 2005).

Results from surface prospecting were received during autumn and revealed a series of gold showings in the A Block that form a 1.7-km trend. The assays from 22 outcrop samples were promising with values ranging from 0.1 g/t to 29.0 g/t Au. Samples exceeding more than 0.5 g/t were distributed as follows: 2.9 g/t (westernmost sample), 29.1 g/t Au, 10.9 g/t Au, 6.6 g/t Au, 6.7 g/t Au, 1.6 g/t Au, 0.8 g/t Au, 3.6 g/t Au, 0.6 g/t Au, 0.5 g/t Au, 0.8 g/t Au and 1.2 g/t Au (easternmost sample).

The host rock is a metasedimentary gneiss containing sulphides in trace amounts or up to 3%. The mineralized horizon displays an apparent lateral continuity that remains open in all directions. The western limit of the trend lies 12 km northeast of the Virginia Gold Mines Inc. discovery. Exploration work this winter will better define the geometry of the mineralized zone as well as the continuity of the gold grades. Azimut and Everton are very encouraged by these preliminary results. The interpretation of the summer campaign still continues and may lead to the definition of additional targets.

Eastmain Resources Inc. also performed exploration work on the C and D claim blocks during the summer and autumn of 2005. Work expenditures will total \$450,000 by the end of the first year of the agreement (March 2006). Results are expected during the next quarters.

Eastmain

The properties in the Eastmain area of the James Bay region (Wabamisk and Eastmain) are located 290 kilometres north of Chibougamau. They consist of one claim block each:

- Wabamisk 755 claims for a total area of 400 km²
- Eastmain 167 claims for a total area of 88.6 km²

The acquisition of these gold exploration projects began in November 2003 following Azimut's regional modeling of the gold potential in the James Bay territory.

Geologically, the properties lie within the central part of the Superior Province at the contact between the Opinaca (metasedimentary) and La Grande (volcanoplutonic) subprovinces. Paragneisses, basalts and granitic intrusions are the dominant lithologies. A large east-west oriented syncline crosses the Wabamisk property. Local and regional northwest and northeast trending faults are also present on the properties. Both the geological context and the geochemical signature are comparable to those of the Eleonore property where Virginia Gold Mines Inc. discovered a major gold deposit. A large portion of the Azimut properties are marked by a very strong arsenic anomaly associated with metasediments.

Cambior Inc. performed exploration work on the Eastmain property during the summer of 2005. Work expenditures will total \$200,000 by the end of the first year of the agreement (April 2006). Results are expected during the next quarters.

Placer Dome (CLA) Limited performed exploration work on the Wabamisk property during the summer of 2005. Work expenditures will total \$400,000 by the end of the first year of the agreement (May 2006). Results are expected during the next quarters.

Comptoir Property

The Comptoir property is located 330 kilometres north of Matagami in the James Bay region. It consists of 796 contiguous claims for a total surface area of 415.4 km².

Comptoir is a gold exploration project. The claim block was acquired in July 2005 following the results of Azimut's gold potential regional modeling of the James Bay territory.

Geologically, the property lies within the Superior Province at the boundary between the Opinaca (metasedimentary) and La Grande (volcanoplutonic) subprovinces. The main lithological units on the property are paragneisses, amphibolites and late granodioritic to granitic intrusions.

A geological study of this property was conducted during the summer of 2005. The goal of the study was to more precisely define the geological context of the targets identified by regional modeling.

Obamsca

The Obamsca property lies 140 km north of Matagami in the James Bay region. It comprises 39 contiguous claims covering an area of 21.3 km².

The Obamsca property was staked as a gold exploration project. The claim block was acquired in July 2005 based on the targeting results for Azimut's gold potential regional modeling of the James Bay territory.

Geologically, the property is located in the Superior Province at the contact with the Opinaca and Opatoca subprovinces. The property is partly underlain by the Obamsca River volcano-sedimentary greenstone belt. The most common rock types are greywackes, iron formations, felsic volcanics and gabbros.

Retty

The Retty property is located 95 kilometres northeast of Schefferville. It consists of 178 contiguous claims covering a total area of 86.7 km².

Geologically, the Retty project is located in the Labrador Trough Proterozoic volcanosedimentary belt. Numerous copper-nickel-cobalt-palladium-platinum sulphide deposits have been discovered in the Trough in mafic and ultramafic sills intruding sedimentary and volcanic rocks. Similar environments on the Retty property were targeted for copper, nickel and platinum exploration.

Property acquisition began in August 2003 based on results of Azimut's regional modeling of the nickel-copper-platinum potential in the Labrador Trough. The property contains a 20 kilometre long prospective zone that is associated with an ultramafic sill and coincides with strong nickel, copper and cobalt lake bottom sediment geochemical anomalies.

Exploration work on this property was performed from late June to mid-July 2004. It included the sampling of a 1-km wide sector that crosses the property from northeast to southwest. A total of 206 rock samples were analyzed for gold, platinum, palladium, copper, cobalt, nickel, zinc and sulphur.

Abundant disseminated sulphides were observed on the property, mainly as disseminated pyrrhotite and traces of chalcopyrite in peridotite outcrops, pyroxenite blocks and sulphide-enriched argillites. The best results were from the peridotite body in the centre of the property, southeast of Nemo Lake. Grades were fairly low, with maximum values of 0.4% copper, 0.2% nickel and 0.2 g/t of precious metals. An increase in conductivity is also observed for this area. Detailed exploration work will be performed to better define the mineral potential for the sector.

Strategic agreement with Kennecott

In July 2004, Azimut and Kennecott signed a strategic agreement to develop an exploration strategy for copper, uranium and gold over a vast region of Quebec totalling 500,000 km².

The agreement includes three main phases:

- Phase 1: Azimut will deliver to Kennecott a mineral potential assessment study for the region in question. Kennecott will fund this phase by paying \$40,000 CA to Azimut.
- Phase 2: For targets that require further appraisal, Kennecott will invest \$5,000 to \$30,000 per target. Azimut will be the operator.
- Phase 3: For each target, Kennecott will have an exclusive right to enter into a joint venture with Azimut by investing \$1,000,000 over a four-year period to acquire a 60% interest per selected property. Kennecott will pay a \$50,000 bonus to Azimut for each selected property that reaches the drilling stage. Furthermore, Kennecott will have the option to acquire an additional 20% interest, for a maximum total of 80%, by delivering a feasibility study within a five-year period.

The first phase of this agreement was completed during the winter of 2005. Azimut successfully defined several targets by conducting predictive modeling for copper, uranium and rare earth elements at the scale of the territory covered by the agreement.

Phase 2 of the agreement was initiated in the spring of 2005. Four projects were staked during this stage of the agreement: Manitu, Aguanish, Baskatong and Mont Merry.

The Manitu project lies 115 km northeast of Sept-Îles. It comprises 23 claim blocks for a total of 2,376 claims covering 1,284 km². Geologically, the project is located in the in eastern part of the Grenville Province and is underlain by paragneisses, quartzites, anorthosites, gabbro-norites and various granitoids.

Azimut and Kennecott performed reconnaissance fieldwork on identified targets during the summer of 2005. Results of the work are expected during the next quarter.

The Aguanish project, 340 km east of Sept-Îles, comprises 52 contiguous claims covering 28.1 km². Geologically, the project is part of the Grenville Province and is underlain by rocks of the Aguanus Group, which forms part of the Wakeham Supergroup.

The Baskatong project, 30 km north of Mont Laurier, consists of 107 contiguous claims covering 63.0 km². Geologically, the project lies within the Mont-Laurier Basin of the Central Metasedimentary Belt of the Grenville Province.

The Mont Merry project lies 265 km north of Sept-Îles and consists of 12 contiguous claims covering 6.3 km². Geologically, the project is located in the Gagnon terrane near the Grenville Front Tectonic Zone.

Regional modeling and project generation

During the last four quarters, Azimut has pursued mineral potential modeling for several areas in Quebec with the objective of generating and acquiring new projects, most notably for gold and base metals.

PLANNED EXPLORATION WORK

PROPERTY or PROJECT	WORK PLANNED FOR 2005	BUDGET
Opinaca (A, A-East, B and B-North blocks)	By the partner	\$500,000
Opinaca (C and D blocks)	By the partner	\$450,000
Eastmain	By the partner	\$200,000
Wabamisk	By the partner	\$400,000
Retty	By Azimut	N/A
Kennecott agreement	Phase 2	N/A
Manitou	By Azimut	\$64,000
Regional modeling and project generation	Target modeling and field verification by Azimut	\$100,000

Selected financial information

	Results as at November 30		Results as at August 31	
	2005		2005	2004
	(\$)		(\$)	(\$)
	<i>(3 months)</i>		<i>(12 months)</i>	<i>(12 months)</i>
Revenues	11,310	135,660	5,520	
Charges				
Salaries, professional fees and administrative expenses	127,081	301,500	298,938	
Writeoff on mining properties	7,300	31,811	--	
Search for properties	50,854	86,409	87,944	
Credit on duties refundable for losses and refundable tax credit relating to resources	(11,701)	(748)	(42,170)	
Writedown of long-term investments	--	14,629	12,000	
Future income taxes	--	(31,020)	--	
	173,534	402,581	356,712	
Net loss	(162,224)	(266,921)	(351,192)	
Basic and diluted net loss per share	(0.011)	(0.021)	(0.035)	
Other information:				
Total asset	1,348,829	1,287,247	592,606	
Shareholders' equity	1,134,740	1,204,325	456,395	

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

Result of operation

The company reported a net loss of \$162,224 during the period compared to a net loss of \$73,368 for the previous period. The company receives fees for its role as operator of projects in its partnerships with Kennecott Exploration Company. The increase under the items "Salaries and fringe benefit" and "Professional and maintenance fees" is explained mainly by the fair value allotted to the stock options granted in September 2005. The reduction in the travelling and entertainment expenses is explained by the reduction of the Company's assistance to congresses. During the period, the Retty property has been partially abandoned.

Quarterly information

The information presented below details the total revenues, net gain (net loss) and the net gain (net loss) per participating share of the last eight quarters.

Quarter ended	Total revenues	Net earning (net loss)	Net earning (net loss)	
			Basic	Diluted
30-11-2005	11,310	(162,224)	(0,011)	(0,011)
31-08-2005	3,560	(181,268)	(0.014)	(0.014)
31-05-2005	130,223	28,152	0.002	0.002
28-02-2005	1,042	(40,437)	(0.003)	(0.003)
30-11-2004	835	(73,368)	(0.006)	(0.006)
31-08-2004	885	(10,825)	(0.012)	(0.012)
31-05-2004	1,506	(71,925)	(0.006)	(0.006)
29-02-2004	2,644	(134,856)	(0.012)	(0.012)

Liquidity

The working capital of the company decreased to \$922,666 at the end of the first quarter compared to \$935,801 at the beginning of the year. The company hasn't completed any private placement during the first quarter. At the beginning of the second quarter, the company had completed one flow-through private placement for a total amount of \$100,230. During the first quarter, a total of 140,000 stock options have been exercised for an amount of \$24,200.

Contractual obligations	Payments due by period		
	Total	Less than 1 year	1-3 years
Lease	\$26,712	\$15,264	\$11,448

Capital resources

In December 2005, the company issued 77,100 common flow-through shares for a total amount of \$100,230. This amount will be used for the exploration expenses of the company. A total of 170,000 stock options have been exercised for an amount of \$30,200 during the first quarter and the beginning of the second quarter.

Off balance sheet arrangements

The company has no off balance sheet arrangements.

Mining properties book values

At the end of each quarter, exploration work performed on mining properties is reviewed to evaluate their potential. Following this analysis, write-offs can be effected.

Changes in accounting policies

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

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

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

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

Accordingly, Section 3250, "Surplus" has been revised to become Section 3251, "Equity".

Sections 1530, 3251, 3855 and 3865 apply to fiscal years beginning on or after October 1, 2006. The Company will adopt these new standards on September 1, 2007, and has not yet determined their impact on its financial statements.

Financial instruments

Fair value

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

The fair value of convertible debentures could not be determined due to the specific characteristics of these financial instruments.

Interest rate risk

The company's exposure to interest rate risk is summarized as follows:

- | | |
|----------------------------|------------------------|
| - Cash and cash equivalent | Variable interest rate |
| - Amounts receivable | Non interest bearing |

- | | |
|--|--|
| - Exploration funds | Variable interest rate |
| - Accounts payable and accrued liabilities | Non interest bearing |
| - Convertible debentures | As described in note 3 of the financial statements |

Disclosure of outstanding share data

The company is authorized to issue an unlimited number of common shares, without per value. As of January 18, 2006, 14,934,556 shares were issued and outstanding.

The company maintains a stock option plan pursuant to which a maximum of 1,421,685 stock options may be granted. As of January 18, 2006, 695,000 stock options are issued and remain unexercised. The exercise price varies from \$0.16 to \$0.86 and their expiry dates vary from November 6, 2007 to September 15, 2010.

As at January 18, 2006, two convertible debentures are issued. Pursuant to these debentures, a minimum of 1,042,780 and a maximum of 3,343,239 common shares can be issue.

Risk and uncertainties

Financial risk

The company is considered to be in the exploration stage, that it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring this financing, there is no guarantee of obtaining any future financing.

Risk on the uncertainty of title

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

Environmental risk

The company is subject to various environmental incidents that can occur during exploration work. The company maintains an environmental management system including operational plans and practices.

Additional information and continuous disclosure

This Management's Discussion and Analysis has been prepared as of January 18, 2006. Additional information on the company is available through regular filings of press releases, financial statements and its annual information form on SEDAR (www.sedar.com).

(s) Jean-Marc Lulin

 President and Chief Executive Officer

(s) Gaétan Mercier

 Secretary - Treasurer