AZIMUT

Azimut Exploration Inc.

MANAGEMENT'S DISCUSSION and ANALYSIS

For the fiscal year ended August 31, 2008

Scope of management's financial analysis

This report represents a complimentary addition to the financial statements by providing additional contextual and prospective information. Some statements in this analysis are forward-looking statements and reflect the Company's present assumptions regarding future events. Forward-looking statements involve risks and uncertainties that could cause actual results to differ from current expectations.

Corporate profile and mission

Azimut Exploration Inc. ("Azimut" or the "Company") is a publicly traded Canadian exploration company that specializes in mineral potential assessment and targeting to discover major ore deposits. Azimut conducts its exploration activities by following two main guiding principles. Firstly, the Company maximizes the probability of discovery by using a cutting-edge targeting methodology that reduces exploration risk. Secondly, the Company reduces the business risk by developing partnerships for projects generated by its targeting methodology. Thus, since its reactivation in 2003, Azimut has concluded 21 option agreements on its properties and 3 strategic agreements. To date, 16 of these agreements are active.

The Company holds 47 exploration properties using the results of its regional-scale mineral potential assessments in Quebec. Azimut owns a 100% interest in all of its properties with the exception of the Eleonore South property where the Company owns a 33.33% interest. These properties, totalling 27,637 claims, are distributed as follows:

- In the Ungava Bay region:
  - 6 uranium properties (North Rae, South Rae, Daniel Lake, Kangiq, George River West and Tasirlaq)

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

- In the James Bay region:
  - 4 gold properties in the Opinaca area (Opinaca A and A East,; Opinaca B and B North, Eleonore South; and Opinaca D)
  - 1 gold property (Wabamisk) and 1 chromium-platinum-palladium property (Eastmain West) in the Eastmain area
  - the Comptoir gold property
  - 7 other gold properties

- In the North Shore region:
  - the Grenium uranium project, which comprises 3 properties (Havre NW, Chevery and Augustin)
  - the North Havre uranium property, which lies north of the town of Havre St-Pierre
  - 13 nickel properties

The final two properties (one for gold and one for nickel) are located outside of these regions. In addition, Azimut has also formed a strategic agreement with Channel Resources Ltd. (“Channel”) for mineral exploration in Ecuador, South America.

The locations of Azimut’s most significant properties are shown on the attached map of the Province of Quebec.

Overall performance

Summary of activities for the last quarter and subsequent activities

July 2008
- Azimut and NWT Uranium Corp. (“NWT”) concluded an agreement to terminate the option agreements previously granted by Azimut to NWT on the North Rae and Daniel Lake properties.
- Azimut reports on new discovery at North Rae and AREVA's findings at CAGE.

September 2008
- Azimut and Majescor Resources Inc. (“Majescor”) uncover regional-scale uranium potential at West Minto
- Azimut outlines an extensive radioactive zone at Daniel Lake
- Azimut and Everton Resources Inc. (“Everton”) report drill program results at Opinaca A and B

October 2008
- Azimut and NWT mutually agree to further extend to November 6, 2008 the closing date for completing the transaction contemplated in the termination agreement in respect of the North Rae and Daniel Lake properties
- Azimut reports on progress of exploration activities

November 2008
- Azimut and NWT mutually agree to further extend to December 31, 2008 the closing date for completing the transaction contemplated in the termination agreement in respect of the North Rae and Daniel Lake properties

December 2008
- Azimut announces the closing of a $2,040,000 private non-brokered financing

Northern Quebec

Azimut believes northern Quebec has significant potential for large-tonnage uranium deposits related to intrusive rocks in high-grade metamorphic environments. A well-known example of this type is Rössing in

Namibia, one of the world's largest uranium mines. Azimut's uranium potential assessment of 640,000 km^2 in northern Quebec generated many exploration targets.

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

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

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

Ungava Bay region

Azimut holds six properties in the Ungava Bay region:

- North Rae: 1,853 claims for a total surface area of 827.0 km^2; this property was covered by a definitive option agreement with NWT. On July 5, 2008, the Company and NWT concluded an agreement to terminate the option agreements previously granted by the Company to NWT on the North Rae and Daniel Lake properties.
- Daniel Lake: 972 claims for a total surface area of 440.2 km^2; this property was covered by a definitive option agreement with NWT (see above).
- South Rae: 2,854 claims for a total surface area of 1,314.9 km^2; this property is covered by a letter of agreement with Majescor Resources Inc. ("Majescor")
- Kangiq: 1,743 claims for a total surface area of 788.2 km^2; this property is covered by a letter of agreement with Central Uranium Corporation ("Central Uranium", now Abitex Resources Inc.)
- George River West: 576 claims for a total surface area of 262.4 km^2
- Tasirlaq: 774 claims for a total surface area of 352.0 km^2

The properties are located in an 80 × 220 km area where another uranium company, AREVA, holds 5,093 claims. AREVA reported the discovery of 14 mineralized zones with grades up to 9.34% U_3O_8, most of them hosted in metasediments of the Lake Harbour Group. In a report filed with the Ministry of Natural Resources and Wildlife of Quebec in 2007, AREVA describes the Lake Harbour Group as an "important uranium-thorium province". Azimut believes that with its six properties, it controls a large portion of the significant uranium targets in the region. This includes targets located along a 70-km long contact between the Proterozoic metasedimentary rocks of the Lake Harbour Group and the Archean granitized basement.

North Rae property

The North Rae property is located east of Ungava Bay in Northern Quebec, about 20 km from the coast and 160 km east of the town of Kuujjuaq.

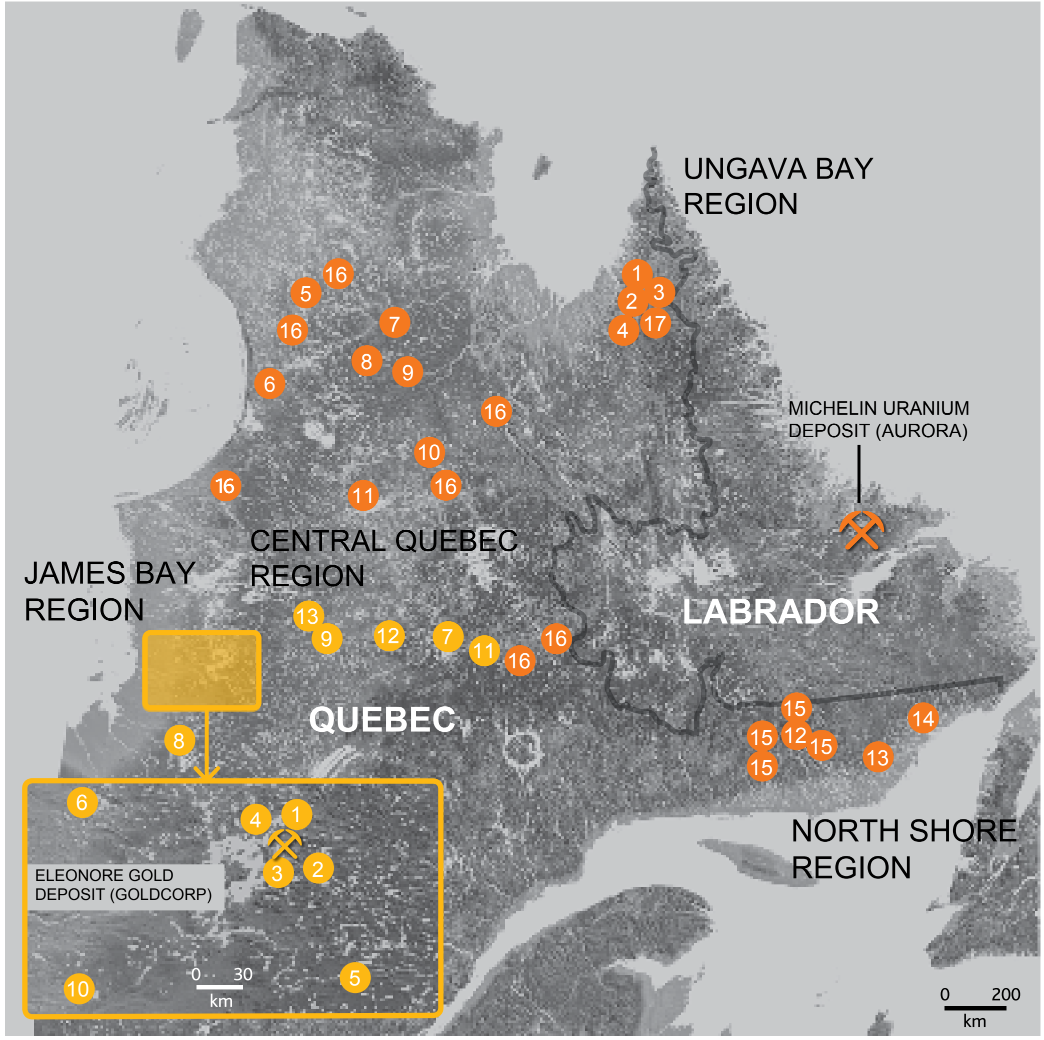
The property is a uranium exploration project covering a strong geochemical uranium anomaly in lake-bottom sediments. The geological environment is favourable for uranium deposits hosted by intrusions and their surrounding rocks (presence of felsic intrusions, pegmatites, leucocratic gneisses and metasediments).

URANIUM

1. North Rae
2. Daniel Lake
3. Kangiq
4. South Rae
5. West Minto
6. Hudson Bay
7. North Minto
8. Central Minto
9. South Minto
10. South Bienville
11. West Bienville
12. Havre-NW
13. Chevery
14. Augustin
15. North Havre
16. Kativik
17. Tasirlaq

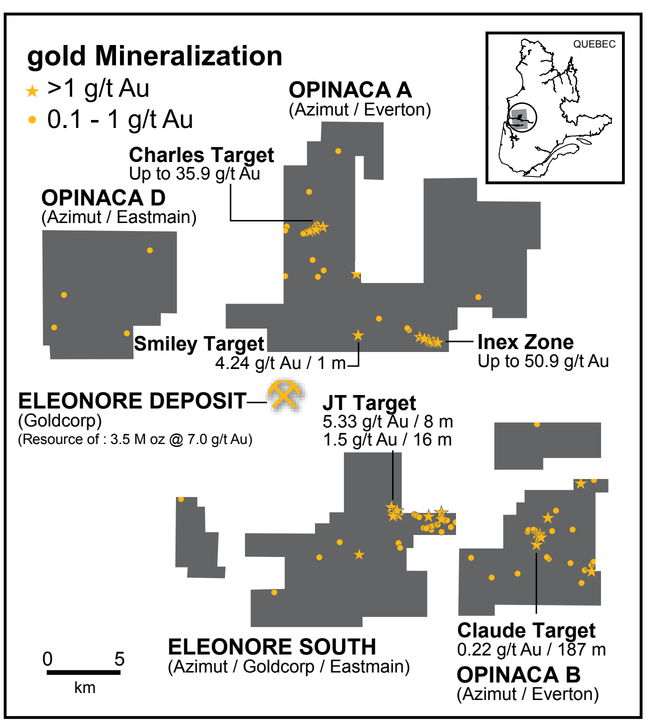
GOLD

1. Opinaca A
2. Opinaca B
3. Eleonore South
4. Opinaca D
5. Wabamisk
6. Comptoir
7. Bellefond
8. Broadback
9. Goose
10. Mirabelli
11. Ronsart
12. Salomon
13. Masta



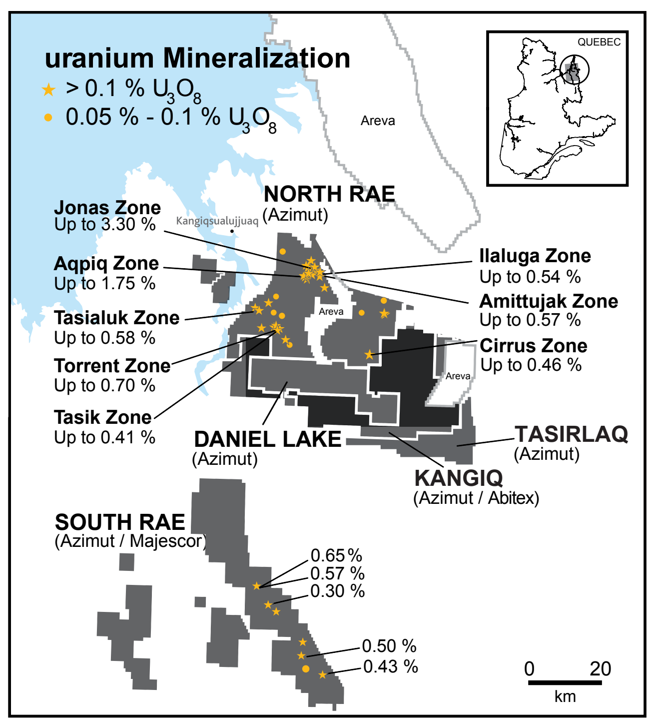
GOLD James Bay Region, Quebec

Eleonore GOLD Deposit Area



URANIUM Ungava Bay Region, Quebec

Discovery of a new URANIUM district



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

Seven distinct mineralized zones with significant lateral extents were discovered during the course of the 2006 and 2007 surface prospecting programs. Assay results obtained to date from 825 rock grab samples clearly demonstrate the uranium potential of the North Rae property, more specifically for the:

- Aqpiq Zone (1 km long): grades up to 1.75% U_3O_8
- Jonas Zone (0.7 km long): grades up to 3.30% U_3O_8
- Ilaluga Zone (1.1 km long): grades up to 0.24% U_3O_8
- Amittujaq Zone (3.5 km long; previously called the Rae-1 Zone): grades up to 0.57% U_3O_8
- Tasialuk Zone (1 km long): grades up to 0.58% U_3O_8
- Tasik Zone (0.9 km long): grades up to 0.89% U_3O_8
- Torrent Zone (1.7 km long): grades up to 0.52% U_3O_8

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

A review of the results from the surface rock sampling and ground-based radiometric surveys, as well as the geological and structural data, suggests significant lateral and depth continuity for the mineralized zones. The September 2007 limited drilling program (8 holes totalling 562 m) was completed before the results for the surface rock samples were received. On the basis of its interpretation of these rock results, Azimut believes that important surface targets remain untested by drilling. Drilling results included intersections of 220 ppm U_3O_8 over 6.0 m (hole NR 07-02), 170 ppm U_3O_8 over 6.5 m (hole NR 07-03), and 410 ppm U_3O_8 over 2.5 m (hole NR 07-05).

On July 5, 2008, the Company and NWT concluded an agreement to terminate the option agreements previously granted by the Company to NWT on the North Rae and Daniel Lake properties. The termination of the option agreements is conditional upon the Company making a cash payment within 90 days (which has been extended to December 31, 2008) to NWT of $4,000,000, and issuing of 1,100,000 common shares of the Company to NWT. In the event that the Company is unable to satisfy these conditions, the termination agreement will have no further force or effect and the current option agreement will remain valid and enforceable.

During 2008, Azimut carried out an exploration program based on the encouraging results from the 2006 and 2007 programs. The work included extensive follow-up prospecting with rock sampling and ground radiometrics. Azimut recognized the Cirrus Zone by surface prospecting along a 2.4-km-long trend within a 100- to 250-m wide envelope. The estimated cost of the 2008 program is $1.07 million. Results are pending.

Daniel Lake property

The Daniel Lake property, adjacent to North Rae, was flown over its entirety by a helicopter-borne geophysical survey in 2007. Results indicate several quality radioactive targets. Last year's short field reconnaissance program has already confirmed the presence of uranium mineralization with the discovery of a first showing grading up to 0.65% U_3O_8. The 2008 work program, operated by Azimut, mainly included comprehensive prospecting and preliminary drill testing. Azimut recognized the Puqila Zone by surface prospecting along a minimum 6.0-km long trend within a 200- to 500-m-wide trending envelope. The estimated cost of the 2008 program is $0.45 million. Results are pending.

South Rae property

The South Rae property is located on the eastern side of the Ungava Bay region of northern Quebec, approximately 130 km southeast of the town of Kuujjuaq. At least 12 well-defined targets with a cumulative length of 56 km have been identified. These targets are located in three sectors that form a prospective trend at least 30 km long. Mineralized facies are pegmatitic dykes and granitic gneisses that are generally conformable to the regional foliation.

Assay results for 128 rock samples include:
- 37 samples with values higher than 0.05% U_3O_8, including 18 samples with values above 0.1% U_3O_8
- 57 samples with values between 0.01% and 0.05% U_3O_8
- 34 samples with values less than 0.01% U_3O_8

On the basis of the results obtained in 2007, a comprehensive follow-up program commenced during the summer of 2008. Assay results from the 2008 prospecting work and preliminary drilling are pending.

Kangiq property
Kangiq is adjacent to Azimut's North Rae and Daniel Lake properties and to one of AREVA's claim blocks. At Kangiq, 1,932 line-km of helicopter-borne spectrometric and magnetic surveying in 2007 delineated five sharply defined uranium targets with a cumulative length of 18 km. An additional 3,048 line-km was flown during the summer of 2008 to cover the rest of the property, and this was followed by a prospecting program. The results obtained from 472 lake-bottom sediment samples collected last summer show a strong spatial correlation with the uranium targets identified by the helicopter-borne survey.

The results released to date for North Rae, the progress made on the Daniel Lake, Kangiq and South Rae properties in addition to AREVA's discoveries on their CAGE project, provide further evidence that the eastern part of the Ungava Bay region has the potential to become a new uranium district in Canada.

Total work expenditures in 2008 on Azimut's properties in the Ungava Bay region are estimated at $3.89 million.

Central Quebec region

Azimut holds eight properties in the Central Quebec region:
- North Minto: 2,272 claims for a total surface area of 1,040.5 km^2; this property is covered by a letter of intent with Rukwa Uranium Ltd. ("Rukwa")
- South Minto: 1,609 claims for a total surface area of 751.3 km^2; this property is covered by a letter of intent with Rukwa
- Central Minto: 1,146 claims for a total surface area of 535.3 km^2; this property is covered by a letter of intent with Abitex
- South Bienville: 1,929 claims for a total surface area of 935.1 km^2; this property is covered by a letter of intent with Abitex
- West Minto: 952 claims for a total surface area of 431.7 km^2; this property is covered by a letter of intent with Majescor
- West Bienville: 288 claims for a total surface area of 141.7 km^2; this property is covered by a letter of intent with Channel
- Hudson Bay: 661 claims for a total surface area of 311.8 km^2; this property is covered by a letter of intent with Silver Spruce Resources Inc. ("Silver Spruce")
- Kativik: 1,861 claims for a total surface area of 899.9 km^2; this property is covered by a letter of intent with Kativik Resources Inc. ("Kativik")

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

At the West Minto property, a total of 71 priority uranium targets have been defined from helicopter-borne geophysics and form 17 distinct kilometric-scale target areas. Assay results for the 55 grab rock samples collected in 2008 are as follows:

- 19 samples with values above 0.05% U_3O_8, including 10 samples with values above 0.1% U_3O_8. The best values are 0.90% U_3O_8 from an outcrop and 0.32% U_3O_8, 0.28% U_3O_8, 0.25% U_3O_8 and 0.15% U_3O_8 from boulders;
- 17 samples with values between 0.01% and 0.05% U_3O_8;
- 19 samples with values less than 0.01% U_3O_8.

The exploration results obtained to date tend to confirm the strong uranium potential of Azimut's properties in this region and validate the Company's initial regional targeting. Extensive exploration results from the 2008 programs will continue to be released during the coming months.

Total work expenditures in 2008 on Azimut's properties in the Central Quebec region are estimated at $4.76 million.

James Bay region - Opinaca sector

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

In 2004, Virginia Gold Mines Inc. discovered and delineated the major Roberto gold deposit on their Eleonore project. The definition was made both at surface and in drill holes over a lateral distance of roughly 1,900 m and to a depth of more than 1,100 m. Goldcorp has since acquired the Eleonore project and undertaken a feasibility study. In its third quarter report dated September 30, 2008, Goldcorp declared an indicated gold resource of 2.5 million ounces at an average grade of 7.2 g/t Au and an inferred gold resource of 1.2 million ounces at an average grade of 6.6 g/t Au. They also stated that high grade drill results outside the resource boundary point to significant expansion potential at Eleonore. The Roberto deposit straddles the contact between the volcano-plutonic La Grande Subprovince and the metasedimentary Opinaca Subprovince. Gold mineralization is disseminated within metasedimentary rocks with pervasive microcline-quartz-tourmaline alteration. Mineralized zones appear to be associated with a major structure.

Azimut acquired extensive holdings before and after the Roberto discovery and, as a result, gained one of the leading property positions in the area. The geological setting of Azimut's properties is comparable to that of the Eleonore property hosting the Roberto discovery. Azimut claim blocks are divided into four properties:

Agreement with Everton – two properties:

- Opinaca A and A East — 497 claims for a total area of 258.8 km^2
- Opinaca B and B North — 220 claims for a total area of 115.1 km^2

Agreement with Eastmain Resources Inc. ("Eastmain"):

- Opinaca D — 188 claims for a total area of 98.0 km^2

Three-party agreement with Eastmain and Goldcorp for the Eleonore South property:

- Eleonore South — 282 claims for a total area of 147.6 km^2 (includes the 166 claims of the Opinaca C property previously covered by an agreement with Eastmain)

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

Opinaca A, A East, B and B North Blocks
Surface prospecting results received at the end of 2005 for the A Block revealed a 1.7-km-long trend of gold showings now referred known as the Inex Zone. Everton's follow-up work in 2006 consisted of a soil sampling program (1,552 samples), a ground-based induced polarization (IP) survey (31.5 line-km), and a six-hole drilling program (632 m) to test specific targets along the zone. This work demonstrated a strong correlation between IP anomalies, gold soil anomalies and outcrops with gold values up to 50.9 g/t Au. Drilling confirmed that the IP anomalies coincide with biotite-rich horizons containing up to 5% pyrite-pyrrhotite in metasedimentary rocks. Mineralization is also locally associated with silicified garnetiferous bands, and several specks of visible gold were observed in drill core. The best results were obtained from Hole OP-06-03 where an intersection grading 1.5 g/t Au over 4.0 m.

During the summer of 2007, follow-up prospecting work led to the discovery of the Charles Target in the central part of Opinaca A. This zone represents a corridor 1.3 km long. Everton collected 161 surface rock samples from this target area, and results revealed gold values up to 35.9 g/t Au. Both the Charles Target and Smiley Target (where coinciding IP and soil anomalies have been identified) were drill tested. A total of 11 holes (1,248 m) were drilled on the A Block. All drill holes intersected altered metasediments containing variable amounts of sulphide mineralization. The most recent interpretation of the Charles Target suggests a possible extension further south. The most significant results were obtained from hole AC-07-01 where an intersection grading 0.8 g/t Au over 9.0 m including 2.7 g/t Au over 2.0 m.

Previous work on the Opinaca B Block revealed a major NE-SW-trending gold-bearing system with possible extensions for at least 11 km. The Claude Target is located in the middle of this trend, and Everton's Manuel showing (12.0 g/t Au over 4.6 m in a channel sample) lies 8 km northeast of the Claude Target. The Eleonore South property, where a strong gold potential has also been recognized (see below), lies 9 km west of the Claude Target.

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

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

During the summer of 2007, several rock samples collected along the Claude-Manuel corridor returned significant gold values up to 6.1 g/t Au over a strike length of 3 km, including a new mineralized zone that trends parallel to the northern edge of the main Claude Target. The mineralization contains up to 5% pyrite and is associated with silicified and chloritized metasediments hosting quartz and pegmatite veins. Three holes were drilled (3 holes, 402 m), but no significant results were obtained.

During the winter of 2008, Everton completed the following program:

- A geophysics component consisting of 160 line-km of induced polarization (IP) and magnetic ground surveys.
- A 1,600-metre drill program based on the results of the geophysical surveys (Opinaca A: Charles, Smiley and Lola targets; Opinaca B: Dominic Target).

Results include 4.2 g/t Au over 1 m and 0.4 g/t Au over 1 m in Hole OS-08-04A at the Smiley Target on Opinaca A, and 0.6 g/t Au over 0.3 m and 0.6 g/t Au over 1.2 m in Hole DB-08-01 at the Dominic Target on Opinaca B. Azimut and its partner Everton are currently integrating the new results with the regional dataset in order to prepare the next round of exploration work on Opinaca A and B.

Eleonore South and Opinaca D

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

A total of 35 trenches have been channel sampled, and 5,063 one-metre samples were collected. The most significant result is a mineralized rock channel section from the JT Target area that assayed 5.3 g/t Au over 8 m. This target is hosted by altered, sulphide-bearing sedimentary rocks that are comparable to the mineralized sedimentary rocks of Goldcorp’s Roberto deposit 12 km to the northwest.

At Eleonore South, several significant multi-kilometre gold-arsenic soil anomalies that form a property-wide trend were identified. During 2006 and 2007, surveying included 194 line-kilometres of gradient IP (induced polarization) and 49 line-kilometres of dipole-dipole IP. On the basis of the trenching results, soil anomalies and IP survey results, a first-phase 3,250-metre drill program was completed earlier in 2008 with a budget of $1.1 million to test a number of high priority targets. Altered and mineralized sedimentary rocks in the JT Target area have been intersected. Results are pending.

Goldcorp has exercised its right to increase its interest by 6.67% to a total of 40% in the Eleonore South joint venture. To earn the additional interest, Goldcorp, through its subsidiary Les Mines Opinaca Ltée (“Opinaca Mines”), must fund a minimum of $500,000 in exploration expenditures, make option payments to Azimut, and prepare a bankable feasibility study by June 2015. Eastmain will remain as project manager until Goldcorp chooses to exercise its right to take over as operator of the property. If Opinaca Mines completes the earn-in obligations, ownership of the Eleonore South project will be Goldcorp (Opinaca Mines) 40%, Azimut 30% and Eastmain 30%.

On the Opinaca D property, reconnaissance geological mapping and prospecting covered a number of exploration targets defined by VTEM areas of interest and/or soil geochemistry anomalies. Soil geochemistry surveys confirmed a broad trend of gold, arsenic and antimony anomalies associated with the band of biotite paragneiss in the western portion of the property. This band yielded the maximum value for Au (7,320 ppb), as well as maximum values for As (447 ppm) and Sb (2.3 ppm). These peak values were for samples from the southern portion of the biotite paragneiss band. Strong gold-arsenic-antimony soil anomalies remain to be tested.

James Bay region - Eastmain sector

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

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

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

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

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

IAMGOLD terminated the option agreement on the property in 2007 following its decision to cease regional exploration activities in Quebec. Azimut is currently reviewing its plans for the Eastmain West property.

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

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

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

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

At Wabamisk, a $1.10 million exploration program is currently underway under Goldcorp’s supervision.

James Bay region - Comptoir property

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

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

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

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

IAMGOLD terminated the option agreement on the property in 2007 following its decision to cease regional exploration activities in Quebec. Azimut is currently reviewing its plans for the Comptoir property.

Exploration programs on gold properties in the James Bay region were conducted during 2008 with a total budget of $3.25 million funded by Azimut's partners.

North Shore region

Azimut's uranium properties in the North Shore region comprise 703 claims. Three properties totalling 494 claims (originally known as the Grenium project, now forming the Augustin, Chevery and Havre NW properties). In addition, Arianne Resources Inc. ("Arianne") has been exploring, pursuant to an option agreement with Azimut, the North Havre property which consists of four claim blocks comprising 209 claims. Outside Azimut's properties, but in the same region, uranium mineralization has been discovered at Johan-Beetz Bay along the shore of the Gulf of Saint-Lawrence (historical resource estimate of 93 million tonnes at 0.025% U_3O_8 and 0.025% Y, as stated in a technical report, dated May 31, 2006, and filed on SEDAR under the profile of Uracan Resources Ltd. ("Uracan")). On July 7, 2008, Uracan announced an inferred resource estimate for its Double S zone of 74 million tonnes at 0.012% U_3O_8 based on a 0.009% U_3O_8 cutoff. Key results obtained during the 2006 and 2007 exploration programs on Azimut's properties validated the Company's regional targeting and are as follows:

- Grenium: A detailed lake-bottom sediment survey confirmed high uranium contents in lakes, with peak values up to 1,310 ppm U. A helicopter-borne survey has also identified several strong kilometre-scale uranium anomalies. Follow-up surface prospecting led to the discovery of several radioactive zones and sampling yielded values up to 0.33% U_3O_8.
- North Havre: A sub-horizontally dipping pegmatite with an average thickness of 5 m was discovered by surface prospecting and returned values up to 0.43% U_3O_8 and >4% REE, in addition to high values in gallium, yttrium, niobium and zirconium. This showing coincides with a 1 × 5 km strong helicopter-borne uranium anomaly. Arianne performed a prospecting program totalling $0.11 million during the summer of 2008 and no additional significant results were obtained.

Azimut is currently reviewing its plans for its North Shore properties.

North Shore region – Nickel Properties

In November 2006, Azimut and Kennecott (a subsidiary of the Rio Tinto Group) signed an agreement for the exploration of nickel deposits in Quebec. The agreement included the delivery to Kennecott of a target report covering a 222,000-km^2 region in the geological Grenville Province, North Shore region, with the goal of identifying high-quality nickel targets. Within the framework of this alliance, Azimut acquired 13 nickel properties comprising 1,896 claims in 14 claim blocks covering 1,010 km^2. Kennecott conducted an assessment program on the nickel targets during the summer of 2007 with the aim of confirming and selecting nickel targets. Due to a revision of its strategy, Kennecott decided not to pursue exploration for nickel in the North Shore region in 2008.

Ecuador - Strategic Alliance with Channel

Under the framework of a Strategic Alliance for mineral exploration in Ecuador, South America, Azimut has performed a country-wide mineral potential assessment aimed at identifying major exploration targets, thereby assisting Channel in assembling a portfolio of projects having the best potential for hosting large-scale mineral deposits. A number of areas of interest have been identified and are under review by Channel. On September 25, 2008, the Company agreed to an additional six-month extension of certain trigger dates contained in the agreement with Channel.

Regional modeling and project generation

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

Perspectives

The 16 exploration programs that have taken place in 2008 are included in the table below.

Property		Work in 2008	Estimated Expenditures during 2008 Calendar Year $ million
North Rae	Uranium	By Azimut	1.07
Daniel Lake	Uranium	By Azimut	0.45
South Rae	Uranium	By the partner	1.41
Kangiq	Uranium	By the partner	0.96
North Minto	Uranium	By the partner	0.99
South Minto	Uranium	By the partner	0.97
West Minto	Uranium	By the partner	0.39
Hudson Bay	Uranium	By the partner	0.36
Central Minto	Uranium	By the partner	0.71
South Bienville	Uranium	By the partner	0.36
West Bienville	Uranium	By the partner	0.09
Kativik	Uranium	By the partner	0.89
Opinaca A and A East **Opinaca B, and B North**	Gold	By the partner	1.05
Eleonore South	Gold	By the partner	1.10
Wabamisk	Gold	By the partner	1.10
North Havre	Uranium	By the partner	0.11
Total			**12.01**

2008 (calendar year)

Total expenditures funded by partners: $10.49 million.

Total expenditures funded by Azimut: $1.62 million (including $0.10 million for regional assessment and project generation).

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

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

2009

On the basis of existing option agreements, total work expenditure commitments funded by Azimut's partners for 2009 are $12 million. The fulfilment of these commitments will depend upon the partners' ability to secure financing to carry out exploration programs and general market conditions. The Company's claims are in good standing. In spite of the current economic downturn, it is anticipated that significant exploration activities will take place on Azimut's properties. The Company does not anticipate having work expenditure commitments on any of its properties with partners in order to maintain its interest.

Azimut will continue to actively develop new partnerships in Quebec and elsewhere.

Selected financial information

	Earnings for the fiscal years ended August 31		
	2008	**2007**	**2006**
	($)	($)	($)
Revenues	1,927,860	1,244,570	390,841
Expenses			
Administration fees	875,011	767,135	454,228
Cost of mining properties abandoned or written off	49,531	73,104	7,300
Write off of intangible assets	-	1,170	-
Search for properties	85,681	161,853	176,867
Credit on duties refundable for losses and refundable tax credits relating to resources	(29,324)	(76,692)	(14,108)
Professional fees related to the decision of not proceeding with a proposed transaction	405,864	-	-
Allowance for bad debt	267,734	-	-
Write-down of long-term investments	-	-	15,000
Future taxes	-	-	(30,971)
Stock options	798,525	452,873	677,242
	2,453,022	1,379,443	1,285,558
Loss for the year	(525,162)	(134,873)	(894,717)
Basic and diluted loss per share	(0.031)	(0.008)	(0.059)

Result of operations

The Company reported a net loss of $525,162 for the current fiscal year, compared to a net loss of $134,873 for the preceding fiscal year and a net loss of $894,717 for the fiscal year ended August 31, 2006. Revenue increased by $683,290 during the current fiscal year mainly due to a gain related to cash and share payments in connection with the anniversary of existing agreements, and to the gain realized on the sale of option for the Kativik property in the Central Quebec region which amounted to $1,679,696 as compared to $1,019,261 for the preceding fiscal year. During the fiscal year 2008, the Company optioned one new property as compared to eleven properties in the 2007 fiscal year and three properties in 2006.

The Company receives management fees for its role as project operator for three projects with Abitex Resources Inc. (formerly Central Uranium) and one project with Kativik. The management fees earned during the period totalled $199,046 ($72,245 in 2007). The increase is due to more exploration work performed on properties operated by Azimut.

The “Administration fees” category was $875,011 for 2008 ($767,135 in 2007). The increase is mainly due to an increase in the cost of salaries and management fees, travelling and entertainment. The increase of salary and management fees from $522,879 in 2007 to $634,025 in 2008 is mostly due to an increase in costs and time spent by the management team during the preparation of a notice of default to one of the Company’s partners and the activities in connection with the transaction towards the acquisition of all the outstanding shares of a public company. The Company had six persons on its payroll during the 2008 fiscal year, compared to five in 2007 and four in 2006. Travelling and entertainment for 2008 totalled $111,506 ($95,327 in 2007) following the Company’s participation in exploration industry events and additional expenditures incurred while actively pursuing its growth strategy. Professional fees were $106,573 in 2008, compared to $136,163 in 2007, and mainly represent the costs associated with the implementation of the Shareholder Rights Plan and the preparation of a notice of default to one of the Company’s partners. The Company now considers the partner to have cured its default.

The professional fees incurred during the current fiscal year totalling $405,864 were attributable to the costs engaged by the Company towards the acquisition of all the outstanding shares of a public company. The transaction was aborted in June 2008.

An allowance for bad debt was taken in the 2008 fiscal year, amounting to $267,734. It is related to the recovery of advances made to a contractor for airborne geophysical surveys. The surveys were not carried out and the contracts were cancelled.

The decrease in the “Search for properties” to $85,681 during the 2008 fiscal year, compared to $161,853 in 2007, is explained by a higher concentration of management’s time on the follow-up of the exploration programs operated by the Company’s partners or by Azimut.

The Company recorded $798,525 ($452,873 in 2007 and $677,242 in 2006) in “stock options” relating to options which were vested in the period. The expense is calculated at fair value using the Black Scholes option pricing model.

Other information

	August 31, 2008	August 31, 2007	August 31, 2006
Cash and cash equivalent	1,291,771	1,356,649	229,428
Total assets	5,638,573	3,773,499	1,511,407
Shareholders' equity	2,832,196	3,220,583	1,100,173
Number of shares outstanding	16,821,755	16,771,755	16,121,755
Number of stock options outstanding	1,905,000	1,595,000	1,227,000

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

Liquidity and Capital resources

The Company's working capital was $1,060,605 as at August 31, 2008, compared to $1,983,379 as at August 31, 2007. The cash proceeds received from the payments in connection with the anniversary of existing agreements and conclusion of option agreements for mining properties totalled $1,650,633 for the current fiscal year, compared to $1,120,000. The Company did not raise any additional funds during the current fiscal year, compared to $1,802,410 in the preceding fiscal year. A total of $12,000 in cash was received during the 2008 fiscal year from exercised stock options, as compared to $166,200 in 2007. The Company has no long-term debt, nor does the Company have asset-backed commercial paper.

The Company's investing activities consist primarily of the generative cost for new properties, additions to mining properties, and an increase in exploration work. The Company is entitled to the refundable tax credit for resources on qualified expenditures that may reach up to 38.75%, and a 12% credit on duties refundable for loss on qualified expenditures incurred. The majority of the exploration expenditures and the cost to keep the properties in good standing will continue to be incurred by the Company's partners. The Company has $1.3 million in cash on hand and has received additional funds of $2,040,000 through a non-brokered private placement (see "Subsequent Events" section). The Company believes that these funds will be sufficient to meet its current expenditures and partnership development activities in the foreseeable future. In connection with the conditions (including the cash payment) required under the termination of option agreement with NWT for the North Rae and Daniel Lake properties, it is to be noted that in the event that the Company is unable to satisfy these conditions, the termination agreement will have no further force or effect and the current option agreement will remain valid and enforceable.

Quarterly information

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

Quarter ending	Total revenue	Net earnings (net loss)	Net earnings (net loss) per share	
			Basic	diluted
31-08-2008	485,192	(622,918)	(0.037)	(0.037)
31-05-2008	867,590	436,733	0.026	0.025
29-02-2008	420,925	(40,003)	(0.002)	(0.002)
30-11-2007	154,153	(298,974)	(0.018)	(0.018)
31-08-2007	175,240	490,672	0.029	0.027
31-05-2007	678,458	(596,312)	(0.036)	(0.036)
28-02-2007	353,859	112,324	0.007	0.007
30-11-2006	37,013	(141,559)	(0.009)	(0.009)

Fourth quarter

The Company's net loss for the three-month period ended August 31, 2008 was $622,918 compared to net earnings of $490,672 in 2007. Revenue totalled $485,192 compared to $175,240 in 2007. The increase in revenues was caused mainly by a gain related to cash and share payments in connection with the anniversary of existing agreements and revenue realized for the Company's role as the operator of properties among its various properties under option.

Significant changes in expenses during the fourth quarter of the current fiscal year arise from the costs of $405,864 engaged by the Company for the acquisition of all the outstanding shares of a public company. The transaction was aborted in June 2008. An allowance for bad debt of $267,734 was attributable to the recovery of advances made to a contractor for airborne geophysical surveys. The surveys were not carried out and the contracts were cancelled.

Significant changes in expenses during the fourth quarter of the preceding fiscal year is due to mainly to the net effect of the three following items: 1) adjustment of fair value of the stock-based compensation of $534,707 caused by the 600,000 options granted in March 2007 for which the exercisable period was over 18 months after the granting date; 2) administration fees of $203,203 related to the increase in the number of employees, and professional and maintenance fees related to the Shareholder Rights Plan; and 3) write-off of mining properties of $58,463.

Contractual Obligation

The Company has contractual obligations in the form of an operating lease amounting to $150,051 payable over four years.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Related party transactions

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

	2008	2007
	$	$
Reimbursement of expenses	4,933	13,027

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

Subsequent events

Private placements
On November 21, 2008, the Company announced the completion of the first tranche of a non-brokered private placement financing totalling $1,900,000 with Quebec-based institutions and some of the Company's board members. The remaining $140,000 financing has been completed on December 10, 2008. The proceeds will be used for general purposes, technical work and business development.

The $940,000 convertible debentures will expire in 36 months and bear interest at a rate of 12% per year, payable in cash or shares every six months, subject to the TSX Venture Exchange approval. During the first 2 years, the debentures are convertible into units at a price of $0.54. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at $0.65. At the third year, the debentures are convertible into units at a price of $0.60; each unit consists of one common share and one-half of a share purchase warrant. Each full warrant entitles the holder to purchase one common share at a price of $0.75.The $500,000 debenture is to be reimbursed over a 5 year-period in payments of $100,000 per year. It bears interest at a rate of 12% per year payable in cash.

The $500,000 secured convertible loan is to be reimbursed in two equal payments in 2009 and 2010 and bears interest at a rate of 12% per year, payable in cash or shares every six months subject to the TSX Venture Exchange approval. This loan is convertible into units at a price of $0.54 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.65 for a 24-month period following the conversion date or until the term of the loan. The loan is secured by a hypothec on the Company's movable property, including tax credits to be received.

The $100,000 private placement equity investment consists of 250,000 of the Company's common shares at a price of $0.40 per share. The issued shares are subject to a four-month hold period. This placement gives the right to purchase 125,000 additional Company common shares at a price of $0.65 per share for a 24-month period

Short form prospectus and deferred charges
On November 21, 2008, the Company has decided not to proceed with its financing by way of a short form prospectus, which was announced on August 25, 2008.

Deferred charges consist of expenses of $92,063 incurred in connection with the preparation of the short form prospectus. These deferred charges were capitalized during the year and will be written off during the first quarter of 2009.

Mining properties accounting values

At the end of each quarter, management reviews the carrying value of its mining properties to determine whether any write-offs are necessary. Following this analysis, $49,531 write-offs were deemed necessary for the fiscal 2008 (Manitou and Mont Merry), compared to $73,104 in 2007 (Obamsca, Aguanish and Baskatong properties).

Summary of significant accounting policies

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the years. Significant estimates include the valuation of credit on duties refundable for loss and the refundable tax credit for resources, future income tax assets and liabilities, the recoverability of long-term investments and mining properties, the fair value of stock options granted and certain liabilities. Actual results could differ from those estimates.

Long-term investments
The company has elected to classify its long-term investments as available-for-sale securities; therefore, they are carried at fair value in the balance sheet, and any changes in their fair value are reflected in comprehensive loss. Upon the disposal of these assets, accumulated changes in their fair value will be reclassified in the statements of earnings. Prior to September 1, 2007, long-term investments were recorded at cost, less any permanent impairment in value.

Mining properties
The Company records its interests in mining properties and areas of geological interest at cost less option payments and other recoveries. Exploration and development costs relating to these interests and properties are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or allowed to lapse. Management reviews the carrying values of mining properties on a regular basis to determine whether any writedowns are necessary. These costs will be amortized over the estimated useful life of mining properties following commencement of production, or will be written off if the mining properties or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining properties are expensed as incurred.

Credit on duties refundable for loss and refundable tax credit for resources
The Company is entitled to a credit on duties refundable for loss on mining exploration expenses incurred in Quebec at the rate of 12%. This tax credit has been applied against the costs incurred.

Furthermore, the Company is entitled to the refundable tax credit for resources on qualified expenditures. The refundable tax credit may reach 38.75% of qualified expenditures incurred. This tax credit has been applied against the costs incurred.

Share capital
Share capital issued for non-monetary consideration is generally recorded at fair value. Flow-through shares are issued in consideration of the proceeds received, which represent their fair value. Upon the acquisition of mining properties, the carrying value may exceed the tax basis since the Company renounces the deductions in favour of the investors concerned. The Company also issues flow-through shares without any premium or discount regarding the renunciation of the tax benefits in favour of investors. Share issue expenses and future income taxes arising from the difference between the carrying amount and the tax basis are recorded as a reduction of share capital.

Share issue expenses
Costs directly identifiable with the raising of capital are charged against the related capital account. Costs related to securities not yet issued are recorded as deferred financing costs. These costs are presented as other assets until the issuance of the securities, to which the costs relate, at which time the costs are charged against the related capital account or charged to earnings if the securities are not issued.

New accounting standards

Accounting changes adopted
On September 1, 2007, in accordance with the applicable transitional provisions, the Company applied the recommendations of new Section 1506, "Accounting Changes", of the Canadian Institute of Chartered Accountants' ("CICA") Handbook. This new section, effective for the years beginning on or after October 1, 2006, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Company. The new standard has no impact on the Company's financial results for the year ended August 31, 2008.

Financial instruments
On September 1, 2007, the Company adopted new accounting policies published by the CICA relating to financial instruments:

- Section 3855, "Financial Instruments – Recognition and Measurement", provides guidance on when a financial instrument must be recognized on the balance sheet and how it must be measured. It also provides guidance on the presentation of gains and losses on financial instruments.

- Section 1530, "Comprehensive Income", requires an entity to recognize certain gains and losses in a separate statement, until such gains and losses are recognized in the statement of earnings.

- Section 3251, "Equity", establishes standards for the presentation of equity and changes in equity during the reporting fiscal year.

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

- Section 3861, "Financial Instruments – Disclosure and Presentation" deals with the disclosure of financial instruments and non-financial derivatives in the financial statements.

After initial recognition, the measurement of financial instruments depends on their classification: held for trading, available for sale, loans and receivables and other than held-for-trading liabilities.

Held for trading – Financial assets and financial liabilities required to be classified or designated as held for trading are measured at fair value, with gains, losses and transaction costs recorded in net earnings for the period in which they arise. Section 3855 allows an entity to designate any financial instrument as held for trading on initial recognition or adoption of the accounting standard if reliable fair values are available, even if that instrument would not otherwise satisfy the definition of a security held for trading. Transaction costs are recorded immediately in net earnings.

Available for sale – Financial assets classified as available for sale are measured at fair value. Unrealized gains and losses are recognized directly in other comprehensive income, except for impairment losses, which are recognized in net earnings. Upon derecognition of the financial asset, the accumulated gains or losses previously recognized in "Accumulated other comprehensive income" are reclassified to net earnings. Transaction costs are added to the carrying amount of the financial instrument.

Loans and receivables – Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method. Interest income or expenses are included in net earnings over the expected life of the financial instrument.

Other than held-for-trading liabilities – Financial liabilities classified as other than held-for-trading liabilities are measured at amortized cost using the effective interest method, which corresponds to costs due to their short term to maturity.

Following is a summary of the classifications the Company has elected to apply to each of its significant categories of financial instruments outstanding as of September 1, 2007:

Cash	Held for trading
Amounts receivable	Loans and receivables
Long-term investments	Available for sale
Accounts payable and accrued liabilities	Other than held-for-trading liabilities

Transitional adjustment
On September 1, 2007, the Company made adjustments to its financial instruments in the balance sheet. These adjustments made to the previous fair value of investments have been recognized as an adjustment to the opening balance of deficit, and all adjustments to initial fair value of investments have been reflected in the opening balance of comprehensive loss. The following table presents the impact of the application of CICA Handbook Section 3855 on the balance sheet.

	As at August 31, 2007 $	**Adjustments $**	**As at September 1, 2007 $**
Assets			
Long-term investments	738,950	(62,700)	676,250
Shareholders' Equity			
Accumulated other comprehensive loss	-	(62,700)	(62,700)

Future accounting changes

Going concern

The CICA modified Section 1400, "General Standards of Financial Statement Presentation", in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. These new requirements are effective for fiscal years beginning on or after January 1, 2008, and the Company will implement them as of September 1, 2008. The new requirements only address disclosures and will have no impact on the Company's financial results.

Capital disclosures

The CICA published the new Section 1535, "Capital Disclosures". This new section establishes standards for disclosing information about an entity's capital and how it is managed. The new standard is effective for fiscal years beginning on or after October 1, 2007, and the Company will implement it as of September 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Company's financial results.

Financial instruments – Disclosures and Financial Instruments – Presentation

Section 3862 replaces the disclosure portion of Section 3861, "Financial Instruments – Disclosure and Presentation". The new standard places increased emphasis on disclosures regarding risks associated with both recognized and unrecognized financial instruments and how these risks are managed. It is also intended to remove any duplicate disclosures and simplify the disclosures about concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861. These new standards will apply to the fiscal year beginning on September 1, 2008. The Company is presently evaluating the impact of these new standards on its financial statements.

Information regarding outstanding shares

The Company can issue an unlimited number of common shares, without par value. As at December 23, 2008, there were 16,821,755 issued and outstanding shares and no shares were held in escrow.

The Company maintains a stock option plan in which a maximum of 1,485,745 stock options may be granted. On March 6, 2007, the Board of Directors decided to increase the number of shares reserved for issuance under the stock option plan to 15% of the shares issued and outstanding, i.e., 2,488,000. This increase was authorized by the Company’s disinterested shareholders at the Annual and Extraordinary meeting of shareholders held on February 20, 2007, and approved by the TSX Venture Exchange on April 27, 2007. As at December 23, 2008, 1,905,000 stock options were outstanding, of which 1,437,500 were exercisable. Their exercise prices range from $0.30 to $4.30, and expiry dates from February 23, 2009 to April 10, 2013.

On April 10, 2008, 360,000 stock options were granted to its directors and officers. These options have an exercise price of $3.03 per share and are exercisable during a 5-year period.

Risks and uncertainties

Fair value

Cash and cash equivalent, amounts receivable 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 available-for-sale long-term investments is established using the bid price on the most beneficial active market for this instrument that is readily available to the Company. When a bid price is not available, the Company uses the closing price of the most recent transaction on such instrument.

Credit risk

Cash and cash equivalent are deposited in bank accounts with Canadian chartered banks or invested in a diversified manner in securities having an investment-grade rating.

The credit risk associated with receivables from partners arises from the possibility that the partners may not be able to repay their debts. These receivables result from option payments and exploration work carried out on properties under option and operated by the Company.

Interest rate risk

As at August 31, 2008 and 2007, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalent	Variable interest rate
Amounts receivable	Non-interest bearing
Long-term investments	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

Financial risks

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

Property title risk

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

Environmental risk

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

Additional information and continuous disclosure

This Management's Discussion and Analysis report was prepared on December 23, 2008. The Company regularly divulges additional information through press releases, financial statements, and its annual information form on the SEDAR website (www.sedar.com).

Disclosure controls

The Company's Chief Executive Officer and Secretary Treasurer (the certifying officers) are responsible for establishing and maintaining disclosure controls and procedures which provide reasonable assurance that information required to be disclosed by the Company in reports filed with securities regulatory authorities is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. The certifying officers are assisted in this responsibility by the disclosure committee consisting of senior executives of the Company. Based on an evaluation of the Company's disclosure controls and procedures, the Company's certifying officers have concluded that as of August 31, 2008, these disclosure controls and procedures operated effectively to ensure that material information relating to the Company would have been made known to them.

Internal control over financial reporting

Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with GAAP in its financial statements. The certifying officers have evaluated whether there were changes to its ICFR during this interim period ended August 31, 2008, that have materially affected, or that are reasonably likely to materially affect its ICFR. No such changes were identified through their evaluation.

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