

# **Azimut Exploration Inc.**

Unaudited Condensed Interim Financial Statements  
**November 30, 2013 and 2012**  
(expressed in Canadian dollars, except share amounts)

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

	<b>November 30, 2013</b>	<b>August 31, 2013</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,927,408	2,222,226
Amounts receivable (note 4)	655,988	634,263
Prepaid expenses	15,528	28,505
	<u>2,598,924</u>	<u>2,884,994</u>
<b>Non-current assets</b>		
Mining rights receivable	100,485	138,381
Investments (note 5)	45,069	52,320
Property and equipment (note 6)	250,553	270,201
Intangible (less accumulated amortization of \$17,490; \$16,970 as at August 31, 2013)	6,418	6,938
Exploration and evaluation assets (note 7)	6,875,297	6,814,761
	<u>7,277,822</u>	<u>7,282,601</u>
<b>Total assets</b>	<u>9,876,746</u>	<u>10,167,595</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	106,725	225,301
Debenture payable	-	95,400
	<u>106,725</u>	<u>320,701</u>
<b>Non-current liabilities</b>		
Asset retirement obligations (note 8)	245,532	244,676
	<u>245,532</u>	<u>244,676</u>
<b>Total liabilities</b>	<u>352,257</u>	<u>565,377</u>
<b>Equity</b>		
Share capital	20,456,111	20,456,111
Stock options (note 9)	1,071,581	1,071,581
Contributed surplus	3,062,728	3,062,728
Deficit	(15,065,965)	(14,987,817)
Accumulated other comprehensive loss	34	(385)
<b>Total equity</b>	<u>9,524,489</u>	<u>9,602,218</u>
<b>Total liabilities and equity</b>	<u>9,876,746</u>	<u>10,167,595</u>

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

(2)

# Azimut Exploration Inc.

## Interim Statements of Comprehensive Loss

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2013 and 2012

	2013 \$	2012 \$
<b>Expenses</b>		
General and administrative (note 10)	88,537	102,303
General exploration (note 10)	5,078	9,532
	<u>93,615</u>	<u>111,835</u>
<b>Operating loss</b>		
<b>Financing cost, net</b>		
Interest income	(6,097)	(7,899)
Interest expense on debentures	38,526	30,224
Interest and bank charges	135	342
Unwinding of discount on asset retirement obligations	857	845
	<u>33,421</u>	<u>23,512</u>
<b>Other gains and losses</b>		
Gain on option payments received on exploration and evaluation assets	(56,558)	(57,957)
Management fees	-	(7,521)
Gain on sale of available-for-sale investments	-	(7,817)
Impairment on available-for-sale investments	7,670	-
	<u>(48,888)</u>	<u>(73,295)</u>
<b>Loss for the period</b>	<u>78,148</u>	<u>62,052</u>
<b>Other comprehensive income (loss)</b>		
Unrealized loss on available-for-sale investments	(7,251)	(36,359)
Reclassification of impairment on available-for-sale investments to loss for the period	7,670	7,817
	<u>419</u>	<u>(28,542)</u>
<b>Comprehensive loss for the period</b>	<u>77,729</u>	<u>90,594</u>
<b>Basic and diluted loss per share</b>	<u>0.002</u>	<u>0.002</u>
<b>Basic and diluted weighted average number of shares outstanding</b>	36,470,328	36,470,328

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

(3)

**Azimut Exploration Inc.**  
**Interim Statements of Changes in Equity**  
(in Canadian dollars)  
**(Unaudited) For the three-month period ended November 30, 2013 and 2012**

	Share capital		Warrants		Stock options		Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
	Number (1)	\$	Number	\$	Number	\$	\$	\$	\$	\$
<b>Balance as at September 1, 2013</b>	36,470,328	20,456,111	-	-	2,560,000	1,071,581	3,062,728	(14,987,817)	(385)	9,602,218
Loss for the period	-	-	-	-	-	-	-	(78,148)	-	(78,148)
Other comprehensive income (loss)										
Unrealized loss on available-for-sale investments	-	-	-	-	-	-	-	-	7,670	7,670
Reclassification of impairment on available-for-sale investments to loss for the period	-	-	-	-	-	-	-	-	(7,251)	(7,251)
Comprehensive income (loss)	-	-	-	-	-	-	-	(78,148)	419	(77,729)
<b>Balance as at November 30, 2013</b>	<b>36,470,328</b>	<b>20,456,111</b>	<b>-</b>	<b>-</b>	<b>2,560,000</b>	<b>1,071,581</b>	<b>3,062,728</b>	<b>(15,065,965)</b>	<b>34</b>	<b>9,524,489</b>
<b>Balance as at September 1, 2012</b>	36,470,328	20,456,111	2,666,664	426,308	2,220,000	1,436,434	2,159,387	(11,990,713)	(13,824)	12,473,703
Loss for the period	-	-	-	-	-	-	-	(62,052)	-	(62,052)
Other comprehensive income (loss)										
Unrealized loss on available-for-sale investments	-	-	-	-	-	-	-	-	(36,359)	(36,359)
Reclassification of impairment on available-for-sale investments to loss for the period	-	-	-	-	-	-	-	-	7,817	7,817
Comprehensive loss	-	-	-	-	-	-	-	(62,052)	(28,542)	(90,594)
Stock options expired/forfeited	-	-	-	-	(110,000)	(9,033)	9,033	-	-	-
<b>Balance as at November 30, 2012</b>	<b>36,470,328</b>	<b>20,456,111</b>	<b>2,666,664</b>	<b>426,308</b>	<b>2,110,000</b>	<b>1,427,401</b>	<b>2,168,420</b>	<b>(12,052,765)</b>	<b>(42,366)</b>	<b>12,383,109</b>

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

# Azimut Exploration Inc.

## Interim Statements of Cash Flows

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2013 and 2012

	2013	2012
	\$	\$
<b>Cash flows used in operating activities</b>		
Loss for the period	(78,148)	(62,052)
Items not affecting cash		
Depreciation of property and equipment	1,606	2,208
Amortization of intangible assets	520	743
Gain on sale of available-for-sale investments	-	(7,817)
Impairment on available-for-sale investments	7,670	-
Gain on option payments received on exploration and evaluation assets	(56,558)	(57,957)
Credits on duties refundable for loss and refundable tax credits relating to resources, net	(1,458)	(7,384)
Accretion expense on debentures payable and convertible debentures	4,600	4,600
Unwinding of discount on asset retirement obligations	857	845
	<u>(120,911)</u>	<u>(126,814)</u>
Net change in non-cash working capital items		
Amounts receivable	5,811	297,387
Prepaid expenses	12,976	5,147
Accounts payable and accrued liabilities	<u>(105,953)</u>	<u>(138,820)</u>
	<u>(87,166)</u>	<u>163,714</u>
	<u>(208,077)</u>	<u>36,900</u>
<b>Cash flows from financing activities</b>		
Payment on debenture payable	<u>(100,000)</u>	<u>(100,000)</u>
<b>Cash flows used in investing activities</b>		
Proceeds from sale of investments	-	24,317
Additions to exploration and evaluation assets	(85,646)	(251,406)
Proceeds from sale of options on exploration and evaluation assets	60,000	60,000
Tax credit and mining rights received	38,905	563,584
	<u>13,259</u>	<u>396,495</u>
<b>Net change in cash and cash equivalents</b>	(294,818)	333,395
<b>Cash and cash equivalents – Beginning of the period</b>	<u>2,222,226</u>	<u>1,402,610</u>
<b>Cash and cash equivalents – End of the period</b>	<u>1,927,408</u>	<u>1,736,005</u>
Interest received	(6,102)	(7,917)
Interest paid	76,080	57,370
<b>Additional cash flow information</b> (note 12)		

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

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## 1 Nature of operations, general information and liquidity

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

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

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

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

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

As at November 30, 2013, the Company had working capital of \$2,492,199 (2012 – \$3,294,055) including cash and cash equivalents of \$1,927,408 (2012 – \$1,736,006) and accumulated deficit of \$15 million (2012 – \$12 million), and had incurred a loss of \$78,148 (2012 – \$62,052) for the three-month period then ended.

Management of the Company believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve (12) months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least but not limited to twelve (12) months from the end of the reporting period. To continue its exploration and evaluation program on its properties and its operation beyond November 30, 2014, the Company will periodically need to raise additional funds through the issuance of new equity instruments, the exercise of stock options or warrants, and the search of partners to sign option agreements on certain of its mining properties. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

The Company’s financial year ends on August 31. The unaudited condensed interim financial statements were approved for issue by the Board of Directors on January 28, 2014.

# **Azimut Exploration Inc.**

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

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

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

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

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

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

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

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

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

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

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 4 Amounts receivable

	As at November 30, 2013 \$	As at August 31, 2013 \$
Tax credit receivable	615,247	587,712 <sup>(1)</sup>
Commodity taxes	12,673	18,156
Trade accounts receivable	28,068	28,395
	<u>655,988</u>	<u>634,263</u>

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

## 5 Investments

	As at November 30, 2013			As at August 31, 2013		
	Market price / share \$	Adjusted Cost \$	Carrying value \$	Market price / share \$	Adjusted Cost \$	Carrying value \$
Eastmain Resources Inc. 20,000 shares (20,000 shares – August 31, 2013)	0.395	5,400	5,400	0.890	7,900	7,900
NWT Uranium Corp. 350,000 shares (350,000 shares – August 31, 2013)	0.011	2,227	2,226	0.080	3,850	4,063
Majescor Resources Inc. 196,000 shares (196,000 shares – August 31, 2013)	0.010	1,470	1,470	0.145	1,960	1,960
Silver Spruce Resources Inc. 300,000 shares (300,000 shares – August 31, 2013)	0.010	3,000	3,000	0.035	3,000	3,000
Channel Resources Inc. 150,000 shares (150,000 shares – August 31, 2013)	0.035	5,250	5,250	0.090	5,250	5,250
ABE Resources Inc.* 50,000 shares (700,000 shares – August 31, 2013)	0.040	1,250	1,250	0.020	2,000	2,000
Nemaska Exploration Inc. 209,272 shares (209,272 shares – August 31, 2013)	0.130	25,113	25,113	0.390	27,205	27,205
Monarques Resources Inc. 10,469 shares (10,469 shares – August 31, 2013)	0.090	942	1,360	0.085	942	942
		<u>44,652</u>	<u>45,069</u>		<u>52,107</u>	<u>52,320</u>

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



# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 5 Investments (continued)

Unrealized gains and losses on available-for-sale securities resulted from fluctuations in market prices. As at November 30, 2013, the unrealized losses recognized in accumulated other comprehensive income (loss) was \$419 (\$13,824 – August 31, 2013).

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

## 6 Property and equipment

	Office furniture \$	Office equipment \$	Computer equipment \$	Specialist equipment \$	Camp \$	Camp under finance lease \$	Vehicles \$	Total \$
<b>Year ended August 31, 2013</b>								
Opening net book amount	5,442	6,558	11,306	10,133	278,478	-	-	311,917
Additions	-	-	-	-	-	-	3,702	3,702
Transfer from exploration and evaluation assets	-	-	-	-	-	35,194	-	35,194
Depreciation for the year	(1,088)	(1,312)	(3,392)	(3,040)	(59,492)	(11,732)	(556)	(80,612)
<b>Closing net book amount</b>	<b>4,354</b>	<b>5,246</b>	<b>7,914</b>	<b>7,093</b>	<b>218,986</b>	<b>23,462</b>	<b>3,146</b>	<b>270,201</b>
<b>As at August 31, 2013</b>								
Cost	20,542	20,081	36,597	56,250	337,970	316,754	3,702	791,896
Accumulated depreciation	(16,188)	(14,835)	(28,683)	(49,157)	(118,984)	(293,292)	(556)	(521,695)
<b>Net book amount</b>	<b>4,354</b>	<b>5,246</b>	<b>7,914</b>	<b>7,093</b>	<b>218,986</b>	<b>23,462</b>	<b>3,146</b>	<b>270,201</b>
<b>Asset not subject to depreciation included in above *</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>Period ended November 30, 2013</b>								
Opening net book amount	4,354	5,246	7,914	7,093	218,986	23,462	3,146	270,201
Additions	-	-	-	-	-	-	-	-
Depreciation for the period	(218)	(262)	(594)	(532)	(14,873)	(2,933)	(236)	(19,648)
<b>Closing net book amount</b>	<b>4,136</b>	<b>4,984</b>	<b>7,320</b>	<b>6,561</b>	<b>204,113</b>	<b>20,529</b>	<b>2,910</b>	<b>250,553</b>
<b>As at November 30, 2013</b>								
Cost	20,542	20,081	36,597	56,250	337,970	316,754	3,702	791,896
Accumulated depreciation	(16,406)	(15,097)	(29,277)	(49,689)	(133,857)	(296,225)	(792)	(541,345)
<b>Net book amount</b>	<b>4,136</b>	<b>4,984</b>	<b>7,320</b>	<b>6,561</b>	<b>204,113</b>	<b>20,529</b>	<b>2,910</b>	<b>250,553</b>
<b>Asset not subject to depreciation included in above *</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>

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

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 7 Exploration and evaluation assets

All mining properties are located in the Province of Quebec.

### Change in exploration and evaluation assets

Exploration properties	Undivided interest	Cost as at August 31, 2013	Additions	Option payments	Tax credit	Cost as at November 30, 2013	Accumulated impairment as at August 31, 2013	Impairment	Accumulated impairment as at November 30, 2013	Net book amount as at November 30, 2013
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Nunavik</b>										
Rex	100									
Mining properties		959,858	800	-	-	960,658	(663,221)	-	(663,221)	297,437
Exploration costs		3,947,097	20,908	-	(5,450)	3,962,555	-	-	-	3,962,555
		<u>4,906,955</u>	<u>21,708</u>	<u>-</u>	<u>(5,450)</u>	<u>4,923,213</u>	<u>(663,221)</u>	<u>-</u>	<u>(663,221)</u>	<u>4,259,992</u>
Rex South	100									
Mining properties		29,433	-	-	-	29,433	-	-	-	29,433
Exploration costs		235,139	18,877	-	(5,520)	248,496	-	-	-	248,496
		<u>264,572</u>	<u>18,877</u>	<u>-</u>	<u>(5,520)</u>	<u>277,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,929</u>
NCG	100									
Mining properties		730,511	5,100	-	-	735,611	(476,534)	-	(476,534)	259,077
Exploration costs		956,274	6,788	-	(1,450)	961,612	-	-	-	961,612
		<u>1,686,785</u>	<u>11,888</u>	<u>-</u>	<u>(1,450)</u>	<u>1,697,223</u>	<u>(476,534)</u>	<u>-</u>	<u>(476,534)</u>	<u>1,220,689</u>
Diana	100									
Mining properties		60,835	-	-	-	60,835	(25,425)	-	(25,425)	35,410
Exploration costs		23,892	8,367	-	(3,610)	28,649	-	-	-	28,649
		<u>84,727</u>	<u>8,367</u>	<u>-</u>	<u>(3,610)</u>	<u>89,484</u>	<u>(25,425)</u>	<u>-</u>	<u>(25,425)</u>	<u>64,059</u>
Nantais	100									
Mining properties		44,826	-	-	-	44,826	(40,584)	-	(40,584)	4,242
Exploration costs		51,672	3,787	-	(1,650)	53,809	-	-	-	53,809
		<u>96,498</u>	<u>3,787</u>	<u>-</u>	<u>(1,650)</u>	<u>98,635</u>	<u>(40,584)</u>	<u>-</u>	<u>(40,584)</u>	<u>58,051</u>
Others, copper-gold-silver-cobalt-REE	100									
Mining properties		50,132	-	-	-	50,132	-	-	-	50,132
Exploration costs		1,042	11,900	-	(5,180)	7,762	-	-	-	7,762
		<u>51,174</u>	<u>11,900</u>	<u>-</u>	<u>(5,180)</u>	<u>57,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,894</u>
<b>Total copper-gold-silver-cobalt-REE properties</b>		<u>7,090,711</u>	<u>76,527</u>	<u>-</u>	<u>(22,860)</u>	<u>7,144,378</u>	<u>(1,205,764)</u>	<u>-</u>	<u>(1,205,764)</u>	<u>5,938,614</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 7 Exploration and evaluation assets (continued)

Exploration properties	Undivided interest	Cost as at August 31, 2013	Additions	Option payments	Tax credit	Cost as at November 30, 2013	Accumulated impairment as at August 31, 2013	Impairment	Accumulated impairment as at November 30, 2013	Net book amount as at November 30, 2013
Nunavik (cont'd)	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
North Rae	100									
Mining properties		477,520	-	-	-	477,520	(430,649)	-	(430,649)	46,871
Exploration costs		705,962	1,980	-	(860)	707,082	(46,871)	-	(46,871)	660,211
		<u>1,183,482</u>	<u>1,980</u>	<u>-</u>	<u>(860)</u>	<u>1,184,602</u>	<u>(477,520)</u>	<u>-</u>	<u>(477,520)</u>	<u>707,082</u>
<b>Total Uranium properties</b>		<u>1,183,482</u>	<u>1,980</u>	<u>-</u>	<u>(860)</u>	<u>1,184,602</u>	<u>(477,520)</u>	<u>-</u>	<u>(477,520)</u>	<u>707,082</u>
<b>Total Nunavik</b>		<u>8,274,193</u>	<u>78,507</u>	<u>-</u>	<u>(23,720)</u>	<u>8,328,980</u>	<u>(1,683,284)</u>	<u>-</u>	<u>(1,683,284)</u>	<u>6,645,696</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 7 Exploration and evaluation assets (continued)

Exploration properties	Undivided interest	Cost as at August 31, 2013	Additions	Option payments	Tax credit	Cost as at November 30, 2013	Accumulated impairment as at August 31, 2013	Impairment	Accumulated impairment as at November 30, 2013	Net book amount as at November 30, 2013
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>James Bay</b>										
Opinaca A-A East Mining properties	50	-	-	-	-	-	-	-	-	-
Exploration costs		1,229	1,427	(2,036)	(620)	-	-	-	-	-
		1,229	1,427	(2,036)	(620)	-	-	-	-	-
Opinaca B-B-North Mining properties	50	-	-	-	-	-	-	-	-	-
Exploration costs		770	1,127	(1,406)	(490)	1	-	-	-	1
		770	1,127	(1,406)	(490)	1	-	-	-	1
Eleonore South Mining properties	26.4	-	-	-	-	-	-	-	-	-
Exploration costs		7,462	440	-	(190)	7,712	-	-	-	7,712
		7,462	440	-	(190)	7,712	-	-	-	7,712
Opinaca D Mining properties	100	23,124	4,662	-	-	27,786	-	-	-	27,786
Exploration costs		6,238	2,960	-	(1,290)	7,908	-	-	-	7,908
		29,362	7,622	-	(1,290)	35,694	-	-	-	35,694
Wabamisk Mining properties	49	-	-	-	-	-	-	-	-	-
Exploration costs		10,055	-	-	-	10,055	-	-	-	10,055
		10,055	-	-	-	10,055	-	-	-	10,055
<b>Total Gold properties in James Bay</b>		48,878	10,616	(3,442)	(2,590)	53,462	-	-	-	53,462
Eastmain West Mining properties	100	15,586	-	-	-	15,586	(902)	-	(902)	14,684
Exploration costs		160,290	1,940	-	(775)	161,455	-	-	-	161,455
<b>Chromium-platinum palladium property</b>		175,876	1,940	-	(775)	177,041	(902)	-	(902)	176,139
<b>Total James Bay</b>		224,754	12,556	(3,442)	(3,365)	230,503	(902)	-	(902)	229,601
<b>Total exploration and evaluation assets</b>		8,498,947	91,063	(3,442)	(27,085)	8,559,483	(1,684,186)	-	(1,684,186)	6,875,297

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

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## 7 Exploration and evaluation assets (continued)

### Change in exploration and evaluation assets (continued)

	<b>November 30, 2013</b>	<b>August 31, 2013</b>
	\$	\$
<b>Balance – Beginning of the period</b>	<u>6,814,761</u>	<u>8,439,383</u>
Exploration and evaluation incurred during the period		
Claims and permits	10,562	274,631
Geological surveys	60,719	348,457
Geophysical surveys	1,740	33,152
Drilling	-	40,951
Depreciation of property and equipment	18,042	71,778
Transfer from exploration and evaluation assets to property and equipment	<u>-</u>	<u>(35,194)</u>
	<u>91,063</u>	<u>733,775</u>
Impairment of exploration and evaluation assets	-	(2,215,008)
Vehicles received upon termination	-	(3,700)
Proceeds received on sale of camp materials	-	(74,450)
Option payments	(3,442)	(2,044)
Credit on duties refundable for loss and refundable tax credit for resources, net	<u>(27,085)</u>	<u>(63,195)</u>
<b>Balance – End of the period</b>	<u><u>6,875,297</u></u>	<u><u>6,814,761</u></u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 7 Exploration and evaluation assets (continued)

### Change in exploration and evaluation assets (continued)

	Mining properties	Exploration costs	Total
<b>Year ended August 31, 2013</b>			
Balance – Beginning of the year	2,421,053	6,018,330	8,439,383
Exploration and evaluation incurred during the year	274,631	459,144	733,775
Option payments	-	(2,044)	(2,044)
Proceeds received on sale of camp materials and others	(78,109)	(41)	(78,150)
Credit on duties refundable for loss and refundable tax credit for resources, net	-	(63,195)	(63,195)
Impairment	(1,863,067)	(351,941)	(2,215,008)
<b>Balance – End of the year</b>	<b>754,508</b>	<b>6,060,253</b>	<b>6,814,761</b>
<b>As at August 31, 2013</b>			
Cost	3,069,505	6,496,087	9,565,592
Accumulated impairment	(2,314,997)	(435,834)	(2,750,831)
<b>Net book amount</b>	<b>754,508</b>	<b>6,060,253</b>	<b>6,814,761</b>
<b>Period ended November 30, 2013</b>			
Balance – Beginning of the period	754,508	6,060,253	6,814,761
Exploration and evaluation incurred during the period	10,562	80,501	91,063
Option payments	-	(3,442)	(3,442)
Credit on duties refundable for loss and refundable tax credit for resources, net	-	(27,085)	(27,085)
<b>Balance – End of the period</b>	<b>765,070</b>	<b>6,110,227</b>	<b>6,875,297</b>
<b>As at November 30, 2013</b>			
Cost	3,080,067	6,546,061	9,626,128
Accumulated impairment	(2,314,997)	(435,834)	(2,750,831)
<b>Net book amount</b>	<b>765,070</b>	<b>6,110,227</b>	<b>6,875,297</b>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 8 Asset retirement obligations

	<b>November 30, 2013</b>	<b>August 31, 2013</b>
	\$	\$
Balance – Beginning of the period	244,676	241,278
Unwinding of discount on asset retirement obligations	856	3,398
	<u>245,532</u>	<u>244,676</u>

The estimated undiscounted cash flows required to settle asset retirement obligations is \$251,480. A discount rate of 1.39% (2012 – 1.39%) was used to estimate the obligations in 2013; the calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2015. If the Company decides not to continue to explore on the Rex, Rex South or NCG properties, it is assumed that the asset retirement obligations will be settled in 2015. Should the Company decide to continue its activity on the Rex, Rex South or NCG properties, on its own or through a partner, the obligation will be settled further into the future. Each period, the Company reviews the expected timing of payment of the cash flows required to settle the obligations, and adjusts the asset retirement obligations accordingly.

## 9 Stock option plan

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

The following tables present the stock option activities for the period ended November 30, 2013 and summarize the information about stock options outstanding and exercisable as at that date:

	<u>November 30, 2013</u>		<u>November 30, 2012</u>	
	<b>Number</b>	<b>Weighted average exercise price \$</b>	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding – Beginning of the period	2,560,000	0.47	2,220,000	0.87
Expired	-	-	(43,334)	0.64
Forfeited	-	-	(66,666)	0.83
	<u>2,560,000</u>	<u>0.47</u>	<u>2,110,000</u>	<u>0.88</u>

# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

## 9 Stock option plan (continued)

Exercise price \$	November 30, 2013	
	Options outstanding and exercisable	Weighted average remaining contractual life (years)
0.19	710,000	9.66
0.34	495,000	5.37
0.45	395,000	8.44
0.60	80,000	8.64
0.66	410,000	6.27
0.80	430,000	7.13
1.25	40,000	7.34
	<u>2,560,000</u>	<u>7.53</u>

## 10 Expenses by nature

	Three-month period ended November 30,	
	2013 \$	2012 \$
Salaries and fringe benefits	36,600	52,592
Professional and maintenance fees	14,840	8,298
Administration and office	5,958	8,052
Business development and administration fees	351	2,682
Advertising	5,785	2,811
Rent	9,974	9,974
Insurance	5,394	5,568
Travelling and entertainment	7,509	9,375
Depreciation of property and equipment	1,606	2,208
Amortization of intangible assets	520	743
<b>General and administrative expenses</b>	<u>88,537</u>	<u>102,303</u>
Salaries for search of properties	9,008	16,916
Credit on duties refundable for loss and refundable tax credit for resources	<u>(3,930)</u>	<u>(7,384)</u>
<b>General exploration</b>	<u>5,078</u>	<u>9,532</u>



# Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month periods ended November 30, 2013 and 2012

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## 11 Related party transactions

### Compensation of key management

Key management includes directors, the chief executive officer (“CEO”) and the chief financial officer (“CFO”). The compensation paid or payable to key management for services consists of salary for the three-month period ended November 30, 2013 in the amount of \$67,500 (\$85,000 – November 30, 2012).

An amount of \$16,060 (\$27,840 in 2012) for salary is capitalized to exploration and evaluation assets.

As at November 30, 2013, accounts payable and accrued liabilities include an amount of \$40,553 (\$84,532 at November 30, 2012) owed to key management.

## 12 Additional cash flow information

	2013	2012
	\$	\$
Acquisition of exploration and evaluation assets included in accounts payable and accrued liabilities	42,555	1,267
Depreciation of property and equipment included in exploration and evaluation assets	18,042	17,806
Credit on duties refundable for loss and refundable tax credit for resources presented as a reduction in exploration and evaluation assets, net	27,085	52,279