

AZIMUT EXPLORATION INC.

(An exploration company)

Balance Sheets

	February 28, 2007	August 31, 2006
	\$	\$
	(unaudited)	(audited)
ASSETS		
Current Assets		
Cash and cash equivalent	1,184,928	229,428
Amounts receivable	510,593	385,922
Prepaid expenses	284,697	127,615
	<u>1,980,218</u>	<u>742,965</u>
Long-term investments (quoted value \$245,825 ; \$124,600 as at August 31, 2006)	162,458	90,550
Property, plant and equipment (less accumulated amortization of \$8,877 ; \$5,418 as at August 31, 2006)	20,965	24,426
Intangible assets (less accumulated amortization of \$504 ; \$329 as at August 31, 2006)	995	1,170
Mining properties (note 2)	608,953	652,296
	<u>2,773,589</u>	<u>1,511,407</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		
Related companies (note 5)	--	1,746
Others	39,640	409,488
	<u>39,640</u>	<u>411,234</u>
SHAREHOLDERS' EQUITY		
Share capital (note 3)	7,702,036	6,022,948
Stock options (note 4)	758,345	774,422
Deficit	(5,726,432)	(5,697,197)
	<u>2,733,949</u>	<u>1,100,173</u>
	<u>2,773,589</u>	<u>1,511,407</u>

AZIMUT EXPLORATION INC.

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Deficit

For the six (6) months period ended February 28, 2007 and 2006 (unaudited)

	2007	2006
	\$	\$
Balance - Beginning of period	5,697,197	4,802,480
Net loss for the period	29,235	298,408
Balance - End of period	<u>5,726,432</u>	<u>5,100,888</u>

Statements of deferred exploration expenses

For the periods of three (3) months and six (6) months ended February 28, 2007 and February 28, 2006 (unaudited)

	2007	2006	2007	2006
	3 months	3 months	6 months	6 months
	\$	\$	\$	\$
Balance - Beginning of period	713,177	158,733	652,296	138,934
Expenses incurred during the period				
Claims and permits	122,792	-	181,344	10,130
Geological surveys	19,381	3,966	20,090	35,449
Geochemical surveys	911	-	2,531	-
	<u>143,084</u>	<u>3,966</u>	<u>203,965</u>	<u>45,579</u>
Option payments	(247,308)	(20,000)	(247,308)	(20,000)
Mining properties written off	-	-	-	(7,300)
Credit on duties refundable for losses and refundable tax credit relating to resources	-	(901)	-	(15,415)
	<u>(247,308)</u>	<u>(20,901)</u>	<u>(247,308)</u>	<u>(42,715)</u>
Balance - End of period	<u>608,953</u>	<u>141,798</u>	<u>608,953</u>	<u>141,798</u>

AZIMUT EXPLORATION INC.

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Statements of Earnings

For the periods of three (3) months and six (6) months ended February 28, 2007 and February 28, 2006 (unaudited)

	2007	2006	2007	2006
	3 months	3 months	6 months	6 months
	\$	\$	\$	\$
Revenue				
Interest income	10,570	5,841	11,713	10,662
Gain on sale of options of mining properties	306,492	-	306,492	-
Management fees	26,625	-	32,495	6,489
Gain on sale of long term investments	10,172	-	10,172	-
Other income	-	-	30,000	-
	<u>353,859</u>	<u>5,841</u>	<u>390,872</u>	<u>17,151</u>
Expenses				
Salaries and fringe benefits	48,668	25,528	93,561	72,080
Professional and maintenance fees	29,603	19,873	39,217	67,669
Management fees and office expenses	108,355	30,670	166,840	60,522
Travelling and entertainment	31,858	12,035	49,652	14,390
Interests and bank charges	485	123	915	242
Amortization of property, plant and equipment	1,731	385	3,461	770
Amortization of intangible assets	88	22	176	44
Search for properties	30,001	53,175	74,797	104,029
Credit on duties refundable for losses and refundable tax credit relating to resources	(9,364)	-	(9,364)	(11,701)
Written off properties	-	-	-	7,300
Part XII.6 Tax	110	214	852	214
	<u>241,535</u>	<u>142,025</u>	<u>420,107</u>	<u>315,559</u>
Net earning (loss) for the period	<u>112,324</u>	<u>(136,184)</u>	<u>(29,235)</u>	<u>(298,408)</u>
Basic and diluted net earning (loss) per share	<u>0.007</u>	<u>(0.009)</u>	<u>(0.002)</u>	<u>(0.020)</u>
Basic and diluted weighted average number of shares outstanding	<u>16,493,088</u>	<u>14,917,851</u>	<u>16,335,158</u>	<u>14,813,730</u>

AZIMUT EXPLORATION INC.

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Statements of Cash Flows

For the periods of three (3) months and six (6) months ended February 28, 2007 and February 28, 2006 (unaudited)

	2007	2006	2007	2006
	3 months	3 months	6 months	6 months
	\$	\$	\$	\$
Cash flows from operating activities				
Net loss for the period	112,324	(136,184)	(29,235)	(298,408)
Items not affecting cash and cash equivalent				
Amortization of property, plant and equipment	1,731	385	3,461	770
Amortization of intangible assets	88	22	176	44
Cost of mining properties abandoned	-	-	-	7,300
Gain on sale of options of mining properties	(306,492)	-	(306,492)	-
Gain on sale of long term investments	(10,173)	-	(10,173)	-
Stock options	-	-	-	68,439
	<u>(202,522)</u>	<u>(135,777)</u>	<u>(342,263)</u>	<u>(221,855)</u>
Change in non-cash working capital items				
Amounts receivable	(309,654)	4,261	(124,671)	160,785
Prepaid expenses	(151,580)	(397,282)	(157,082)	(437,348)
Accounts payable and accrued liabilities	(23,771)	47,472	(371,594)	178,639
	<u>(485,005)</u>	<u>(345,549)</u>	<u>(653,347)</u>	<u>(97,924)</u>
	<u>(687,527)</u>	<u>(481,326)</u>	<u>(995,610)</u>	<u>(319,779)</u>
Cash flows from financing activities				
Variation in exploration funds	-	51,954	-	127,796
Issuance of share capital net of share issue expenses	1,464,957	10,800	1,663,010	35,000
	<u>1,464,957</u>	<u>62,754</u>	<u>1,663,010</u>	<u>162,796</u>
Cash flows from investing activities				
Variation of mining properties	(143,084)	16,033	(203,965)	(25,580)
Proceeds from sale of options of mining properties	479,800	-	479,800	-
Proceeds from sale of long term investment	12,265	-	12,265	-
	<u>348,981</u>	<u>16,033</u>	<u>288,100</u>	<u>(25,580)</u>
Net change in cash and cash equivalent	1,126,411	(402,539)	955,500	(182,563)
Cash and cash equivalent - Beginning of period	58,517	1,004,107	229,428	784,131
Cash and cash equivalent - End of period	<u>1,184,928</u>	<u>601,568</u>	<u>1,184,928</u>	<u>601,568</u>
Additional information				
Interests cashed (net of interest paid)	5,592	5,350	6,725	11,493
Credit on duties refundable for losses and refundable tax				
credit relating to resources applied against mining properties	-	(901)	-	(15,415)
Shares received in consideration of the sale of mining properties	74,000	-	74,000	-

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Notes to Interim Financial Statements (unaudited)

1 Summary of significant accounting policies

Interim financial information

The financial information as at February 28, 2007 and for the periods ended February 28, 2007 and 2006 are unaudited ; however, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These interim financial statements are prepared in accordance with generally accepted accounting principles in Canada and use the same accounting policies and methods used in the preparation of the Company's most recent annual financial statements. All disclosures required for annual financial statements have not been included in these financial statements. These interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

AZIMUT EXPLORATION INC.

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Notes to Interim Financial Statements (unaudited)

2 Mining properties

As at February 28, 2007, the following claims were in good standing,

	Undivided participation %	Balance as at August 31, 2006 \$	Costs incurred \$	Option payments, Written off, credit on duties refundable for losses, refundable tax credit relating to resources \$	Balance as at February 28, 2007 \$
James Bay					
Opinaca A, A East (497 claims)					
Mining property	100	-	26	(26)	-
Exploration costs		-	2,248	(2,248)	-
		-	2,274	(2,274)	-
Opinaca B, B North (220 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	1,587	(1,587)	-
		-	1,587	(1,587)	-
Opinaca C (166 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	3,624	-	3,624
		-	3,624	-	3,624
Opinaca D (188 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	2,304	-	2,304
		-	2,304	-	2,304
Eastmain West (167 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	930	-	930
		-	930	-	930
Wabamisk (755 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	970	-	970
		-	970	-	970
Comptoir (796 claims)					
Mining property	100	57,560	-	(20,000)	37,560
Exploration costs		14,988	-	-	14,988
		72,548	-	(20,000)	52,548
Obamsca (39 claims)					
Mining property	100	1,872	-	-	1,872
Exploration costs		1,221	-	-	1,221
		3,093	-	-	3,093
		75,641	11,689	(23,861)	63,469

AZIMUT EXPLORATION INC.

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Notes to Interim Financial Statements (unaudited)

2 Mining properties - Cont'd

	Undivided participation %	Balance as at August 31, 2006 \$	Costs incurred \$	Option payments, Written off, credit on duties refundable for losses, refundable tax credit relating to resources \$	Balance as at February 28, 2007 \$
Northern Quebec					
North Rae (1,683 claims)					
Mining property	100	-	54,510	-	54,510
Exploration costs		-	12,593	-	12,593
		-	67,103	-	67,103
South Rae (1,386 claims)					
Mining property	100	95,060	40,866	(135,926)	-
Exploration costs		-	1,863	(1,863)	-
		95,060	42,729	(137,789)	-
North Minto (1,218 claims)					
Mining property	100	105,056	-	-	105,056
Exploration costs		-	378	-	378
		105,056	378	-	105,434
South Minto (645 claims)					
Mining property	100	63,210	-	-	63,210
Exploration costs		-	650	-	650
		63,210	650	-	63,860
Central Minto (337 claims)					
Mining property	100	33,026	-	-	33,026
Exploration costs		-	508	-	508
		33,026	508	-	33,534
West Minto (660 claims)					
Mining property	100	64,680	-	-	64,680
Exploration costs		-	279	-	279
		64,680	279	-	64,959
South Bienville (1,045 claims)					
Mining property	100	102,410	-	-	102,410
Exploration costs		-	254	-	254
		102,410	254	-	102,664
Hudson Bay (355 claims)					
Mining property	100	34,790	-	-	34,790
Exploration costs		-	185	-	185
		34,790	185	-	34,975
Daniel Lake (862 claims)					
Mining property	100	-	84,574	(84,574)	-
Exploration costs		368	715	(1,083)	-
		368	85,289	(85,657)	-
Retty (101 claims)					
Mining property	100	29,460	-	-	29,460
Exploration costs		34,983	64	-	35,047
		64,443	64	-	64,507
		563,043	197,439	(223,446)	537,036

AZIMUT EXPLORATION INC.

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Notes to Interim Financial Statements (unaudited)**2 Mining properties - Cont'd**

	Undivided participation %	Balance as at August 31, 2006 \$	Costs incurred \$	Option payments, Written off, credit on duties refundable for losses, refundable tax credit relating to resources \$	Balance as at February 28, 2007 \$
North Shore					
Manitou (2,538 claims)					
Mining property	100	(47)	47	-	-
Exploration costs		4,968	(4,968)	-	-
		<u>4,921</u>	<u>(4,921)</u>	-	-
Aguanish (102 claims)					
Mining property	100	-	-	-	-
Exploration costs		443	(443)	-	-
		<u>443</u>	<u>(443)</u>	-	-
Baskatong (107 claims)					
Mining property	100	-	-	-	-
Exploration costs		453	(453)	-	-
		<u>453</u>	<u>(453)</u>	-	-
Mont Merry (46 claims)					
Mining property	100	-	-	-	-
Exploration costs		262	(262)	-	-
		<u>262</u>	<u>(262)</u>	-	-
Grenium (2,230 claims)					
Mining property	100	8,480	-	-	8,480
Exploration costs		(947)	915	-	(32)
		<u>7,533</u>	<u>915</u>	-	<u>8,448</u>
		<u>13,612</u>	<u>(5,164)</u>	-	<u>8,448</u>
		<u>652,296</u>	<u>203,964</u>	<u>(247,307)</u>	<u>608,953</u>

3 Share Capital

Authorized

Unlimited number of commons shares, without par value, voting and participating
16,586,755* shares issued and fully paid

*72,392 shares are subject to escrow and will gradually be released by July 14, 2007.

AZIMUT EXPLORATION INC.

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Notes to Interim Financial Statements (unaudited)**4 Stock Option Plan**

The following tables present the stock option activity since September 1, 2006 and summarize information about fixed stock options outstanding and exercisable as at February 28 :

	<u>6 months</u>	
	Number	Weighted average exercise price \$
Outstanding - Beginning of period	1,227,000	0.99
Cancelled	--	--
Exercised	(47,000)	0.57
Granted	--	--
	<hr/>	<hr/>
Outstanding and exercisable - End of period	1,180,000	1.01

Exercise prices	Number	Weighted average remaining contractual life (years)
\$0.18	35,000	2.91
\$0.24	70,000	1.31
\$0.30	340,000	2.02
\$0.64	30,000	3.32
\$0.86	135,000	3.56
\$1.50	50,000	3.98
\$1.55	300,000	4.00
\$1.75	200,000	4.04
\$1.80	20,000	4.15
	<hr/>	<hr/>
	1,180,000	3.18

AZIMUT EXPLORATION INC.

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Notes to Interim Financial Statements (unaudited)

5 Related party transaction

During the period the Company entered into the following transaction with a company owned by a director:

	2007
	\$
Office expenses	321

These transactions took place in the normal course of operations and are established using an exchange value, representing an amount of compensation determined and accepted to by the related parties.

6 Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

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CORPORATE INFORMATION

Board of Directors

Dennis Wood, Chairman of the Board (Montreal)

Jean-Marc Lulin, Ph.D., geologist, Director (Montreal)

Jean-Charles Potvin, B.Sc., M.B.A., Director (Toronto)

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

Pierre Toth, M.Sc., Director (Montreal)

Management

Jean-Marc Lulin, President and Chief Executive Officer

Normand Champigny, Executive Vice President

Sylvain Guérard, Vice President Exploration

Moniroth Lim, Secretary and Treasurer

Legal Counsel

Pothier Valiquette (Montreal)

Auditors

PricewaterhouseCoopers LLP (Quebec)

Transfer Agent

Trust CIBC Mellon Company (Montreal)

Listing

TSX Venture

Symbol: AZM

Contact and information

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