

AZIMUT EXPLORATION INC.

(An exploration company)

Balance Sheets

	May 31, 2007 \$ (unaudited)	August 31, 2006 \$ (audited)
ASSETS		
Current Assets		
Cash and cash equivalent	1,408,856	229,428
Amounts receivable	632,334	385,922
Prepaid expenses	487,603	127,615
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	2,528,793	742,965
Long-term investments (quoted value \$754,450 ; \$124,600 as at August 31, 2006)	686,450	90,550
Property, plant and equipment (less accumulated amortization of \$11,322 ; \$5,418 as at August 31, 2006)	25,202	24,426
Intangible assets (less accumulated amortization of \$592 ; \$329 as at August 31, 2006)	907	1,170
Mining properties (note 2)	154,661	652,296
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	3,396,013	1,511,407
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LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		
Related companies (note 5)	4,597	1,746
Others	126,800	409,488
	<hr/>	<hr/>
	131,397	411,234
SHAREHOLDERS' EQUITY		
Share capital (note 3)	7,924,286	6,022,948
Stock options (note 4)	1,663,073	774,422
Deficit	(6,322,743)	(5,697,197)
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	3,264,616	1,100,173
	<hr/>	<hr/>
	3,396,013	1,511,407
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AZIMUT EXPLORATION INC.

(An exploration company)

Deficit

For the nine (9) months period ended May 31, 2007 and 2006 (unaudited)

	2007 \$	2006 \$
Balance - Beginning of period	5,697,197	4,802,480
Net loss for the period	625,546	971,692
Balance - End of period	<u>6,322,743</u>	<u>5,774,172</u>

Statements of deferred exploration expenses

For the periods of three (3) months and nine (9) months ended May 31, 2007 and May 31, 2006 (unaudited)

	2007 3 months \$	2006 3 months \$	2007 9 months \$	2006 9 months \$
Balance - Beginning of period	608,953	141,798	652,296	138,934
Expenses incurred during the period				
Claims and permits	361,160	610,856	542,504	620,986
Geological surveys	12,415	7,201	32,505	42,650
Geochemical surveys	-	-	2,531	-
Administration & other	7,040	-	7,040	-
	<u>380,615</u>	<u>618,057</u>	<u>584,580</u>	<u>663,636</u>
Option payments	(820,266)	(90,527)	(1,067,574)	(110,527)
Mining properties written off	(14,641)	-	(14,641)	(7,300)
Credit on duties refundable for losses and refundable tax credit relating to resources	-	-	-	(15,415)
	<u>(834,907)</u>	<u>(90,527)</u>	<u>(1,082,215)</u>	<u>(133,242)</u>
Balance - End of period	<u>154,661</u>	<u>669,328</u>	<u>154,661</u>	<u>669,328</u>

AZIMUT EXPLORATION INC.

(An exploration company)

Statements of Earnings

For the periods of three (3) months and nine (9) months ended May 31, 2007 and May 31, 2006 (unaudited)

	2007	2006	2007	2006
	3 months	3 months	9 months	9 months
	\$	\$	\$	\$
Revenue				
Interest income	13,953	3,065	25,666	13,727
Gain on sale of options of mining properties	591,134	-	897,626	-
Management fees	-	-	32,495	6,489
Gain on sale of long term investments	43,371	173,473	53,543	173,473
Other income	30,000	-	60,000	-
	<u>678,458</u>	<u>176,538</u>	<u>1,069,330</u>	<u>193,689</u>
Expenses				
Salaries and fringe benefits	363,633	471,596	457,193	543,676
Professional and maintenance fees	38,409	22,276	77,626	89,945
Management fees and office expenses	739,827	311,153	906,667	371,675
Travelling and entertainment	25,755	10,121	75,407	24,511
Interests and bank charges	644	110	1,559	352
Amortization of property, plant and equipment	2,444	608	5,905	1,378
Amortization of intangible assets	87	22	263	66
Search for properties	117,205	33,936	192,002	137,965
Credit on duties refundable for losses and refundable tax credit relating to resources	(27,875)	-	(37,239)	(11,701)
Written off properties	14,641	-	14,641	7,300
Part XII.6 Tax	-	-	852	214
	<u>1,274,770</u>	<u>849,822</u>	<u>1,694,876</u>	<u>1,165,381</u>
Net loss for the period	<u>(596,312)</u>	<u>(673,284)</u>	<u>(625,546)</u>	<u>(971,692)</u>
Basic and diluted net loss per share	<u>(0.036)</u>	<u>(0.045)</u>	<u>(0.038)</u>	<u>(0.065)</u>
Basic and diluted weighted average number of shares outstanding	<u>16,657,679</u>	<u>15,032,556</u>	<u>16,607,560</u>	<u>14,920,626</u>

AZIMUT EXPLORATION INC.

(An exploration company)

Statements of Cash Flows

For the periods of three (3) months and nine (9) months ended May 31, 2007 and May 31, 2006 (unaudited)

	2007	2006	2007	2006
	3 months	3 months	9 months	9 months
	\$	\$	\$	\$
Cash flows from operating activities				
Net loss for the period	(596,312)	(673,284)	(625,546)	(971,692)
Items not affecting cash and cash equivalent				
Amortization of property, plant and equipment	2,444	608	5,905	1,378
Amortization of intangible assets	87	22	263	66
Cost of mining properties abandoned	14,641	-	14,641	7,300
Gain on sale of options of mining properties	(591,134)	-	(897,626)	-
Gain on sale of long term investments	(43,370)	-	(53,543)	-
Stock options	987,580	684,400	987,580	752,839
	<u>(226,064)</u>	<u>11,746</u>	<u>(568,326)</u>	<u>(210,109)</u>
Change in non-cash working capital items				
Amounts receivable	(121,741)	(2,114)	(246,412)	158,671
Prepaid expenses	(202,906)	426,538	(359,988)	(10,810)
Accounts payable and accrued liabilities	91,757	(175,575)	(279,837)	3,064
	<u>(232,890)</u>	<u>248,849</u>	<u>(886,237)</u>	<u>150,925</u>
	<u>(458,954)</u>	<u>260,595</u>	<u>(1,454,563)</u>	<u>(59,184)</u>
Cash flows from financing activities				
Variation in exploration funds	-	(56,643)	-	71,153
Issuance of share capital net of share issue expenses	139,400	5,200	1,802,410	40,200
	<u>139,400</u>	<u>(51,443)</u>	<u>1,802,410</u>	<u>111,353</u>
Cash flows from investing activities				
Variation of mining properties	(380,613)	(634,335)	(584,579)	(659,915)
Proceeds from sale of options of mining properties	880,200	156,000	1,360,000	156,000
Proceeds from sale of long term investment	50,578	-	62,843	-
Addition on property, plant and equipment	(6,683)	(4,469)	(6,683)	(4,469)
	<u>543,482</u>	<u>(482,804)</u>	<u>831,581</u>	<u>(508,384)</u>
Net change in cash and cash equivalent	223,928	(273,652)	1,179,428	(456,215)
Cash and cash equivalent - Beginning of period	1,184,928	601,568	229,428	784,131
Cash and cash equivalent - End of period	<u>1,408,856</u>	<u>327,916</u>	<u>1,408,856</u>	<u>327,916</u>

Additional information

Interests cashed (net of interest paid)	17,925	1,851	24,650	13,344
Shares issued in consideration of payment of convertible debentures	-	388,200	-	388,200
Credit on duties refundable for losses and refundable tax				
credit relating to resources applied against mining properties	-	-	-	15,415
Shares received in consideration of the sale of mining properties	531,200	64,000	605,200	64,000

AZIMUT EXPLORATION INC.

(An exploration company)

Notes to Interim Financial Statements (unaudited)

1 Summary of significant accounting policies

Interim financial information

The financial information as at May 31, 2007 and for the periods ended May 31, 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.

(An exploration company)

Notes to Interim Financial Statements (unaudited)**2 Mining properties**

As at May 31, 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 May 31, 2007 \$
James Bay					
Opinaca A, A East (497 claims)					
Mining property	100	-	26	(26)	-
Exploration costs		-	2,258	(2,258)	-
			<u>2,284</u>	<u>(2,284)</u>	<u>-</u>
Opinaca B, B North (220 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	1,587	(1,587)	-
			<u>1,587</u>	<u>(1,587)</u>	<u>-</u>
Opinaca C (166 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	3,624	(3,624)	-
			<u>3,624</u>	<u>(3,624)</u>	<u>-</u>
Opinaca D (188 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	984	(984)	-
			<u>984</u>	<u>(984)</u>	<u>-</u>
Eastmain West (167 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	973	-	973
			<u>973</u>	<u>-</u>	<u>973</u>
Wabamisk (755 claims)					
Mining property	100	-	-	-	-
Exploration costs		-	1,114	(1,114)	-
			<u>1,114</u>	<u>(1,114)</u>	<u>-</u>
Comptoir (796 claims)					
Mining property	100	57,560	21,890	(20,000)	59,450
Exploration costs		14,988	33	-	15,021
		<u>72,548</u>	<u>21,923</u>	<u>(20,000)</u>	<u>74,471</u>
Obamsca (39 claims)					
Mining property	100	1,872	-	-	1,872
Exploration costs		1,221	34	-	1,255
		<u>3,093</u>	<u>34</u>	<u>-</u>	<u>3,127</u>
		<u>75,641</u>	<u>32,523</u>	<u>(29,593)</u>	<u>78,571</u>

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 May 31, 2007 \$
Ungava Bay					
North Rae (1,683 claims)					
Mining property	100	-	28,314	(28,314)	-
Exploration costs		-	26,410	(26,410)	-
		-	54,724	(54,724)	-
South Rae (1,861 claims)					
Mining property	100	95,060	87,416	(182,476)	-
Exploration costs		-	2,428	(2,428)	-
		95,060	89,844	(184,904)	-
Daniel Lake (862 claims)					
Mining property	100	-	60,956	(60,956)	-
Exploration costs		368	1,118	(1,486)	-
		368	62,074	(62,442)	-
		95,428	206,642	(302,070)	-
Central Quebec					
North Minto (1,710 claims)					
Mining property	100	105,056	73,010	(178,066)	-
Exploration costs		-	718	(718)	-
		105,056	73,728	(178,784)	-
South Minto (1,238 claims)					
Mining property	100	63,210	62,818	(126,028)	-
Exploration costs		-	808	(808)	-
		63,210	63,626	(126,836)	-
Central Minto (991 claims)					
Mining property	100	33,026	67,828	(100,854)	-
Exploration costs		-	728	(728)	-
		33,026	68,556	(101,582)	-
West Minto (918 claims)					
Mining property	100	64,680	20,188	(84,868)	-
Exploration costs		-	633	(633)	-
		64,680	20,821	(85,501)	-
South Bienville (1,251 claims)					
Mining property	100	102,410	87,124	(189,534)	-
Exploration costs		-	417	(417)	-
		102,410	87,541	(189,951)	-
Hudson Bay (529 claims)					
Mining property	100	34,790	17,836	(52,626)	-
Exploration costs		-	631	(631)	-
		34,790	18,467	(53,257)	-
Retty (101 claims)					
Mining property	100	29,460	-	-	29,460
Exploration costs		34,983	87	-	35,070
		64,443	87	-	64,530
		467,615	332,826	(735,911)	64,530

AZIMUT EXPLORATION INC.
(An exploration company)
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 May 31, 2007 \$
North Shore					
Manitou (2,538 claims)					
Mining property	100	(47)	15,098	(13,621)	1,430
Exploration costs		4,968	(4,266)	(635)	67
		<u>4,921</u>	<u>10,832</u>	<u>(14,256)</u>	<u>1,497</u>
Aguanish (102 claims)					
Mining property	100	-	-	-	-
Exploration costs		443	(358)	(85)	-
		<u>443</u>	<u>(358)</u>	<u>(85)</u>	<u>-</u>
Baskatong (107 claims)					
Mining property	100	-	-	-	-
Exploration costs		453	(154)	(299)	-
		<u>453</u>	<u>(154)</u>	<u>(299)</u>	<u>-</u>
Mont Merry (46 claims)					
Mining property	100	-	-	-	-
Exploration costs		262	(177)	-	85
		<u>262</u>	<u>(177)</u>	<u>-</u>	<u>85</u>
Grenium (2,230 claims)					
Mining property	100	8,480	-	-	8,480
Exploration costs		(947)	2,445	-	1,498
		<u>7,533</u>	<u>2,445</u>	<u>-</u>	<u>9,978</u>
		<u>13,612</u>	<u>12,588</u>	<u>(14,640)</u>	<u>11,560</u>
		<u>652,296</u>	<u>584,579</u>	<u>(1,082,214)</u>	<u>154,661</u>

3 Share Capital

Authorized

Unlimited number of commons shares, without par value, voting and participating
16,771,755* shares issued and fully paid

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

AZIMUT EXPLORATION INC.
(An exploration company)
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 May 31 :

	<u>9 months</u>	
	Number	Weighted average exercise price \$
Outstanding - Beginning of period	1,227,000	0.99
Cancelled	--	--
Exercised	(232,000)	0.57
Granted	600,000	4.08
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Outstanding - End of period	1,595,000	2.19
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1,365,000 stock options were exercisable as at May 31, 2007.

Exercise prices	Number	Weighted average remaining contractual life (years)
\$0.24	50,000	1.05
\$0.30	290,000	1.79
\$0.64	30,000	3.07
\$0.86	105,000	3.30
\$1.50	50,000	3.73
\$1.55	300,000	3.75
\$1.75	150,000	3.78
\$1.80	20,000	3.89
\$4.30	300,000	4.77
\$3.85	300,000	4.77
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	1,595,000	3.65
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4 Stock Option Plan - Cont'd

Accounting for the stock-based compensation plan

The fair value of options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Number of options granted	600,000
Risk-free interest rate	3.75 %
Expected volatility	70 %
Dividend yield	Zero
Weighted average expected life	60 months
Weighted average fair value of options granted	\$2.724

The fair value of stock options granted during the period amounts to \$1,634,700. The amount of \$987,580, representing the fair value of options granted and exercisable, has been included in the statement of earnings under items "Search for properties", "Salaries and fringe benefits" and "Management fees and office expenses" as well as in "Shareholders' Equity" under the item "Stock options".

5 Related party transaction

During the period, the Company entered into the following transaction with a law firm of which one of the directors is a partner:

	2007
	\$
Professional Fees and disbursement of expenses	6,643

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 period presentation.

AZIMUT EXPLORATION INC.

(An exploration company)

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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