



AZIMUT

Azimut Exploration Inc.

MANAGEMENT'S DISCUSSION and ANALYSIS

For the fiscal year ended August 31, 2009

Scope of management's financial analysis

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

Corporate profile and mission

Azimut Exploration Inc. ("Azimut" or the "Company") is a publicly traded Canadian exploration company that specializes in mineral potential assessment and targeting to discover major ore deposits. Azimut conducts its exploration activities by following two main guiding principles. Firstly, the Company maximizes the probability of discovery by using a cutting-edge targeting methodology that reduces exploration risk. Secondly, the Company reduces the business risk by developing partnerships for projects generated by its targeting methodology. Since its reactivation in 2003, Azimut has concluded twenty-four (24) strategic and option agreements with senior and junior companies for an aggregate work commitment of \$70 million. Currently, 10 of these agreements are active.

The Company holds twenty-seven (27) exploration properties (18,206 claims) it acquired using the results of its regional-scale mineral potential assessments for the province of Quebec. Azimut owns a 100% interest in all of its properties, with the exception of Eleonore South for which it holds a 33.33% interest. The Company's most significant properties include:

In the Ungava Bay region:

- 6 uranium properties (North Rae, Daniel Lake, Kangiq, South Rae, Tasirlaq and Burrel Lake)

In the Central Quebec region:

- 8 uranium properties (North Minto, South Minto, Central Minto, South Bienville, Kativik, Hudson Bay, West Minto and Vernot Lake)

In the James Bay region:

- 4 gold properties in the Opinaca area (Opinaca A, Opinaca B, Eleonore South, and Opinaca D)

- 1 gold property (Wabamisk) and 1 chromium-platinum-palladium property (Eastmain West) in the Eastmain area

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

Overall performance

Summary of activities for the last quarter and subsequent activities

July 2009

- Azimut regains the North Rae and Daniel Lake properties
- Azimut issues common shares to NWT Uranium
- Azimut announces the closing of a \$250,000 private financing

August 2009

- Azimut announces the closing of a \$300,000 private financing

September 2009

- Azimut announces a 3,500-metre drill program is underway at its Eleonore South property

October 2009

- Azimut advances on its North Rae and Daniel Lake properties

November 2009

- Azimut confirms a strong uranium potential supported by channel sample results at its North Rae and Daniel Lake properties
- Azimut's partner Goldcorp makes progress on the Wabamisk gold property
- Azimut stakes a major Rare Earth Element–Copper exploration target in Nunavik

December 2009

- Gold-Silver-Copper prospects staked by Azimut expand the REX Property in Nunavik
- Azimut identifies uranium and high-grade REE on the Kativik property in Nunavik
- Azimut closes a \$2,876,125 private financing

Northern Quebec

Azimut believes northern Quebec has significant potential for large-tonnage uranium deposits related to intrusive rocks in high-grade metamorphic environments. A well-known example of this type is Rössing in Namibia, one of the world's largest uranium mines. Azimut's uranium potential assessment of 640,000 km² of land in northern Quebec generated many exploration targets.

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

The information used in the targeting process includes multi-element lake bottom sediment geochemistry databases as well as geophysical, geological and remote sensing data. Many strong uraniferous targets of regional extent were identified and subsequently acquired by Azimut via map designation. In northern Quebec, two prospective district-scale targets stand out in the Ungava Bay and Central Quebec regions (see attached map).

Ungava Bay region

Azimut holds six properties in the Ungava Bay region:

- North Rae: 1,853 claims for a total surface area of 827.0 km²
- Daniel Lake: 972 claims for a total surface area of 440.2 km²
- Kangiq: 851 claims for a total surface area of 385.7 km² (this property is covered by a letter of agreement with Abitex)
- South Rae: 1,449 claims for a total surface area of 666.8 km²
- Tasirlaq: 774 claims for a total surface area of 352.0 km²
- Burrel Lake: 892 claims for a total surface area of 402.4 km²

The properties are located in an 80 by 220 km region where another uranium company, AREVA, holds 5,093 claims. AREVA reported the discovery of fourteen (14) mineralized zones with grades up to 9.34% U₃O₈, most of them hosted in metasedimentary rocks of the Lake Harbour Group. In a report filed with the Ministry of Natural Resources and Wildlife of Quebec in 2007, AREVA describes the Lake Harbour Group as an “important uranium-thorium province”. Azimut believes that with its six (6) properties, it controls a large portion of the significant uranium targets in the region. This includes targets located along a 70-km-long contact between the Proterozoic metasedimentary rocks of the Lake Harbour Group and the Archean granitized basement.

North Rae and Daniel Lake properties

The North Rae property is located east of Ungava Bay in northern Quebec, about 20 km from the coast and 160 km east of the town of Kuujuaq. The Daniel Lake property is adjacent to the southern edge of North Rae. The properties cover a combined area of 50 by 60 km. Recent results further confirm the large-scale uranium mineralized system discovered in 2006 on the two properties. To date, twelve (12) mineralized zones have been discovered at surface with a cumulative length of 17 km and grades up to 8.2% U₃O₈. These zones show an excellent spatial correlation with uranium anomalies identified during airborne surveys covering the two properties. Azimut believes that the overall uranium potential of the region is well represented by the airborne uranium footprint. Many targets have yet to be field-tested.

The 2009 summer program was designed to further assess the grade continuity of six (6) of these mineralized zones by assaying 297 m of channel samples. The channel samples were collected by rock saw on extensive surface exposures at the zones (Aqqiq, Jonas, Amitujaq, Cirrus, Puqila and R7). New field observations made during the program are as follows:

- At the regional scale, weakly deformed pegmatitic bodies hosting uranium mineralization appear to be conformable with the enclosing foliated rocks. These pegmatitic bodies are near the contact between Archean basement and overlying Proterozoic metasedimentary rocks, and are now interpreted to be an extensive sill system rather than dyke swarms. This key Archean-Proterozoic contact has a strike length of more than 70 km along a major synform on the North Rae and Daniel Lake properties, and presents a strong potential for additional discoveries.
- At the prospect scale, several of the mineralized zones represent kilometric, shallow-dipping targets with significant near-surface uranium potential. Stacked mineralized pegmatitic bodies are also a possibility.
- Within the Proterozoic metasedimentary sequence, a radioactive, grey to black, silica-rich banded facies has been interpreted as a quartzite horizon and may represent sediment-hosted uranium mineralization with potentially significant lateral extensions.



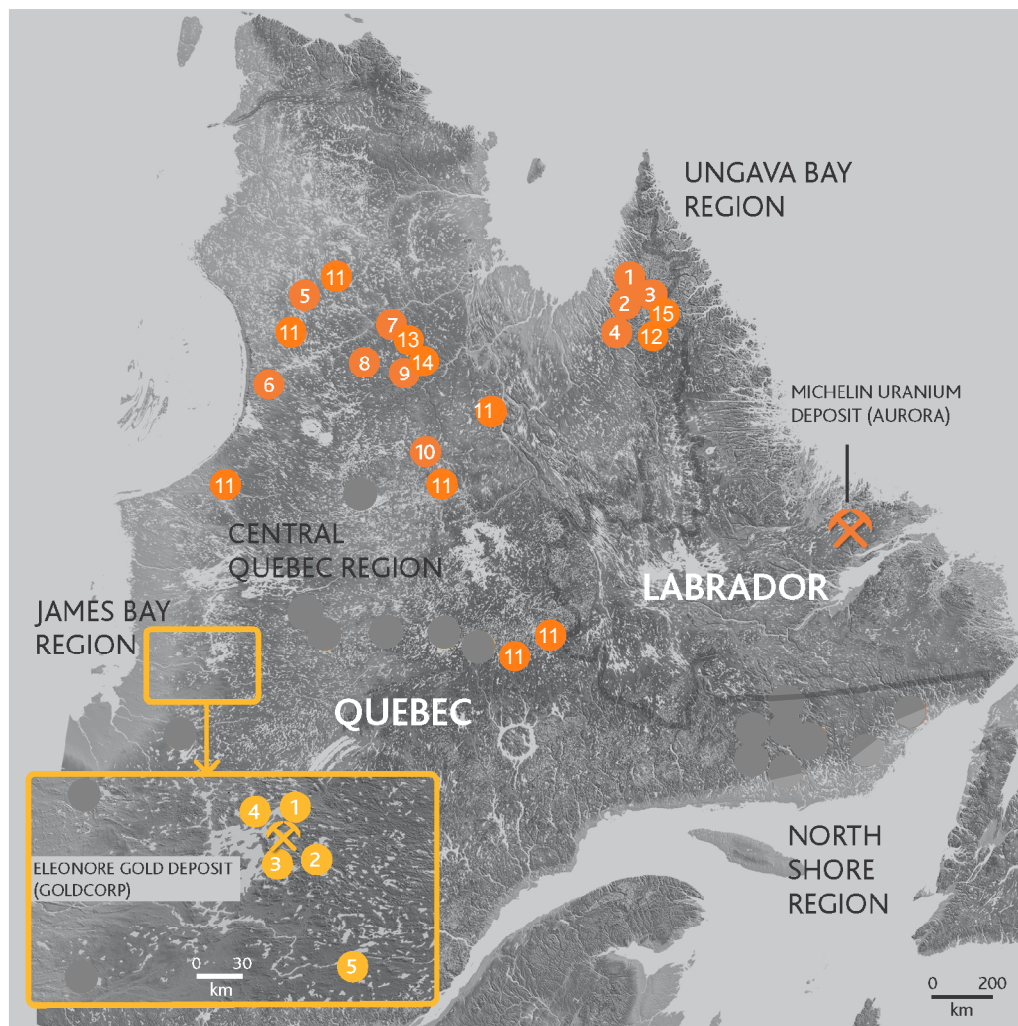
URANIUM

1. North Rae
2. Daniel Lake
3. Kangiq
4. South Rae
5. West Minto
6. Hudson Bay
7. North Minto
8. Central Minto
9. South Minto
10. South Bienville
11. Kativik
12. Tasirlaq
13. Vernot Lake
14. Uranium North
15. Burrel Lake

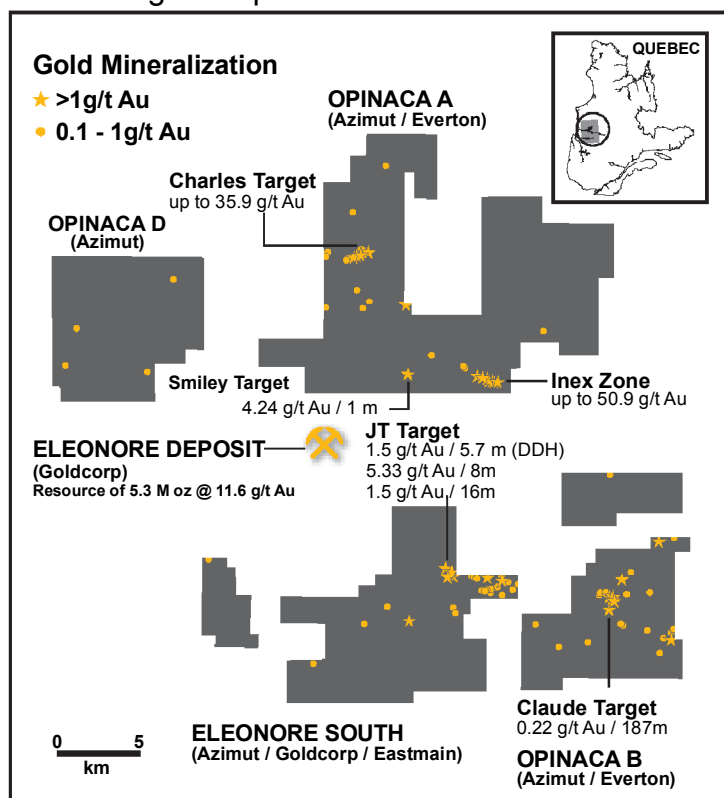


GOLD

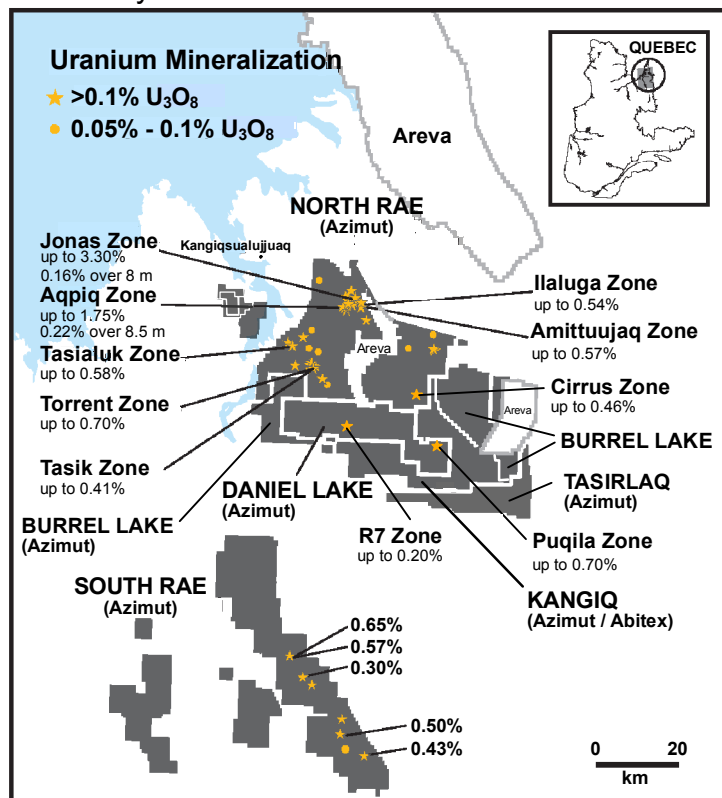
1. Opinaca A
2. Opinaca B
3. Eleonore South
4. Opinaca D
5. Wabamisk



GOLD James Bay Region, Quebec Eleonore gold deposit area



URANIUM Ungava Bay Region, Quebec Discovery of a new uranium district



Channel sampling includes the following results:

Jonas Zone

- 0.11% U_3O_8 over 20.0 m
- 0.16% U_3O_8 over 8.0 m

Appiq Zone

- 0.22% U_3O_8 over 8.5 m
- 0.16% U_3O_8 over 6.0 m

Channel sample results indicate reasonable grade continuity and probable lateral extensions for several of the mineralized zones investigated during the program. Channel lengths were often limited by outcrop dimensions, so many mineralized intervals remain open. The true widths of the sampled sections are generally difficult to assess due to the shallow dips of the pegmatites, but where observed are at least metric to multi-metric.

The presence of more than a hundred other uranium showings on the properties (previously identified but not channel sampled during the summer program) indicate a strong additional upside. Most of the mineralized zones are related to an extensive system of shallow dipping pegmatitic sills occurring at or near the contact between Archean bedrock and overlying Proterozoic metasedimentary rocks. Azimut controls more than 70 km of this highly prospective geological contact. The U/Th ratios are good and generally range from 3 to 10. Uranium grades in fresh rocks (surface grabs and channel samples) correlate well with the occurrence of uraninite crystals, silica-rich facies and/or biotite-rich facies. This indicates that variations in surface grades are mainly related to the primary uranium content of the intrusive pegmatitic sill system.

Prior to the 2009 program, a total of 2,096 grab rock samples were collected on the two (2) properties, including 1,046 samples collected in 2008. The samples yielded an average uranium value of 430 ppm U_3O_8 (0.043%) for all samples, including 1,228 unmineralized or weakly mineralized samples. The average is 840 ppm U_3O_8 (0.084%) for the 868 samples grading at least 100 ppm U_3O_8 , and 1,264 ppm U_3O_8 (0.13%) for the 567 samples grading at least 200 ppm U_3O_8 . Corresponding U/Th ratios are 1.5, 2.6, and 3.2 for the three groups. In general, higher uranium values reflect an enrichment of uranium relative to thorium.

These developments, as well as AREVA's commitment to their neighbouring CAGE property (e.g., more than 10,000 m of drilling in 2009 and discussion of a "new uranium province"), underscore Azimut's appraisal that the region could become Canada's newest uranium district. Azimut has decided to start a comprehensive diamond drilling program early next summer. Azimut considers that North Rae and Daniel Lake benefit from three strategic advantages:

- The properties have the potential for a large resource base at shallow depth, amenable to open pit mining.
- The properties are well positioned only a short distance from port facilities on the Ungava Bay coast, near deep sea water, and close to a permanent airport and other infrastructure.
- The province of Quebec is recognized around the world as a low-risk region for exploration and mining.

On July 9, 2009, Azimut and NWT announced the signing of a definitive agreement to terminate the option agreements previously granted to NWT in respect of the North Rae and Daniel Lake properties.

Kangiq property

Kangiq is adjacent to Azimut's North Rae and Daniel Lake properties and to one of AREVA's claim blocks. At Kangiq, 1,932 line-km of helicopter-borne spectrometric and magnetic surveying in 2007 delineated five (5) sharply defined uranium targets with a cumulative length of 18 km. In addition, results obtained from 472 lake-bottom sediment samples show a strong spatial correlation with uranium targets identified by the helicopter-borne survey. Work performed to date consists of:

- surface rock sampling and prospecting on the western half of the property (149 grab samples)
- mapping of the Puqila Zone
- 3,048 line-km of helicopter-borne spectrometric and magnetic surveying

Uranium rock sample results are as follows:

- 24 samples with values above 0.05% U_3O_8 , including: 0.94% U_3O_8 , 0.51% U_3O_8 , 0.49% U_3O_8 , 0.44% U_3O_8 , 0.42% U_3O_8 , 0.39% U_3O_8 , 0.36% U_3O_8 , 0.24% U_3O_8 , 0.20% U_3O_8 , 0.18% U_3O_8 , and 0.15% U_3O_8 ;
- 53 samples with values from 0.01% to 0.05% U_3O_8 ;
- 72 samples with values less than 0.01% U_3O_8 .

The U/Th ratios for twelve (12) of the samples with more than 0.1% U_3O_8 range from 2 to 10. Most mineralized facies are hosted in biotite-rich pegmatitic dykes. On the basis of these results, Azimut intends to work with its partner to define the 2010 field program.

South Rae property

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

Assay results for 128 rock samples include:

- 37 samples with values higher than 0.05% U_3O_8 , including 18 samples with values above 0.1% U_3O_8 ;
- 57 samples with values between 0.01% and 0.05% U_3O_8 ;
- 34 samples with values less than 0.01% U_3O_8 .

On the basis of the results obtained in 2007, a comprehensive follow-up prospecting and preliminary drilling program was carried out in the summer of 2008. About \$1,890,000 has already been spent on the property, resulting in the definition of significant exploration targets. Azimut believes that the uranium potential of this property is good.

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

Work expenditures on Azimut's properties in the Ungava Bay region total about \$0.725 million for 2009.

Central Quebec region

Azimut holds eight (8) properties in the Central Quebec region:

- North Minto: 1,750 claims for a total surface area of 802.0 km²; this property is covered by a letter of intent with Rukwa Uranium Ltd ("Rukwa")
- South Minto: 1,198 claims for a total surface area of 558.9 km²; this property is covered by a letter of intent with Rukwa
- Central Minto: 665 claims for a total surface area of 310.5 km²; this property is covered by a letter of intent with Abitex Resources Inc. ("Abitex")
- South Bienville: 1,460 claims for a total surface area of 707.7 km²; this property is covered by a letter of intent with Abitex
- Kativik: 1,361 claims for a total surface area of 651.0 km²; this property is covered by a letter of intent with Nemaska Exploration Inc. ("Nemaska")
- Hudson Bay: 524 claims for a total surface area of 247.1 km²
- West Minto: 689 claims for a total surface area of 312.3 km²
- Vernot Lake: 140 claims for a total surface area of 64.3 km²
- REX: 2,495 claims for a total surface area of 1,068 km²

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

At North Minto, a total of 103 rock samples were collected and analyzed: 100 from outcrops and 3 from boulders. Outcrop samples returned assays up to 0.14% U_3O_8 , but boulder samples yielded assays less than 0.01% U_3O_8 . One soil sample returned 0.74% U_3O_8 . Uranium results for the grab samples are as follows:

- 6 samples with values above 0.05% U_3O_8 , including: 0.14% U_3O_8 , 0.13% U_3O_8 , 0.10% U_3O_8 and 0.07% U_3O_8 ;
- 7 samples with values from 0.01% to 0.05% U_3O_8 ;
- 90 samples with values less than 0.01% U_3O_8 .

The U/Th ratios for the six (6) samples with more than 0.05% U_3O_8 range from 0.7 to 3.3. Mineralization is hosted mainly in pegmatite dykes and granite. Significant mineralization has been identified in the southwestern portion of the property over a 2-km-long target area. It occurs along an important northwest-trending structure that coincides with a contact between tonalites and granites. Metavolcanic and metasedimentary rocks are proximal to this contact. The mineralization shows a good spatial correlation with lake-bottom sediment and helicopter-borne radiometric anomalies.

On the South Minto property, a total of nine (9) samples were collected and analyzed: 7 from outcrops and 2 from boulders. Outcrop samples returned assays up to 1.21% U_3O_8 and one boulder sample yielded an assay value of 0.36% U_3O_8 . Uranium results for grab rock samples are as follows:

- 3 samples with values above 0.05% U_3O_8 , including 1.21% U_3O_8 , 0.89% U_3O_8 and 0.36% U_3O_8 ;
- 6 samples with values less than 0.01% U_3O_8 .

The most interesting prospect on South Minto has been identified in the central portion of the property along an important structure. The prospect correlates with high uranium values in lake-bottom sediments (up to 1,030 ppm U) and helicopter-borne uranium anomalies. It returned grades of 1.21% U_3O_8 and 0.89% U_3O_8 with U/Th ratios of 25,600 and 10,800 respectively. The two samples are chlorite-rich rocks with anomalous values in gold (up to 267 ppb), lead (up to 0.39%) and copper (up to 759 ppm).

At the Central Minto property, uranium mineralization was discovered in 2008 during follow-up prospecting of two strong targets with a cumulative length of 30 km, previously recognized during the 2007 program. Uranium results for the fifteen (15) grab rock samples are as follows:

- 4 samples with values above 0.05% U_3O_8 , including: 0.65% U_3O_8 , 0.17% U_3O_8 , 0.11% U_3O_8 and 0.059% U_3O_8 ;
- 6 samples with values from 0.01% to 0.05% U_3O_8 ;
- 5 samples with values less than 0.01% U_3O_8 .

At the South Bienville property, a prospecting program during the summer of 2008 assessed target areas that were previously defined using the results obtained from the 2007 exploration work, which included anomalous uranium values in lake-bottom sediments (up to 841 ppm U), helicopter-borne geophysics, and ground-based prospecting. In 2007 and 2008, a total of 138 samples were collected from outcrops (51) and boulders (87). A showing of chalcocite (a copper-bearing mineral) in a granite outcrop yielded >40% Cu and 12 g/t Ag. Abundant hematite veinlets, some silicification, and lesser amounts of disseminated pyrite and pyrrhotite were also observed. The showing is located in an area underlain by a major structure that correlates with a multi-

kilometre copper anomaly in lake-bottom sediments (up to 316 ppm Cu). This target is considered highly attractive.

Other outcrop samples from South Bienville returned assays up to 0.67% U_3O_8 , and boulder samples yielded up to 0.77% U_3O_8 . Uranium-bearing rock samples are spatially related to multi-kilometre helicopter-borne radiometric anomalies and lake-bottom sediment anomalies. Uranium results are as follows:

- 8 samples with values above 0.05% U_3O_8 , including: 0.67% U_3O_8 and 0.065% U_3O_8 from outcrops, and 0.77% U_3O_8 , 0.097% U_3O_8 and 0.087% U_3O_8 from boulders;
- 39 samples with values from 0.01% to 0.05% U_3O_8 ;
- 91 samples with values less than 0.01% U_3O_8 .

At the Kativik property, mineralization has been discovered on 7 of the 9 claim blocks that were subject to an 11-day prospecting program in 2008. Highlights include 0.27 % U_3O_8 , 146.0 g/t Ag and 2.89 % ZrO_2 on the Giraud C block and 10.6 % REE_2O_3 , 0.77 % Y_2O_3 , 14.3 % P_2O_5 and 0.12 % U_3O_8 on the Giraud D block. A recent geophysical interpretation adds value to the prospecting results by ranking several helicopter-borne anomalies detected on the property as first-priority targets. In 2010, a follow-up program will take place on the most promising targets.

At the Hudson Bay property, positive uranium results were obtained following the 2008 prospecting program designed to assess previously identified target areas defined by anomalous uranium values (up to 1,950 ppm U) in lake-bottom sediments and radiometric anomalies from helicopter-borne geophysics. A total of ninety-four (94) samples were collected from outcrops and yielded assays up to 3.01% U_3O_8 (66.3 lbs/t), as well as three (3) boulder samples with assays up to 0.027% U_3O_8 . While the mineralization discovered to date appears to be limited in extent, the initial results and the favourable geological and structural settings are encouraging and suggest that additional work is warranted in the unexplored areas of the property.

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

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

Azimut identified the REX property in 2009 using systematic mineral potential modelling for rare earth element ("REE"). The REX property is largely unexplored and represents one of the strongest and most extensive geochemical footprints for REE and a large copper target. The property is 120 km long and comprises 15 separate claim blocks totalling 2,495 claims over a surface area of 1,068 km². Several of the property areas include previously recognized high-grade gold-silver-copper and copper-cobalt prospects. Confirmation of claim registration from the Ministry of Natural Resources and Wildlife of Quebec is pending.

Total work expenditures to date on Azimut's properties in the Central Quebec region total \$0.32 million. The exploration results obtained to date generally confirm the strong uranium potential of Azimut's properties in this region and validate the Company's initial regional targeting. On the basis of the above results Azimut intends to work together with its partners to define the 2010 field programs for the Central Quebec region.

James Bay region - Opinaca sector

The Opinaca sector is located northeast of the Opinaca reservoir in the James Bay region, 320 km from Matagami or Chibougamau. This sector is underlain by the volcano-plutonic La Grande Subprovince and the metasedimentary Opinaca Subprovince. Conglomeratic metasedimentary sequences are unconformably

deposited above mafic volcanic rocks in the upper part of the La Grande stratigraphy. Metamorphic grade increases gradually from the La Grande Subprovince towards the Opinaca Subprovince. There appear to be at least three generations of structures in this sector.

In 2004, Virginia Mines Inc. discovered and delineated the major Roberto gold deposit on their Eleonore project. The definition was made both at surface and in drill holes over a lateral distance of roughly 1,900 m and to a depth of more than 1,100 m. Goldcorp has since acquired the Eleonore project and undertaken a feasibility study. In its latest estimate, Goldcorp declared a resource of 2.3 million ounces (measured and indicated) at a grade of 10.1 g/t Au and 3.0 million ounces (inferred) at a grade of 12.8 g/t Au. The Roberto deposit straddles the contact between the volcano-plutonic La Grande Subprovince and the metasedimentary Opinaca Subprovince. Gold mineralization is disseminated within metasedimentary rocks with pervasive microcline-quartz-tourmaline alteration. Mineralized zones appear to be associated with a major structure.

Azimut acquired extensive holdings before and after the Roberto discovery and as a result gained one of the leading property positions in the area. The geological setting of Azimut's properties is comparable to that of the Eleonore property hosting the Roberto discovery. Azimut's claim blocks are divided into four (4) properties:

Agreement with Everton Resources Inc. ("Everton") – two properties:

- Opinaca A: 429 claims for a total surface area of 223.4 km²
- Opinaca B: 220 claims for a total surface area of 115.1 km²

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

- Opinaca D: 188 claims for a total surface area of 98.0 km²

Three-party agreement with Eastmain and Goldcorp:

- Eleonore South: 282 claims for a total surface area of 147.6 km²

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

Opinaca A and B

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

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

Previous work on the Opinaca B Block revealed a major NE-SW-trending gold-bearing system with possible extensions for at least 11 km. The Claude Target is located in the middle of this trend, and Everton's Manuel

showing (12.0 g/t Au over 4.6 m in a channel sample) lies 8 km northeast of the Claude Target. The Eleonore South property, where a strong gold potential has also been recognized (see below), lies 9 km west of the Claude Target.

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

All nine (9) holes encountered several intense alteration zones varying from several metres to 20 metres thick. These zones are characterized by strong silica alteration and low sulphide contents, which makes the alteration context at the Claude Target comparable to that of Goldcorp's Roberto deposit. Six (6) of the nine holes encountered gold mineralization over intervals of at least 1 m. The last drill hole, OP-07-20, tested the Claude Target to a vertical depth of 200 m. The results were encouraging and included visible gold at two locations, as well as very strong alteration.

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

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

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

Results include 4.2 g/t Au over 1 m and 0.4 g/t Au over 1 m in Hole OS-08-04A at the Smiley Target on Opinaca A, and 0.6 g/t Au over 0.3 m and 0.6 g/t Au over 1.2 m in Hole DB-08-01 at the Dominic Target on Opinaca B. Azimut and its partner Everton are reviewing their plans for future exploration work on Opinaca A and B. Everton has renewed its options for 2009.

Eleonore South and Opinaca D

The Eleonore South property is covered by a three-party agreement between Azimut (33.33%), Goldcorp (33.33%,) and Eastmain (33.34%). As project operator, Eastmain conducted major prospecting, geophysical work and trenching during the 2006 and 2007 field seasons.

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

At Eleonore South, several significant multi-kilometre gold-arsenic soil anomalies form a property-wide trend. During 2006 and 2007, surveying included 194 line-km of gradient IP and 49 line-km of dipole-dipole IP. In 2008, the results of trenching, soil sampling and IP surveying were used to devise a 16-hole program (3,129 m) to test a variety of exploration targets based on geochemical, geophysical and geological criteria. Seven (7) of the drill holes were collared in the JT Target area to test the depth extension of gold mineralization previously identified through trenching, which had exposed a highly prospective zone more than 400 m wide. Gold-bearing metasedimentary rocks associated with disseminated arsenopyrite and aluminous rock alteration were intersected

in all seven JT drill holes. The gold-bearing intervals are of a similar geological character to those observed at the Roberto gold deposit. Assays from these holes include:

- 10.8 g/t Au over 0.5 m and 1.54 g/t Au over 5.7 m in Hole ES08-08
- 0.70 g/t Au over 10 m in hole ES08-09
- 0.49 g/t Au over 7.5 m in hole ES08-11
- 7.06 g/t Au over 0.5 m in ES08-12
- 10.4 g/t Au over 0.5 m and 0.46 g/t Au over 8.2 m in Hole ES08-13

Azimut's partners Goldcorp and Eastmain are funding the \$1.6 million 2009 exploration program on the property. Results are pending. This program mostly consists of a 3,500-m drilling program to test sediment-hosted gold targets. Azimut's interest will be about 29% upon completion of the 2009 exploration program. Depending on the results, Azimut may decide to contribute its share in the future. To date, exploration expenditures on the property, incurred by Azimut's partners, amount to about \$5.5 million. Option payments received in cash by Azimut on the property amount to \$300,000, including a final \$100,000 payment received in 2009.

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

About \$980,000 has already been spent on the property, resulting in the definition of drill targets. Eastmain has informed Azimut that it will not renew its option. Azimut believes that this property has good exploration potential.

James Bay region - Eastmain sector

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

- Eastmain West: 97 claims for a total surface area of 51.4 km²
- Wabamisk: 755 claims for a total area of 399.5 km² (this property is covered by a letter of intent with Goldcorp)

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

Eastmain West

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

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

(F-266103 and F-266104). The Cr-Pt-Pd-Ni potential of the property is still largely under-explored and now constitutes a priority target in addition to the initial focus on gold.

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

Wabamisk

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

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

The targets clearly extend laterally for several kilometres and were under-explored until now. Prospecting on reconnaissance traverses spaced 2 km apart revealed four (4) new outcropping gold showings. A showing that assayed 8.2 g/t Au is hosted by metasedimentary rocks. This geological context underscores the potential of the Wabamisk property for gold deposits associated with metasedimentary rocks.

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

In 2008, exploration work consisted of line cutting (124 line-km), IP geophysical surveying (103 line-km), prospecting, geological mapping and rock sampling (555 grab and channel samples).

At Wabamisk, the 2009 program was designed to test several quality gold targets on the property. The work consisted of:

- Prospecting, grab sampling (260 samples), and channel sampling (66 m);
- An initial 15-hole diamond drilling program (3,243 m);
- Soil sampling (800 samples).

Field exploration work has highlighted the potential of four (4) priority sectors in the western half of the property, none of which have as yet been drill-tested:

- GH prospect: felsic volcanics with intense quartz veining, silica and potassic alteration. The prospect is positioned within a strong 3.5-km-long antimony (Sb) and arsenic (As) soil anomaly, and an IP geophysical anomaly correlates well with soil geochemistry. Grab sampling results from the scarce outcrops in the area included 428 ppb Au, 1.94% Sb and 0.18% As. Antimony and arsenic are excellent pathfinders for gold.
- Brenda prospect: mafic volcanics with intense silica alteration and quartz veining in an area with few outcrops. Channel sampling returned 453 ppb Au and 0.83% As over 5.0 m. Grab samples collected in 2007 returned gold values up to 2.09 g/t Au. The minimum length of the Brenda target is 500 m.
- Duchably prospect: quartz breccia veins hosted by a felsic intrusive unit. A grab sample returned 27.1 g/t Au, 14.2 g/t Ag, 30.0 g/t Bi and 0.13% Pb.
- ML prospect: altered mafic volcanics with tourmaline returned 7.53 g/t Au in a grab sample. The ML prospect lies along the eastern extension of the gold-bearing Dome area, which is recognized over a strike length of at least 1.7 km. Historical gold values for the Dome area include 80.7 g/t Au, 21.0 g/t Au and 10.8 g/t Au in grab samples.

The drilling program, designed to test a number of geochemical-geophysical targets in the eastern half of the property, mostly intersected sulphides or graphite with little or no gold. The notable exception was Hole

W-09-08, which yielded very encouraging results along a 75-m section with mineralized intervals. These intervals have a total cumulative downhole length of 30 m and contain disseminated to semi-massive sulphides bearing anomalous copper, zinc and silver values with strong chloritic and aluminous alteration. Results of interest are as follows:

- Hole W-08-03: 1,198 ppm Cu and 1,362 ppm Mo over 2.2 m (from 83.8 to 86.0 m)
- Hole W-08-04: 446 ppb Au and 2,030 ppm Cu over 1.0 m (from 119.5 to 120.5 m)
- Hole W-09-08: 6,100 ppm Cu, 5,280 ppm Zn and 6.1 g/t Ag over 1.4 m (from 122.0 to 123.4 m), 850 ppm Cu and 704 ppm Zn over 3.0 m (from 154.5 to 157.5 m), 226 ppm Cu, 3,935 ppm Zn, 1,629 ppm Pb and 18.0 g/t Ag over 7.0 m (from 175.0 to 182.0 m)

The total estimated cost of the work, including drilling, is estimated at \$1.1 million. Goldcorp has renewed its option for 2009.

In 2009, exploration programs on gold properties in the James Bay region amounted to \$2.7 million, funded by Azimut's partners.

Regional modeling and project generation

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

2009 summary and 2010 perspectives

The four (4) exploration programs that took place in 2009 are presented in the table below.

Property		Work in 2009	Actual Expenditures during 2009 Calendar Year (\$ in millions)
North Rae	Uranium	By Azimut	0.50
Daniel Lake	Uranium	By Azimut	0.30
Eleonore South	Gold	By the partner	1.60
Wabamisk	Gold	By the partner	1.10
Total			3.50

2010

Given current market conditions, the Company has significantly reduced overhead and project expenditures going forward with a focus primarily on a comprehensive diamond drilling program on its North Rae and Daniel Lake uranium properties as well as initial prospecting of its rare earth element REX property. In addition the Company will carry out a comprehensive surface stripping and sampling at its Eastmain West Cr-Pt-Pd-Ni property. The Company has adequate financial resources to undertake the above drilling program and maintain its management team while it does not anticipate having to contribute to work expenditure commitments on its partnered properties in order to maintain its interest. The one exception is the Eleonore South gold property: Azimut has approved a drilling program but has decided not to contribute to it at this time, although the Company may decide to contribute its share in the future depending on the results of the summer 2009 drilling program.

This strategy will ensure that value added to the Company's projects is safeguarded. In addition, and most importantly, the Company's will maintain its pursuit of the identification of early stage and major exploration targets as exemplified recently with the acquisition of the REX property, a large rare earth element and copper exploration target in Nunavik. Azimut will continue to actively seek new partnerships in Quebec and elsewhere.

Selected financial information

	Earnings for the fiscal years ended		
	August 31		
	2009	2008	2007
	(\$)	(\$)	(\$)
Other income (expenses)	(314,456)	1,927,860	1,244,570
Expenses			
Administration fees	716,848	875,011	767,135
Cost of mining properties abandoned or written off	622,783	49,531	73,104
Written-off intangible assets	-	-	1,170
Search for properties	104,331	85,681	161,853
Credit on duties refundable for losses and refundable tax credits for resources	(45,253)	(29,324)	(76,692)
Professional fees related to the decision of not proceeding with a short-form prospectus	202,805	405,864	-
Allowance for bad debts	-	267,734	-
Interest on debentures	154,777	-	-
Discount on a debenture	(92,000)	-	-
Accretion on debentures	70,601	-	-
Stock-based compensation costs	627,490	798,525	452,873
	2,362,382	2,453,022	1,379,443
Net loss for the year	(2,676,838)	(525,162)	(134,873)
Basic and diluted loss per share	(0.153)	(0.031)	(0.008)

Result of operations

2009 compared to 2008

For the fiscal year ended 2009, the Company reported a net loss of \$2,676,838, compared to a net loss of \$525,162 for the fiscal year 2008. The net increase of \$2,151,676 is mainly due to a decrease in other income of \$1,440,588 and a writedown of \$801,728 on available for sale investments and a write-off of \$622,783 taken on mining properties as described below.

Other income (expenses)

Other income (expenses) totalled (\$314,456) in 2009 compared to \$1,927,860 in 2008. The net decrease of \$2,242,316 is due to the following important variations:

- Decrease in payments obtained from the renewal of options on mining properties as a result of the termination of some options.
- The gain realized on the sale of options mining properties was \$474,686 as compared to \$1,309,412 in 2008.
- The Company receives management fees for its role as project operator for three projects with Abitex Resources Inc. (formerly Central Uranium) and one project with Nemaska. The management fees earned during the period totalled \$Nil (\$199,046 in 2008), because these partners did not perform the scheduled programs in 2009.

- The writedown on long term investments was \$801,728 (\$Nil in 2008), reclassified from comprehensive loss for other than temporary writedown on available-for-sale investments, following the stock market decline.

Expenses

Expenses totalled \$2,362,382 in 2009 compared to \$2,453,022 in 2008. The net decrease of \$90,640 is due to the following important variations:

- Management and the Board of Directors adopted several measures to conserve cash in response to the stock market downturn during the second half of 2008. A decrease in Administration fees of \$158,163 is attributable to the reduction in the number of employees and related costs. Salaries were \$378,179 in 2009 (\$438,604 in 2008), a decrease of \$60,425. Travelling and entertainment costs were \$36,910 in 2009 (\$111,506 in 2008), a decrease of \$74,596 resulting from reduced participation at conventions, and a decrease in office expenses to \$173,809 (\$195,421 in 2008).
- The cost related to the write-off of mining properties was \$622,783 (\$49,531 in 2008), taking into consideration the current situation in the mineral exploration sector. Write-offs of the following properties were performed: George River in the Ungava Bay region; West Bienville in the Central Quebec region, a Gold project and Comptoir in the James Bay region, a Nickel project and Grenium in the North Shore region.
- The interest on debentures was \$154,777 (Nil in 2008). These debentures were contracted in November 2008.
- The write-off of deferred charges, which consist of professional fees related to the decision not to proceed with a short form prospectus, were \$202,805 (\$405,864 in 2008).
- The decrease in stock-based compensation costs of \$171,035, from \$798,525 in 2008 to \$627,490, is attributable to the net result of the fair value of stock options issued and exercisable during the year.

2008 compared to 2007

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

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

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

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

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

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

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

Other information

	August 31,	August 31,
	2009	2008
Cash	\$1,349,818	\$1,291,771
Total assets	\$4,496,448	\$5,638,573
Shareholders' equity	\$2,604,090	\$2,832,196
Number of shares outstanding	20,383,979	16,821,755
Number of stock options outstanding	1,855,000	1,905,000
Number of warrants outstanding	1,347,224	-

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

Liquidity and Capital resources

2009 compared to 2008

The Company’s working capital was \$1,332,003 as at August 31, 2009, compared to \$1,060,605 as at August 31, 2008. Management is of the opinion that the current cash position is sufficient to meet current commitments on a continuous basis. The Company does not anticipate having to contribute to work expenditure commitments on its partnered properties in order to maintain its interest, with the exception of the Eleonore South property.

The Company has presented unsecured convertible and non convertible debentures and secured convertible debentures in the financial statements under its liability component for \$1,473,781 and its equity component for \$194,820. With the expected receipt of provincial tax credits in 2010, it anticipates having sufficient cash to pay off the principal and interest of the secured convertible debentures, and reimburse the principal and interest on the unsecured non-convertible debenture due in November 2010.

During the fiscal year 2009, the Company completed three (3) non-brokered private placements for total gross proceeds of \$650,000 that was used for working capital, regional compilation work, and staking cost for rare earth elements (REE) and copper, as well as exploration on the North Rae and Daniel Lake properties in the summer of 2009.

Advanced exploration of part of the North Rae and Daniel Lake uranium properties is likely to require substantially more financial resources. On December 1, 2009, Azimut negotiated a brokered private placement of securities with Desjardins Securities Inc. to raise \$3 million (see “Subsequent Events” section). In the past, the Company has been able to rely on its ability to raise financing in privately negotiated equity offerings. There is no assurance that the Company will be successful in raising the additional required funds. For more details, refer to the going concern assumption note in the financial statements.

Quarterly information

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

Quarter ended	Other income (expenses)	Net earnings (Net loss)	Net earnings (Net loss) per share	
			Basic	Diluted
31-08-2009	(781,778)	(1,781,275)	(0.094)	(0.094)
31-05-2009	305,218	(49,804)	(0.003)	(0.003)
28-02-2009	161,203	(359,150)	(0.021)	(0.021)
30-11-2008	19,950	(486,609)	(0.029)	(0.029)
31-08-2008	485,192	(622,918)	(0.037)	(0.037)
31-05-2008	867,590	436,733	0.026	0.025
29-02-2008	420,925	(40,003)	(0.002)	(0.002)
30-11-2007	154,153	(298,974)	(0.018)	(0.018)

Fourth quarter

The Company’s net loss for the three-month period ended August 31, 2009 was \$1,781,275 compared to \$622,918 in 2008. Other income (expenses) totalled (\$781,778) compared to \$485,192 in 2008. The decrease in revenues was caused mainly by a gain related to cash and share payments in connection with the anniversary of existing agreements and revenue realized for the Company’s role as the operator of projects among its various properties under option.

Significant changes in expenses during the fourth quarter of the current fiscal year arose from the interest on debentures of \$67,213; cost related to the write-off of mining properties was \$295,391 and the writedown on long-term investments of \$801,728.

Significant changes in expenses during the fourth quarter of the preceding fiscal year is due mainly to the net effect of the costs of \$405,864 engaged by the Company for the acquisition of all the outstanding shares of a

public company. The transaction was aborted in June 2008. An allowance for bad debts of \$267,734 was attributable to the recovery of advances made to a contractor for airborne geophysical surveys. The surveys were not carried out and the contracts were cancelled.

During the fourth quarter of 2009, the Company raised \$550,000 (\$Nil in 2008) through non-brokered private placements by issuing 1,222,224 common shares at a price of \$0.45 per share and 1,222,224 of warrants.

Contractual obligations

The Company has contractual obligations in the form of an operating lease amounting to \$112,424 payable over three years are as follows:

	\$
2010	38,103
2011	38,571
2012	35,750

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Related party transactions

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

	2009 \$	2008 \$
Reimbursement of expenses	789	4,933
Mining properties and exploration work	39,882	-

These transactions took place during the normal course of activities and were established using an exchange value representing an amount of compensation determined and accepted by the related parties. The amounts due from (to) related parties are without interest and terms of repayment.

Subsequent event

Private placements

On December 1, 2009, Azimut negotiated a brokered private placement of securities with Desjardins Securities Inc. to sell 1,334,000 units (the "Units") at a price of \$0.75 per Unit, and 2,326,087 flow-through common shares (the "Flow-Through Shares") at a price of \$0.86 per share. Each Unit is comprised of one (1) common share and one-half (½) common share purchase warrant, each full warrant entitling the holder to purchase an additional common share at an exercise price of \$0.95 for a period of 24 months. Desjardins will be entitled to a cash commission of 7% and an option to purchase up to an additional 15% of the Offering, representing the potential distribution of 200,100 additional Units and 348,913 additional Flow-Through Shares. On December 18, 2009, the Company has closed a private placement of \$2,876,125 representing 767,500 units and 2,675,000 flow-through shares.

Mining properties carrying values

At the end of each quarter, management reviews the carrying value of its mining properties to determine whether any write-offs are necessary. Following this analysis, \$622,783 in write-offs were deemed necessary for the 2009 fiscal year (George River in the Ungava Bay region; West Bienville in the Central Quebec region; the Comptoir project and a Gold project in the James Bay region; a Nickel project and the Grenium project in the North Shore region) compared to \$49,531 in 2008 (Manitou and Mont Merry projects).

Summary of significant accounting policies

Use of estimates

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

Long-term investments

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

Financial instruments

The standards require that financial assets and financial liabilities, including derivative financial instruments, be initially measured at fair value. After initial recognition, the measurement of financial instruments depends on their classification: held for trading, available for sale, loans and receivables, and other than held-for-trading liabilities.

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

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

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

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

Mining properties

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

Credit on duties refundable for loss and refundable tax credit for resources

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

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

Share capital

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

Share issue expenses

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

New accounting standards

On September 1, 2008, the Company adopted the following new accounting policies published by the CICA:

a) Section 1400, "General Standards of Financial Statement Presentation", was modified to require that management makes an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. Disclosure and presentation requirements pertaining to this section is contained in Note 1.

b) Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital, whether the entity has complied with any capital requirements, and, if it has not complied, the consequences of such noncompliance. Disclosure and presentation requirements pertaining to this section is contained in Note 16.

c) Sections 3862, "Financial Instruments – Disclosures", and 3863, "Financial Instruments – Presentation". These new Sections require enhanced disclosures on financial asset and liability categories, as well as a detailed analysis of the risks associated with the company's financial instruments and how the entity manages those risks. Disclosure and presentation requirements pertaining to these sections are contained in Note 16.

EIC-173, Credit Risk and Fair Value of Financial Assets and Financial Liabilities On January 20, 2009, the Emerging Issues Committee issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which provides further information on determining the fair value of financial assets and financial liabilities under Section 3855, *Financial Instruments – Recognition and Measurement*. This Abstract states that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This recommendation applies retrospectively without restatement of prior period financial statements to all financial assets and financial liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009, the date of issuance of the Abstract. The adoption of this Abstract had no impact on the financial statements of the company.

EIC-174, Mining Exploration Costs On March 27, 2009, the Emerging Issues Committee issued EIC-174, *Mining Exploration Costs*, to provide additional guidance for mining exploration enterprises about when an impairment test is required. This Abstract should be applied to financial statements issued after March 27, 2009. The adoption of this Abstract had no impact on the financial statements of the company.

Impact of new accounting standards not yet adopted

Convergence with International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed January 1, 2011, as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ["IFRS"]. The Company will follow the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, to finalize the assessment of accounting policies with reference to IFRS, and to plan convergence to be ready for the changeover planned in 2011. The transition from Canadian Generally Accepted Accounting Principles to IFRS will be applicable for the Company's first quarter of the 2012 fiscal year, which is November 30, 2011. Management has started the process of assessing accounting policy choices and elections that are allowed under IFRS. We will continually review and adjust our changeover plan to ensure our implementation process properly addresses the key elements of the plan.

Information regarding outstanding shares

The Company can issue an unlimited number of common shares, without par value. As at December 21, 2009, there were 23,831,479 issued and outstanding shares and no shares were held in escrow.

The Company maintains a stock option plan in which a maximum of 2,560,000 stock options may be granted. The number of shares reserved for issuance under the stock option plan was increased to 15% of the shares issued and outstanding. This increase was authorized by the Company's disinterested shareholders at the Annual and Extraordinary meeting of shareholders held on February 27, 2009, and approved by the TSX Venture Exchange on April 22, 2009. The exercise price of the options is set at the closing price of the Company's shares on the TSX Venture Exchange, on the day before the grant date. The options have a maximum term of ten years following the granting date; the options granted will be exercisable, unless otherwise approved by the Board of Directors. As at December 21, 2009, 1,855,000 stock options were outstanding, of which 1,787,500 were exercisable. Their exercise prices range from \$0.34 to \$4.30 and expiry dates from June 24, 2010 to April 13, 2019.

On April 13, 2009, 590,000 stock options were granted to its directors, officers, employees and consultants. These options have an exercise price of \$0.34 per share and are exercisable during a 10-year period.

Also as at December 21, 2009, 1,730,974 warrants were outstanding. Their exercise prices range from \$0.60 to \$0.86 and expiry dates from November 24, 2010 to December 19, 2011. The Company has secured and unsecured convertible debentures of \$1,190,000. The principal is convertible at the option of the holder into common shares of the Company. During the first two years, the principal is convertible into units at a price of \$0.54. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at \$0.65. At the third year, the debentures are convertible into units at a price of \$0.60; each unit consists of one common share and one-half of a share purchase warrant.

Financial instruments

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. The Company does not enter into financial instrument agreements, including derivative financial instruments for speculative purposes.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in financial instruments guaranteed by and held with a Canadian chartered bank.

As at August 31, 2009 and 2008, the Company's exposure to interest rate risk is summarized as follows:

Cash	Variable interest rate
Amounts receivable	Non-interest bearing
Long-term investments	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing
Debentures and convertible debentures	12% interest bearing

Credit risk

The Company's credit risk is primarily attributable to cash, amounts receivable and long-term investments. Cash and long-term investments are deposited in Canadian chartered bank accounts or invested in a diversified manner in securities having an investment-grade rating, from which management believes the risk of loss to be minimal.

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

Liquidity risk

Liquidity risk is the risk that the company may be unable to fulfill its financial obligations related to financial liabilities. The company's approach to managing liquidity risk is to ensure that it will have sufficient liquidities to meet liabilities when due. As at August 31, 2009, the Company had a cash balance of \$1,349,818 (\$1,291,771 as at August 31, 2008) to settle current liabilities and payment of current portion of debenture of \$768,577 (\$2,806,377 as at August 31, 2008), due within the next 12 months. The Company anticipates that these funds are sufficient to support its corporate and administrative obligations on a continuous basis. The Company does not anticipate having to contribute to work expenditure commitments on its partnered properties in order to maintain its interest, with the exception of the Eleonore South property: Azimut has approved the drilling program for the property, but has decided not to contribute to it. Management is evaluating other alternatives to

secure the necessary financing so that the Company can continue as a going concern. Nevertheless, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by, among other things, the strength of the capital markets.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity-price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity-price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Risks and uncertainties

Financial risks

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

Property title risk

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

Environmental risk

The Company is susceptible to various environmental incidents that can occur during exploration work. The Company implements and maintains an environmental risk management system that includes operational plans and practices. The Company is in compliance with the regulatory requirements.

Uninsured hazards

Hazards, such as unusual geological conditions, are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company assets or the insolvency of the Company.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Conflicts of interest

Certain directors, proposed directors or officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in

any project or opportunity, the directors will primarily consider in addition to economic value, the degree of risk to which the Company may be exposed and its financial position at that time.

Key employees

Management of the Company rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.

Canada Revenue Agency and provincial tax agencies

No assurance can be made that the Canada Revenue Agency and the provincial tax agencies will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses, or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

INTERNAL CONTROLS OVER DISCLOSURE AND FINANCIAL REPORTING

As an emerging company, the Company's management is composed of a limited number of key persons, which means that the segregation of duties is limited and must be offset by a more reliable supervision by the Chief Executive Officer and the Secretary Treasurer. During the fiscal year ended August 31, 2009, the President and Chief Executive Officer, as well as the Secretary Treasurer, concluded that the design and operation of these controls and procedures were efficient and were executed in order to provide reasonable assurance as to the appropriate disclosure of material information relating to the Company. Quarterly and annual financial statements are reviewed by the Company's Audit Committee and Board of Directors. Since the increased funding costs of additional key persons could place a heavy burden on the Company's finances, the Company's management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when budgets will enable that action.

OUTLOOK

In the coming year, the Company will continue to focus its efforts on the exploration and development of its North Rae and Daniel Lake uranium projects using methods adapted to these projects. Based on current industry trends and demand, the Company will also consider acquiring additional properties for exploration. Financing may be required for this purpose in the current fiscal year.

Additional information and continuous disclosure

This Management's Discussion and Analysis report was prepared on December 21, 2009. The Company regularly divulges additional information through press releases, financial statements, and its annual information form on the SEDAR website (www.sedar.com).

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements, which reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". The forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors which could cause such differences, particularly volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies, and failure to obtain necessary permits and approvals from government authorities, as well as other development and operating risks. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward looking statement, whether or not it should be revised because of new information, future events or otherwise required to do so by applicable Securities Laws.

(s) Jean-Marc Lulin

President and CEO

(s) Moniroth Lim

Secretary Treasurer