

Azimut Exploration Inc.

Unaudited Condensed Interim Financial Statements
November 30, 2015
(expressed in Canadian dollars, except share amounts)

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

	As at November 30, 2015 \$	As at August 31, 2015 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	1,161,605	1,236,964
Amounts receivable (note 4)	129,463	104,363
Prepaid expenses	13,533	21,963
	<u>1,304,601</u>	<u>1,363,290</u>
Non-currents assets		
Mining rights receivable	71,105	66,805
Investments (note 5)	91,434	71,918
Property and equipment (note 6)	144,909	150,291
Intangible assets (less accumulated amortization of \$20,760; \$20,505 as at August 31, 2015)	3,147	3,402
Exploration and evaluation assets (note 7)	2,940,972	2,918,280
	<u>3,251,567</u>	<u>3,210,696</u>
Total assets	<u>4,556,168</u>	<u>4,573,986</u>
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	118,541	103,364
	<u>118,541</u>	<u>103,364</u>
Non-current liabilities		
Asset retirement obligations (note 8)	246,003	245,240
	<u>246,003</u>	<u>245,240</u>
Total liabilities	<u>364,544</u>	<u>348,604</u>
Equity		
Share capital	20,755,072	20,755,072
Warrants (note 9)	33,362	33,362
Stock options (note 10)	1,170,181	1,170,181
Contributed surplus	3,012,728	3,012,728
Deficit	(20,779,719)	(20,782,717)
Accumulated other comprehensive income	-	36,756
Total equity	<u>4,191,624</u>	<u>4,225,382</u>
Total liabilities and equity	<u>4,556,168</u>	<u>4,573,986</u>

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

Approved by the Board of Directors

(s) Jean-Charles Potvin _____ Director

(s) Jean-Marc Lulin _____ Director
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Azimut Exploration Inc.

Interim Statements of Comprehensive Loss (in Canadian dollars) (Unaudited)

	Three-month period ended November 30,	
	2015	2014
	\$	\$
Expenses		
General and administrative (note 11)	66,244	83,375
General exploration (note 11)	46,079	59
Impairment of exploration and evaluation assets	-	1,183
	<u>112,323</u>	<u>84,617</u>
Operating loss		
Financing cost (income), net		
Interest income	(2,333)	(4,658)
Interest and bank charges	339	326
Unwinding of discount on asset retirement obligations	763	753
	<u>(1,231)</u>	<u>(3,579)</u>
Other gains and losses		
Gain on option payments received on exploration and evaluation assets (note 7c)	(57,742)	(58,346)
Management income (note 11)	(77)	-
Net change in fair value of investments	(19,515)	1,638
	<u>(77,334)</u>	<u>(56,708)</u>
Loss before income taxes	<u>33,758</u>	<u>24,330</u>
Net loss for the period	<u>33,758</u>	<u>24,330</u>
Other comprehensive income		
Items that can be reclassified to net loss		
Unrealized loss on available-for-sale investments	-	17,727
	<u>-</u>	<u>17,727</u>
Comprehensive loss for the period	<u>33,758</u>	<u>42,057</u>
Basic and diluted loss per share	<u>0.001</u>	<u>0.001</u>
Basic and diluted weighted average number of shares outstanding	37,636,996	37,636,996

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

Azimut Exploration Inc.

Interim Statements of Changes in Equity (in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

	Share capital		Warrants		Stock options		Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
	Number ⁽¹⁾	\$	Number	\$	Number	\$	\$	\$	\$	\$
Balance as at September 1, 2015	37,636,996	20,755,072	583,334	33,362	3,140,000	1,170,181	3,012,728	(20,782,717)	36,756	4,225,382
IFRS 9 – Adoption adjustment (note 2)	-	-	-	-	-	-	-	36,756	(36,756)	-
Adjusted balance as at September 1, 2015	37,636,996	20,755,072	583,334	33,362	3,140,000	1,170,181	3,012,728	(20,745,961)	-	4,225,382
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	(33,758)	-	(33,758)
Balance as at November 30, 2015	<u>37,636,996</u>	<u>20,755,072</u>	<u>583,334</u>	<u>33,362</u>	<u>3,140,000</u>	<u>1,170,181</u>	<u>3,012,728</u>	<u>(20,779,719)</u>	<u>-</u>	<u>4,191,624</u>
Balance as at September 1, 2014	37,636,996	20,755,072	583,334	33,362	2,560,000	1,071,581	3,012,728	(17,427,877)	32,255	7,477,121
Loss for the period	-	-	-	-	-	-	-	(24,330)	-	(24,330)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-
Unrealized loss on available-for-sale investments	-	-	-	-	-	-	-	-	(17,727)	(17,727)
Comprehensive income (loss)	-	-	-	-	-	-	-	(24,330)	(17,727)	(42,057)
Balance as at November 30, 2014	<u>37,636,996</u>	<u>20,755,072</u>	<u>583,334</u>	<u>33,362</u>	<u>2,560,000</u>	<u>1,071,581</u>	<u>3,012,728</u>	<u>(17,452,207)</u>	<u>14,528</u>	<u>7,435,064</u>

(1) There were no common shares that were unpaid as at November 30, 2015 (Nil in 2014).

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

Azimut Exploration Inc.
Interim Statements of Cash Flows (in Canadian dollars)
(Unaudited)

	Three-month period ended November 30,	
	2015	2014
	\$	\$
Cash flows used in operating activities		
Loss for the period	(33,758)	(24,330)
Items not affecting cash		
Depreciation of property and equipment	859	1,172
Amortization of intangible assets	255	364
Net change in fair value of investments	(19,515)	1,638
Impairment of exploration and evaluation assets	-	1,183
Gain on option payments received on exploration and evaluation assets	(57,742)	(58,346)
Credits on duties refundable for loss and refundable tax credits relating to resources – net	(20,870)	(40)
Unwinding of discount on asset retirement obligations	763	753
	<u>(130,008)</u>	<u>(77,606)</u>
Net change in non-cash working capital items		
Amounts receivable	(826)	11,111
Prepaid expenses	8,430	12,099
Accounts payable and accrued liabilities	9,669	(8,135)
	<u>17,273</u>	<u>15,075</u>
	<u>(112,735)</u>	<u>(62,531)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Cash flows used in investing activities		
Additions to exploration and evaluation assets	(22,624)	(203,088)
Proceeds from sale of options on exploration and evaluation assets	60,000	60,000
	<u>37,376</u>	<u>(143,088)</u>
Decrease in cash and cash equivalents	(75,359)	(205,619)
Cash and cash equivalents – Beginning of the period	<u>1,236,964</u>	<u>1,860,852</u>
Cash and cash equivalents – End of the period	<u>1,161,605</u>	<u>1,655,233</u>
Interest received	(2,333)	(4,658)
Interest paid	-	-
Additional cash flow information (note 13)		

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

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

1 Nature of operations, general information and liquidity

Azimut Exploration Inc. (the “Company”), incorporated in Canada under the *Quebec 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. The Company’s shares are listed on the TSX Venture Exchange under the symbol AZM.

Until it is determined that a property contains mineral reserves or resources that can be economically mined, it is classified as an exploration property. 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 (“E&E”) 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 E&E 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 title may be subject to unregistered prior agreements, and 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, 2015, the Company had working capital of \$1,186,060 (\$1,259,926 – August 31, 2015) including cash and cash equivalents of \$1,161,605 (\$1,236,964 – August 31, 2015), and accumulated deficit of \$20.8 million (\$20.8 million – August 31, 2015). The Company incurred a loss of \$33,758 (\$24,330 – 2014) 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, 2016, the Company will periodically need to raise additional funds through the issuance of new equity instruments, the exercise of stock options, and the search of partners to sign option agreements on certain of its exploration 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 that are acceptable to the Company.

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

2 Summary of significant accounting policies

Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements as issued by the International Accounting Standards Board (“IASB”), including International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*. The unaudited condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2015, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these unaudited condensed interim financial statements are consistent with those of the previous fiscal year. The Board of Directors approved the interim financial statements on January 27, 2016.

Adoption of new accounting policies

IFRS 9 - Financial Instruments

The Company has elected to early adopt the requirements of IFRS 9 - *Financial Instruments* (“IFRS 9”) with a date of initial application of September 1, 2015. This standard replaces the guidance in IAS 39, “*Financial Instruments: Recognition and Measurement*” (“IAS 39”) relating to the classification and measurement of financial assets and liabilities. IFRS 9 eliminates the classification of financial instruments as “available-for-sale” and “held to maturity” and the requirement to bifurcate embedded derivatives with respect to hybrid contracts. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting, and aligns hedge accounting more closely with risk management. This standard also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. This new standard also increases required disclosures about an entity’s risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on the financial statements.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

The following summarizes the classification and measurement changes for the Company’s financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Investments	Available for sale	Fair value through profit or loss
Financial liabilities		
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost

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Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

2 Summary of significant accounting policies (cont'd)

The accounting for these instruments and the line item in which they are included in the statement of financial position were unaffected by the adoption of IFRS 9, with the exception of the Company's investments that were reclassified from "available-for-sale" to "financial assets measured at fair value through profit or loss". Fair value gains and losses on investments are recognized in other gains and losses in the statement of loss and comprehensive loss.

In accordance with the transitional provisions of IFRS 9, the financial assets and liabilities held at September 1, 2015 were reclassified retrospectively without prior period restatement based on the new classification requirements and the characteristics of each financial instrument at September 1, 2015.

The Company has adjusted the following opening components of equity as at September 1, 2015 to reflect the retrospective impact of adopting IFRS 9, resulting in a change in accounting policy for investments:

	September 1, 2015		
	<u>As presented</u>	<u>Restatements</u>	<u>As restated</u>
	\$	\$	\$
Equity			
Deficit	(20,782,717)	36,756	(20,745,961)
Accumulated other comprehensive income	36,756	(36,756)	-
Impact on equity	<u>(20,745,961)</u>	<u>-</u>	<u>(20,745,961)</u>

The adoption of IFRS 9 did not result in any changes in the eligibility of existing hedge relationships, the accounting for the derivative financial instruments designated as effective hedging instruments, or the line item in which they are included in the statement of financial position.

There are no other relevant changes in accounting standards applicable to future periods other than those disclosed above and in the most recent annual financial statements for the year ended August 31, 2015.

3 Cash and cash equivalents

As at November 30, 2015, the Company's cash and cash equivalents of \$1,161,605 (\$1,236,964 as at August 31, 2015) included \$173,664 (\$173,340 as at August 31, 2015) of guaranteed investment certificates bearing interest at 0.1 % (0.1% – August 31, 2015), cashable any time without any penalties.

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Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

4 Amounts receivable

	As at November 30, 2015 \$	As at August 31, 2015 \$
Tax credit receivable	120,118	95,844
Commodity taxes	8,371	4,549
Amounts receivable	6,164	9,160
	<u>134,653</u>	<u>109,553</u>
Less: Allowance for doubtful accounts	<u>(5,190)</u>	<u>(5,190)</u>
	<u>129,463</u>	<u>104,363</u>

5 Investments

The Company's investments are held mainly 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. Details of the Company's investments are provided in the table below.

	<u>As at November 30, 2015</u>			<u>As at August 31, 2015</u>		
	Market price/share \$	Number of shares	Carrying value \$	Market price/share \$	Number of shares	Carrying value \$
Eastmain Resources Inc.	0.330	20,000	6,600	0.360	20,000	7,200
NWT Uranium Corp.	0.003	350,000	933	0.004	350,000	1,388
Majescor Resources Inc.	0.025	19,600	490	0.040	19,600	784
Silver Spruce Resources Inc.	0.065	30,000	1,950	0.035	30,000	1,050
ABE Resources Inc.	0.040	50,000	2,000	0.040	50,000	2,000
Nemaska Exploration Inc.	0.365	209,272	76,384	0.270	209,272	56,503
Monarques Resources Inc.	0.070	10,464	732	0.080	10,464	837
West African Resources Limited ("WAF")	0.060	37,500	2,250	0.055	37,500	2,062
WAF warrants: exercise price of \$0.40, expiry on January 17, 2017	0.005	18,750	94	0.005	18,750	94
			<u>91,434</u>			<u>71,918</u>

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements

(in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

6 Property and equipment

	Office furniture \$	Office equipment \$	Computer equipment \$	Specialist equipment \$	Camp \$	Camp under finance lease \$	Vehicles \$	Total \$
Year ended August 31, 2015								
Opening net book amount	3,482	4,198	5,538	4,965	153,586	11,730	2,202	185,701
Impairment	-	-	-	-	(8,290)	-	-	(8,290)
Depreciation for the year	(696)	(840)	(1,664)	(1,488)	(17,860)	(3,912)	(660)	(27,120) ⁽¹⁾
Closing net book amount	2,786	3,358	3,874	3,477	127,436	7,818	1,542	150,291
As at August 31, 2015								
Cost	20,542	20,081	36,597	56,250	278,217	316,754	3,702	732,143
Accumulated depreciation	(17,756)	(16,723)	(32,723)	(52,773)	(150,781)	(308,936)	(2,160)	(581,852)
Net book amount	2,786	3,358	3,874	3,477	127,436	7,818	1,542	150,291
Asset not subject to depreciation included in above *	-	-	-	-	100,000	-	-	100,000
Period ended November 30, 2015								
Opening net book amount	2,786	3,358	3,874	3,477	127,436	7,818	1,542	150,291
Depreciation for the period	(139)	(168)	(291)	(261)	(3,429)	(978)	(116)	(5,382) ⁽¹⁾
Closing net book amount	2,647	3,190	3,583	3,216	124,007	6,840	1,426	144,909
As at November 30, 2015								
Cost	20,542	20,081	36,597	56,250	278,217	316,754	3,702	732,143
Accumulated depreciation	(17,895)	(16,891)	(33,014)	(53,034)	(154,210)	(309,914)	(2,276)	(587,234)
Net book amount	2,647	3,190	3,583	3,216	124,007	6,840	1,426	144,909
Asset not subject to depreciation included in above *	-	-	-	-	100,000	-	-	100,000

* Assets not subject to depreciation include \$100,000 of fuel and materials needed to build a fully equipped field camp (\$100,000 – August 31, 2015).

⁽¹⁾ Depreciation of property and equipment included in E&E assets amounts to \$4,523 (\$22,432 – August 31, 2015).

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements (in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

7 Exploration and evaluation assets

All exploration properties are located in the Province of Quebec.

Change in exploration and evaluation assets

Exploration properties	Undivided interest	Cost as at August 31, 2015	Additions	Option payments	Tax credit	Cost as at November 30, 2015	Accumulated impairment as at August 31, 2015	Impairment	Accumulated impairment as at November 30, 2015	Net book amount as at November 30, 2015
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
Nunavik										
Rex	100									
Mining property costs		1,110,802	816	-	-	1,111,618	(917,119)	-	(917,119)	194,499
Exploration costs**		4,063,083	6,030	-	(1,225)	4,067,888	(2,114,918)	-	(2,114,918)	1,952,970
		<u>5,173,885</u>	<u>6,846</u>	<u>-</u>	<u>(1,225)</u>	<u>5,179,506</u>	<u>(3,032,037)</u>	<u>-</u>	<u>(3,032,037)</u>	<u>2,147,469</u>
Duquet (a)	100									
Mining property costs		-	-	-	-	-	-	-	-	-
Exploration costs		-	440	-	(140)	300	-	-	-	300
		<u>-</u>	<u>440</u>	<u>-</u>	<u>(140)</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>
Rex South	100									
Mining property costs		178,056	-	-	-	178,056	(58,724)	-	(58,724)	119,332
Exploration costs		338,053	5,742	-	(1,400)	342,395	-	-	-	342,395
		<u>516,109</u>	<u>5,742</u>	<u>-</u>	<u>(1,400)</u>	<u>520,451</u>	<u>(58,724)</u>	<u>-</u>	<u>(58,724)</u>	<u>461,727</u>
NCG	100									
Mining property costs		738,044	-	-	-	738,044	(738,044)	-	(738,044)	-
Exploration costs		982,241	-	-	-	982,241	(982,241)	-	(982,241)	-
		<u>1,720,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,720,285</u>	<u>(1,720,285)</u>	<u>-</u>	<u>(1,720,285)</u>	<u>-</u>
Diana	100									
Mining property costs		75,525	-	-	-	75,525	(75,525)	-	(75,525)	-
Exploration costs		39,489	-	-	-	39,489	(39,489)	-	(39,489)	-
		<u>115,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,014</u>	<u>(115,014)</u>	<u>-</u>	<u>(115,014)</u>	<u>-</u>
Qassituq	100									
Mining property costs		29,497	5,916	-	-	35,413	(23,243)	-	(23,243)	12,170
Exploration costs		33,794	1,736	-	(630)	34,900	(10,948)	-	(10,948)	23,952
		<u>63,291</u>	<u>7,652</u>	<u>-</u>	<u>(630)</u>	<u>70,313</u>	<u>(34,191)</u>	<u>-</u>	<u>(34,191)</u>	<u>36,122</u>

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements (in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

7 Exploration and evaluation assets (cont'd)

Exploration properties	Undivided interest	Cost as at August 31, 2015	Additions	Option payments	Tax credit	Cost as at November 30, 2015	Accumulated impairment as at August 31, 2015	Impairment	Accumulated impairment as at November 30, 2015	Net book amount as at November 30, 2015
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Nunavik (cont'd)	%									
Nantais	100									
Mining property costs		89,877	-	-	-	89,877	(70,647)	-	(70,647)	19,230
Exploration costs		267,407	2,729	-	(995)	269,141	(135,891)	-	(135,891)	133,250
		<u>357,284</u>	<u>2,729</u>	<u>-</u>	<u>(995)</u>	<u>359,018</u>	<u>(206,538)</u>	<u>-</u>	<u>(206,538)</u>	<u>152,480</u>
Others, copper-gold-silver-cobalt-REE	100									
Mining property costs		37,170	-	-	-	37,170	(37,170)	-	(37,170)	-
Exploration costs		7,045	-	-	-	7,045	(7,045)	-	(7,045)	-
		<u>44,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,215</u>	<u>(44,215)</u>	<u>-</u>	<u>(44,215)</u>	<u>-</u>
Total Nunavik copper-gold-silver-cobalt-REE properties		<u>7,990,083</u>	<u>23,409</u>	<u>-</u>	<u>(4,390)</u>	<u>8,009,102</u>	<u>(5,211,004)</u>	<u>-</u>	<u>(5,211,004)</u>	<u>2,798,098</u>
North Rae	100									
Mining property costs		484,460	-	-	-	484,460	(484,460)	-	(484,460)	-
Exploration costs		707,167	-	-	-	707,167	(707,167)	-	(707,167)	-
		<u>1,191,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191,627</u>	<u>(1,191,627)</u>	<u>-</u>	<u>(1,191,627)</u>	<u>-</u>
Total Nunavik uranium property		<u>1,191,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191,627</u>	<u>(1,191,627)</u>	<u>-</u>	<u>(1,191,627)</u>	<u>2,798,098</u>
Total Nunavik		<u>9,181,710</u>	<u>23,409</u>	<u>-</u>	<u>(4,390)</u>	<u>9,200,729</u>	<u>(6,402,631)</u>	<u>-</u>	<u>(6,402,631)</u>	<u>2,798,098</u>

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements (in Canadian dollars)

(Unaudited) For the three-month period ended November 30, 2015

7 Exploration and evaluation assets (cont'd)

Exploration properties	Undivided interest	Cost as at August 31, 2015	Additions	Option payments	Tax credit	Cost as at November 30, 2015	Accumulated impairment as at August 31, 2015	Impairment	Accumulated impairment as at November 30, 2015	Net book amount as at November 30, 2015
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
James Bay										
Opinaca A-A East	(b)	50								
Mining property costs		-	-	-	-	-	-	-	-	-
Exploration costs		3,809	1,736	-	(630)	4,915	-	-	-	4,915
		3,809	1,736	-	(630)	4,915	-	-	-	4,915
Opinaca B-B-North	(c)	50								
Mining property costs		-	-	-	-	-	-	-	-	-
Exploration costs		1,161	1,728	(2,258)	(630)	1	-	-	-	1
		1,161	1,728	(2,258)	(630)	1	-	-	-	1
Eleonore South	(d)	26.4								
Mining property costs		-	-	-	-	-	-	-	-	-
Exploration costs		10,410	2,310	-	(840)	11,880	-	-	-	11,880
		10,410	2,310	-	(840)	11,880	-	-	-	11,880
Opinaca D		100								
Mining property costs		81,499	-	-	-	81,499	(54,975)	-	(54,975)	26,524
Exploration costs		11,345	1,736	-	(630)	12,451	(8,006)	-	(8,006)	4,445
		92,844	1,736	-	(630)	93,950	(62,981)	-	(62,981)	30,969
Wabamisk	(e)	49								
Mining property costs		2,781	-	-	-	2,781	-	-	-	2,781
Exploration costs		15,814	-	-	-	15,814	-	-	-	15,814
		18,595	-	-	-	18,595	-	-	-	18,595
Total James Bay gold properties		126,819	7,510	(2,258)	(2,730)	129,341	(62,981)	-	(62,981)	66,360
Eastmain West		100								
Mining property costs		18,483	-	-	-	18,483	(10,551)	-	(10,551)	7,932
Exploration costs		172,765	1,736	-	(585)	173,916	(105,334)	-	(105,334)	68,582
Total James Bay chromium-platinum palladium property		191,248	1,736	-	(585)	192,399	(115,885)	-	(115,885)	76,514
Total James Bay		318,067	9,246	(2,258)	(3,315)	321,740	(178,866)	-	(178,866)	142,874
Total E&E assets		9,499,777	32,655	(2,258)	(7,705)	9,522,469	(6,581,497)	-	(6,581,497)	2,940,972

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements (in Canadian dollars)
(Unaudited) For the three-month period ended November 30, 2015

7 Exploration and evaluation assets (cont'd)

- a) In October 2015, an agreement was concluded with Osisko Exploration James Bay Inc., Newmont Northern Mining ULC and SOQUEM Inc. to transfer their Duquet Property to Azimut in consideration of an aggregate 2.25% net smelter return royalty (“NSR”) on the property.
- b) In March 2010, Everton Resources Inc. (“Everton”) earned a 50% interest in the Opinaca A–A-East property by making cumulative cash payments of \$180,000, and incurring a total of \$2.8 million in work expenditures.

In September 2010, Azimut and Everton granted Hecla Quebec Inc. (“Hecla”), formerly Aurizon Mines Ltd (“Aurizon”), the option to earn a 50% interest in the Opinaca A–A East and B–B North properties by making cumulative cash payments of \$580,000, and incurring a total of \$6 million in work expenditures over four (4) years, including 5,000 metres of diamond drilling by the second anniversary. On November 15, 2013, an amendment was made to extend the work schedule by two additional years. According to the agreement, Hecla may also earn an additional interest of 10%, for a total interest of 60%, by making cumulative cash payments of \$300,000 and incurring a total of \$3 million in work expenditures over three (3) years from the election date, and by delivering an independent pre-feasibility study on or before the fourth anniversary. The Company will receive cumulative cash payments totalling \$290,000 on the first option and \$150,000 on the second option; its resulting interest will be 20%. In addition, in the event that mineral resources of at least 2 million ounces of gold at an average grade of at least 6 grams of gold per tonne are discovered before the end of the eighth year of the initial option agreement, Hecla shall make a payment of \$1.5 million in Hecla common shares, subject to regulatory approval. The Company will receive 50% of these issued shares.

On November 14, 2014, a second amendment was made to exclude all claims comprising the Opinaca A property from the agreement. All other terms remain unchanged.

- c) In March 2010, Everton earned a 50% interest in the Opinaca B–B North property by making cumulative cash payments of \$160,000 and carrying out a total of \$2 million in work expenditures. In September 2010, Azimut and Everton signed an agreement with Hecla regarding the Opinaca B–B North property as described in (b) above.

As at November 30, 2015, Hecla had made cumulative cash payments of \$580,000 (\$460,000 in 2014) and carried out a total of \$4.4 million in work expenditures. Of the total cash payment, Azimut had received \$290,000 (\$230,000 in 2014).

- d) In April 2006, the Company signed a letter of intent to form a three-way joint venture with Les Mines Opinaca Ltée (a wholly owned subsidiary of Goldcorp Inc.: “Goldcorp”) and Eastmain Resources Inc. (“Eastmain”) on the Eleonore South property, which includes 166 claims of the Opinaca C property and 116 claims owned by Goldcorp. In February 2008, Eastmain had earned a 33.33% interest in the Eleonore South property by making cumulative cash payments of \$185,000, granting 30,000 common shares to the Company and funding a total of \$4.0 million in work expenditures.

As at November 30, 2015, Goldcorp and Eastmain had funded a total of \$3.2 million in work expenditures. Ownership of the property is currently as follows: Azimut 26.4% (26.4% in 2014), Goldcorp 36.8% (36.8% in 2014) and Eastmain 36.8% (36.8% in 2014).

- e) In 2010, Goldcorp earned a 51% interest in the Wabamisk property by making cumulative cash payments of \$500,000 and carrying out a total of \$4.0 million in work expenditures. In 2011, Goldcorp elected to proceed with the second option to earn an additional 19% interest in the property, which requires the delivery of a feasibility study within a period of ten (10) years.

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements (in Canadian dollars)
(Unaudited) For the three-month period ended November 30, 2015

8 Asset retirement obligations

	November 30, 2015 \$	August 31, 2015 \$
Balance, beginning of the period	245,240	242,212
Decrease resulting from a change in estimate	-	-
Unwinding of discount on asset retirement obligations	763	3,028
	<hr/>	<hr/>
Balance, end of the period	246,003	245,240

The estimated undiscounted cash flows required to settle the asset retirement obligations are \$251,480. A discount rate of 1.25 % (August 31, 2015 – 1.25%) was used to estimate the obligations. The calculation uses the assumption that the disbursements necessary to settle the obligations would be made in 2017. If the Company decides not to continue to explore on the Rex, Rex South or NCG properties, it is assumed that the asset retirement obligation will be settled in 2017. Should the Company decide to continue its activity on the Rex, Rex South or NCG properties, by itself or through a partner, the obligation will be settled further into the future. Each quarter, the Company reviews the expected timing of the required cash flow payments to settle the obligations, and adjusts the asset retirement obligations accordingly.

9 Warrants

There was no activity for the three-month period ended November 30, 2015.

The 583,334 warrants issued under the private placements completed in June 2014, having an average exercise price of \$0.45 and valid until June 20, 2016, were recorded at a value of \$33,362, based on pro rata allocation of the estimated fair value as determined by the Black-Scholes option pricing model with the following assumptions: risk-free interest of 1.00%, expected life of 2 years, annualized volatility rate of 65% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

10 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 at the time the Company filed for an increase in the stock option plan. 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, and they 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, 2015, and summarize the information about stock options outstanding and exercisable as at that date:

	November 30, 2015	
	Number	Weighted average exercise price \$
Outstanding and exercisable – Beginning of the period	3,140,000	0.42
Outstanding and exercisable – End of the period	3,140,000	0.42

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements (in Canadian dollars)
(Unaudited) For the three-month period ended November 30, 2015

10 Stock option plan (cont'd)

Exercise price \$	Options outstanding and exercisable	Weighted average remaining contractual life (years)
0.19	710,000	7.67
0.20	580,000	9.32
0.34	495,000	3.37
0.45	395,000	6.44
0.60	80,000	4.65
0.66	410,000	4.27
0.80	430,000	5.13
1.25	40,000	5.34
	3,140,000	6.24

11 Expenses by nature

	Three-month period ended November 30,	
	2015 \$	2014 \$
Salaries and fringe benefits	32,527	46,173
Professional and maintenance fees	5,599	6,256
Administration and office	5,090	5,373
Business development and administration fees	545	909
Advertising	301	795
Rent	10,363	10,226
Insurance	5,626	5,290
Travelling and entertainment	5,079	6,817
Depreciation of property and equipment	859	1,172
Amortization of intangible assets	255	364
General and administrative expenses	66,244	83,375
Salaries for search of properties	66,949	99
Credit on duties refundable for loss and refundable tax credit for resources, net	(20,870)	(40)
General exploration	46,079	59
Management – income	847	-
Transportation	(770)	-
Management income	(77)	-

Azimut Exploration Inc.

Notes to Condensed Interim Financial Statements (in Canadian dollars)
(Unaudited) For the three-month period ended November 30, 2015

12 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 for key management services consists of salary for the three-month period ended November 30, 2015 in the amount of \$65,230 (\$67,500 – November 30, 2014).

An amount of \$4,290 (\$25,080 – November 30, 2014) for salary is capitalized to exploration and evaluation assets.

As at November 30, 2015, accounts payable and accrued liabilities include an amount of \$34,802 (\$37,545 – November 30, 2014) owed to key management.

13 Additional cash flow information

	Three-month period ended November 30,	
	2015	2014
	\$	\$
Acquisition of E&E assets included in accounts payable and accrued liabilities	16,185	19,134
Depreciation of property and equipment included in E&E assets	4,523	5,608
Credit on duties refundable for loss and refundable tax credit for resources presented as a reduction in E&E assets, net	7,705	32,770