



AZIMUT EXPLORATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended August 31, 2016

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SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

This report represents a complementary addition to the annual audited financial statements by providing additional contextual and prospective information on the financial position and operating performance of Azimut Exploration Inc. (“Azimut” or the “Company”) for the years ended August 31, 2016 and 2015. This report should be read in conjunction with the Company’s annual audited financial statements for the year ended August 31, 2016 (“Fiscal 2016”), which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All figures are in Canadian dollars unless otherwise noted.

CORPORATE PROFILE AND MISSION

Azimut is a publicly traded Canadian exploration-stage 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. First, the Company maximizes the probability of discovery by using a cutting-edge targeting methodology that reduces exploration risk. Second, the Company reduces business risk by developing partnerships for projects generated by its targeting methodology.

As at December 7, 2016, Azimut holds twenty-three (23) exploration properties comprising 5,579 claims (13 properties and 3,973 claims as at August 31, 2016). The properties were acquired based on the results of the Company’s regional-scale assessments of Quebec’s mineral potential modelling. Azimut owns a 100% interest in all but eight (8) of its properties: Eleonore South (26.57%), Opinaca A and Opinaca B (50% each), Wabamisk (49%), and Munischiwan, Pikwa, Pontois and Desceliers (50% each). As at December 7, 2016, the Company’s property portfolio comprised the following (Figure 1):

In the Nunavik region:

- 5 polymetallic properties (Rex, Duquet, Rex South, NCG and Qassituq)
- 1 gold property (Nantais)

In the Ungava Bay region:

- 1 uranium property (North Rae)

In the James Bay region:

- 4 gold properties in the Opinaca area (Opinaca A, Opinaca B, Eleonore South and Opinaca D)
- 1 gold property in the Eastmain River area (Wabamisk)
- 1 chromium and platinum group element (PGE) property in the Eastmain River area (Eastmain West)
- 10 gold properties elsewhere in the James Bay region (Munischiwan, Pikwa, Pontois, Desceliers, Duxbury, Dalmas, Orsigny, Sauvolles, Synclinal and Valore)

Jean-Marc Lulin, geologist, president, chief executive officer and director of Azimut, is a qualified person under National Instrument 43-101 and has reviewed the technical disclosures presented in subsequent sections. All claim totals, surface areas and property descriptions are effective as at December 7, 2016.

OVERALL PERFORMANCE

Summary of activities for the fourth quarter and subsequent activities:

- Azimut closed a private placement of 7,812,500 units at a price of \$0.32 per unit for total gross proceeds of \$2,500,000.

- Azimut completed 12 holes (2,510 metres) of the first phase of a 5,000-metre diamond drilling program on the Eleonore South JV Property. Drill targets were notably supported by new high-grade prospecting results from the summer work program.
- Azimut acquired the Valore gold exploration property in the James Bay region.
- Azimut and SOQUEM formed a Strategic Alliance covering the James Bay region based on the Company's regional-scale mineral potential assessment using a big data approach to target generation.
- Azimut and its alliance partner SOQUEM acquired four (4) gold exploration properties in the James Bay region through the Strategic Alliance.
- Azimut acquired five (5) additional gold properties in the fall of 2016. These properties will be offered to SOQUEM in the framework of the Strategic Alliance.
- Azimut increased the number of common shares reserved for future issuance under its stock option plan by 1,244,000.
- Azimut granted a total of 735,000 stock options to its directors, officers, employees and consultants.
- Azimut continues to assess new opportunities that fit its business strategy.

Highlights for Fiscal 2016:

- Azimut ended Fiscal 2016 with a working capital of \$3,074,000 (\$1,260,000 – Fiscal 2015)¹. Management believes it has sufficient funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next twelve (12) months following Fiscal 2016.
- Azimut closed a non-brokered private placement of 7,812,500 units.
- Azimut is operator of a \$2 million work program on the Eleonore South Property, a three-way Joint Venture with Goldcorp and Eastmain.
- Azimut continued its technical evaluation, including data interpretation on identified targets, for the Rex, Rex South, Nantais and Qassituq properties in Nunavik.
- Azimut continues to concentrate its efforts on developing new business opportunities related to its country-scale big data approach.
- Azimut continued to focus on preserving its assets, and the Company has taken measures to control its overall expenses.

¹ For ease of reading and comparison, dollar amounts in this MD&A are rounded to the nearest thousand for amounts over \$1,000, and to the nearest hundred otherwise, except for equity prices and exercise prices. Refer to the Fiscal 2016 financial statements for exact amounts.

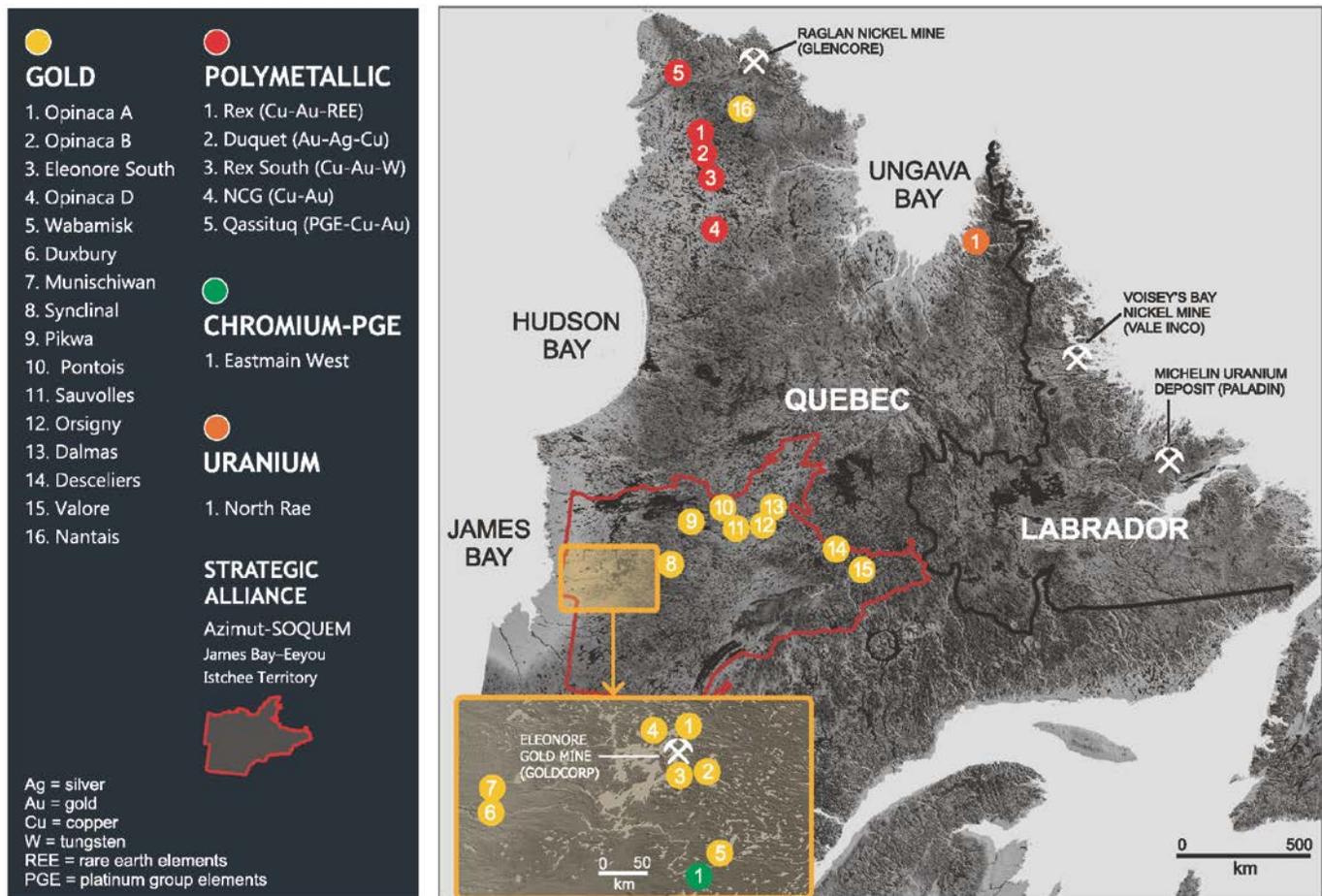


Figure 1: Azimut property location map.

EXPLORATION AND EVALUATION ASSETS

During Fiscal 2016, the Company incurred exploration and evaluation (“E&E”) expenditures totalling \$483,000 (\$302,000 – 2015). Most of the work was conducted on the Eleonore South and Opinaca D properties in the James Bay region, and also on the Rex, Rex South and Nantais properties located in the Nunavik region.

The exploration and evaluation assets for Fiscal 2016 are detailed in the tables on the following pages. All mining properties are located in the Province of Quebec.

Change in E&E assets

Exploration properties	Mining properties		Exploration costs							Cost incurred during the period	Option payments	Proceeds received on sale of camps materials	Credit on duties refundable for loss and refundable tax credit for resources	Net book value as at August 31, 2016
	Net book value as at August 31, 2015	Claims and permits	Geochemical surveys	Geological surveys	Geophysical surveys	Drilling	Admin. and other	Depreciation of property & equipment						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
James Bay														
Opinaca A	3,809	8,156	4,553	3,234	-	-	702	-	16,645	-	-	(3,206)	17,248	
Opinaca B	1,161	-	-	4,197	-	-	-	-	4,197	(2,258)	-	(1,687)	1,413	
Eleonore South	10,410	26,599	-	76,521	2,337	1,997	4,407	-	111,861	-	-	(34,274)	87,997	
Opinaca D	29,863	10,091	37,403	17,163	-	-	-	-	64,657	-	-	(23,626)	70,894	
Wabamisk	18,595	-	-	190	-	-	-	-	190	-	-	(69)	18,716	
Total – Gold	63,838	44,846	41,956	101,305	2,337	1,997	5,109	-	197,550	(2,258)	-	(62,862)	196,268	
Eastmain West	75,363	-	-	2,700	-	-	-	-	2,700	-	-	(911)	77,152	
Total – Chromium-PGE	75,363	-	-	2,700	-	-	-	-	2,700	-	-	(911)	77,152	
Total – James Bay	139,201	44,846	41,956	104,005	2,337	1,997	5,109	-	200,250	(2,258)	-	(63,773)	273,420	
Nunavik														
Rex	2,141,848	73,260	-	12,608	-	-	49	8,400	94,317	-	-	(73,811)	2,162,354	
Duquet	-	471	-	440	-	-	-	-	911	-	-	(160)	751	
Rex South	457,385	109,613	-	22,403	-	-	-	5,320	137,336	-	(20,625)	(8,906)	565,190	
Nantais	150,746	30,074	-	10,789	-	-	-	-	40,863	-	-	(4,366)	187,243	
Qassituq	29,100	5,916	-	3,012	-	-	-	-	8,928	-	-	(1,100)	36,928	
Total – Gold and Polymetallic	2,779,079	219,334	-	49,252	-	-	49	13,720	282,355	-	(20,625)	(88,343)	2,952,466	
Total – Nunavik	2,779,079	219,334	-	49,252	-	-	49	13,720	282,355	-	(20,625)	(88,343)	2,952,466	
Total – E&E assets	2,918,280	264,180	41,956	153,257	2,337	1,997	5,158	13,720	482,605	(2,258)	(20,625)	(152,116)	3,225,886	

Exploration properties	Mining properties		Exploration costs					Cost incurred during the period	Option payments	Proceeds received on sale of camps materials	Credit on duties refundable for loss and refundable tax credit for resources	Impairment of E&E assets	Net book value as at August 31, 2015
	Net book value as at August 31, 2014	Claims and permits	Geological surveys	Geophysical surveys	Admin. and other	Depreciation of property & equipment							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
James Bay													
Opinaca A	1,690	-	3,338	-	-	-	3,338	-	-	(1,219)	-	3,809	
Opinaca B	1,115	-	2,678	-	-	-	2,678	(1,654)	-	(978)	-	1,161	
Eleonore South	8,392	-	3,179	-	-	-	3,179	-	-	(1,161)	-	10,410	
Opinaca D	79,555	12,057	1,940	-	-	-	13,997	-	-	(708)	(62,981)	29,863	
Wabamisk	18,385	-	330	-	-	-	330	-	-	(120)	-	18,595	
Total – Gold	109,137	12,057	11,465	-	-	-	23,522	(1,654)	-	(4,186)	(62,981)	63,838	
Eastmain West	68,256	2,897	6,016	340	-	-	9,253	-	-	(2,146)	-	75,363	
Total – Chromium-PGE	68,256	2,897	6,016	340	-	-	9,253	-	-	(2,146)	-	75,363	
Total – James Bay	177,392	14,954	17,481	340	-	-	32,775	(1,654)	-	(6,332)	(62,981)	139,201	
Nunavik													
Rex	4,412,917	1,326	65,849	-	1,956	10,496	79,627	-	(9,500)	(11,081)	(2,330,115)	2,141,848	
Rex South	453,475	23,960	85,195	-	-	7,792	116,947	-	(23,200)	(31,113)	(58,724)	457,385	
NCG	71,586	918	-	-	-	4,144	5,062	-	(5,700)	12,979	(83,927)	-	
Diana	63,180	-	-	-	-	-	-	-	-	-	(63,180)	-	
Nantais	264,835	1,318	22,281	19,896	20	-	43,515	-	-	8,350	(165,954)	150,746	
Qassituq	48,078	2,136	20,601	-	-	-	22,737	-	-	(7,524)	(34,191)	29,100	
Total – Gold and Polymetallic	5,314,071	29,658	193,926	19,896	1,976	22,432	267,888	-	(38,400)	(28,389)	(2,736,091)	2,779,079	
North Rae	-	1,183	-	-	-	-	1,183	-	-	-	(1,183)	-	
Total – Uranium	-	1,183	-	-	-	-	1,183	-	-	-	(1,183)	-	
Total – Nunavik	5,314,071	30,841	193,926	19,896	1,976	22,432	269,071	-	(38,400)	(28,389)	(2,737,274)	2,779,079	
Total – E&E assets	5,491,464	45,795	211,407	20,236	1,976	22,432	301,846	(1,654)	(38,400)	(34,721)	(2,800,255)	2,918,280	

JAMES BAY REGION (EEYOU ISTCHEE TERRITORY)

Since the initial mineral potential modelling performed by Azimut in 2003, the James Bay region constitutes a strategic priority for the Company. Azimut's current holdings in the region - fifteen (15) gold properties and one (1) chromium-PGE property - are concentrated in the Opinaca Reservoir area (Eleonore Gold Camp), the Eastmain River area, and to the west and northeast of these in the northern third of the James Bay region. Four (4) of the properties are covered by a strategic alliance with SOQUEM (see press releases of September 26 and October 3, 2016).

Ownership and claim details are provided below, and detailed descriptions follow.

Opinaca Reservoir area (Eleonore Gold Camp) (gold)

1. Opinaca A
 - Agreement with Everton Resources Inc. ("Everton")
 - 264 claims for a total surface area of 137.6 km²
2. Opinaca B
 - Agreement with Everton and Hecla Quebec Inc. ("Hecla", formerly Aurizon)
 - 248 claims in 2 blocks, for a total surface area of 129.7 km²
3. Eleonore South
 - Three-party agreement with Eastmain Resources Inc. ("Eastmain Resources") and Les Mines Opinaca Ltée (a wholly-owned subsidiary of Goldcorp Inc.; "Goldcorp")
 - 282 claims for a total surface area of 147.6 km²
4. Opinaca D
 - No partnership agreement
 - 167 claims in 2 blocks, for a total surface area of 87.1 km²

Eastmain River area (gold and chromium-PGE)

1. Wabamisk – gold
 - Agreement with Goldcorp
 - 470 claims for a total surface area of 248.7 km²
2. Eastmain West – chromium-PGE
 - No partnership agreement
 - 66 claims for a total surface area of 35.0 km²

Azimut-SOQUEM Strategic Alliance (gold)

1. Munischiwan
 - Agreement with SOQUEM
 - 114 claims for a total surface area of 59.8 km²
2. Pikwa
 - Agreement with SOQUEM
 - 420 claims for a total surface area of 215.3 km²
3. Pontois
 - Agreement with SOQUEM
 - 418 claims in 2 blocks for a total surface area of 213.0 km²

4. Desceliers
 - Agreement with SOQUEM
 - 315 claims for a total surface area of 163.5 km²

Elsewhere in the James Bay region (gold)

1. Valore
 - No partnership agreement
 - 124 claims for a total surface area of 64.8 km²
2. Duxbury
 - Property covering a target generated in the context of the Strategic Alliance; this property will be offered to SOQUEM which will have the option to acquire Azimut's interest
 - 158 claims for a total surface area of 83.2 km²
3. Dalmas
 - Property covering a target generated in the context of the Strategic Alliance; this property will be offered to SOQUEM which will have to option to acquire Azimut's interest
 - 63 claims for a total surface area of 32.2 km²
4. Orsigny
 - Property covering a target generated in the context of the Strategic Alliance; this property will be offered to SOQUEM which will have to option to acquire Azimut's interest
 - 35 claims for a total surface area of 17.9 km²
5. Sauvolles
 - Property covering a target generated in the context of the Strategic Alliance; this property will be offered to SOQUEM which will have to option to acquire Azimut's interest
 - 76 claims for a total surface area of 39.0 km²
6. Synclinal
 - Property covering a target generated in the context of the Strategic Alliance; this property will be offered to SOQUEM which will have to option to acquire Azimut's interest
 - 32 claims for a total surface area of 16.8 km²

OPINACA RESERVOIR AREA (ELEONORE CAMP) – GOLD

In 2004, Virginia Mines Inc. discovered the Roberto (Eleonore) gold deposit on the Opinaca Reservoir, 320 kilometres from Matagami or Chibougamau. The project was acquired by Goldcorp in 2006, and the Eleonore mine poured its first gold bar on October 1, 2014. In 2015, gold production amounted to 268,100 ounces, and a conservative ramp-up schedule in 2016 is expected to lead to gold production of 250,000 to 280,000 ounces. Mine production for the nine months ended September 30, 2016 is between 4,700 to 5,000 tonnes per day of ore from four production horizons. A further two production horizons are brought on line by 2018. The production ramp-up to 7,000 tonnes per day is expected to be completed in the first half of 2018. Known mineralization at Eleonore has now been traced to a vertical depth of 1,500 metres and is still open down plunge (Goldcorp website).

Goldcorp's 43-101 compliant mineral reserve and resource statement, as of June 30, 2016, announced proven and probable reserves of 23.44 Mt at 6.07 g/t Au for 4.57 Moz of gold, measured and indicated resources of 5.14 Mt at 5.66 g/t Au for 0.93 Moz of gold, and inferred resources of 9.73 Mt at 7.52 g/t Au for 2.35 Moz of gold (Goldcorp website).

Azimut acquired extensive holdings both before and after the 2004 Eleonore discovery based on the targeting results of the Company's regional-scale gold potential modelling of the entire James Bay region. As a result,

Azimut gained one of the leading property positions in the area (Figure 2). Several exploration targets on the Eleonore gold mine property are in close proximity to Azimut’s project boundaries, and positive new results have recently been obtained on another adjacent property (see below for details).

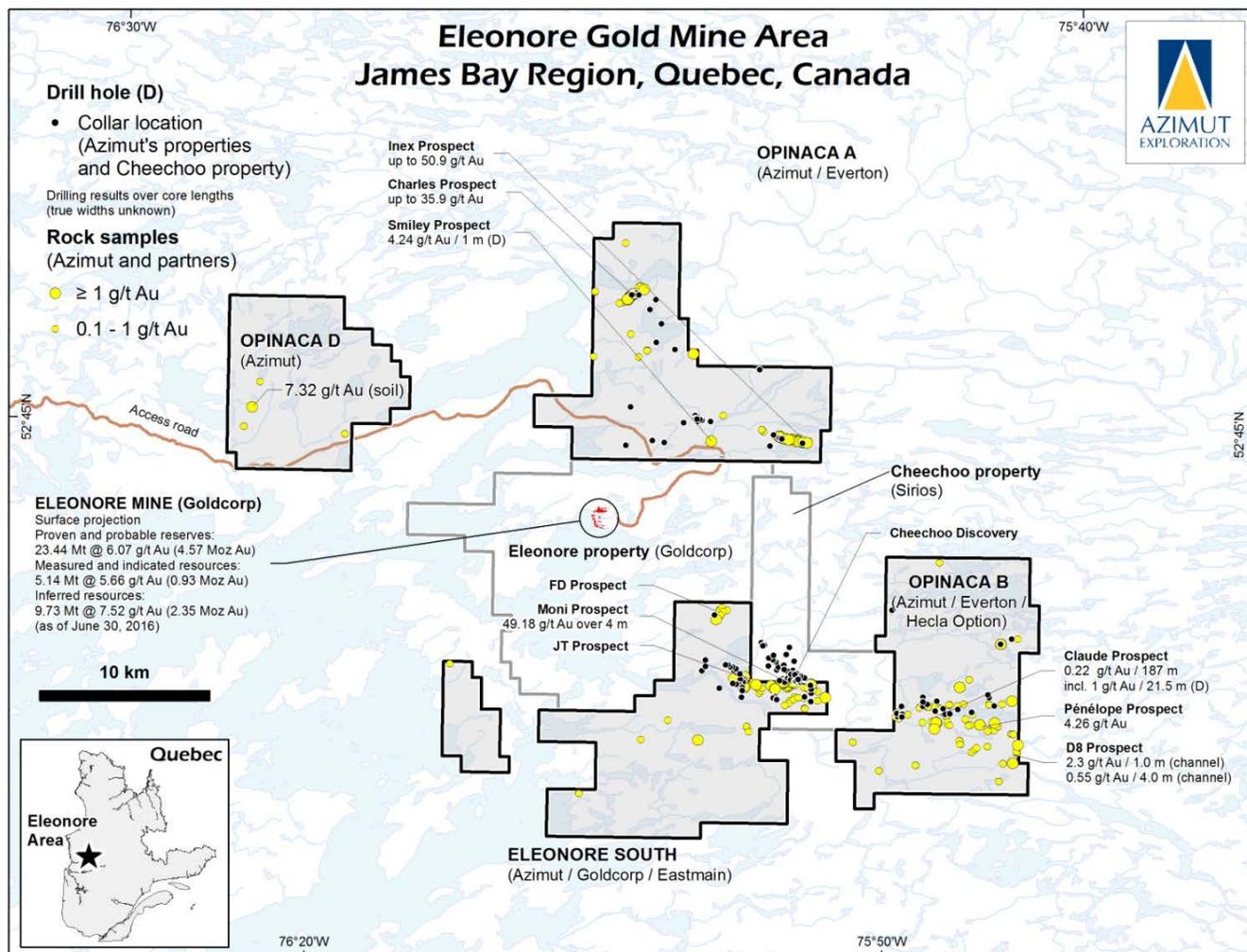


Figure 2: Azimut’s gold properties in the vicinity of Goldcorp’s Eleonore gold mine in the Opinaca Reservoir area of the James Bay region, Northern Québec.

Opinaca A Property

The Opinaca A Property is adjacent to Goldcorp’s Eleonore gold mine property (Figure 2). In April 2010, Azimut confirmed that its partner Everton had earned its 50% interest on the Opinaca A Property. In September 2010, the Property became subject to a three-way agreement between Azimut, Everton and Hecla covering both the Opinaca A and B properties, but this agreement was later amended on November 14, 2014 to exclude all claims comprising the Opinaca A Property.

In 2014, Hecla funded and operated an \$850,000 exploration program on the Opinaca A Property according to the terms of the original three-way option agreement. The program included 2,316.9 metres in nine (9) diamond drill holes on Opinaca A, as well as work on the Opinaca A and B properties consisting of prospecting (521 grab samples), channelling (202 samples) and till sampling (309 samples) (press release of March 19, 2015).

The 2014 diamond drilling program focused on the **Smiley Prospect**, which lies 8 kilometres northeast of the Eleonore mine. This prospect is associated with an E-W trending deformation corridor at its intersection with other subsidiary structures. The drilling program was designed to test a strong gold anomaly in till associated with a

gold-arsenic anomaly in soil. In 2008, drilling by Everton had yielded positive results at the Smiley Prospect, including 4.2 g/t Au over 1 metre and 0.4 g/t Au over 1 metre. The target remains unexplained to date, although locally intense alteration was observed in greywackes and paragneiss.

The 2014 prospecting and till surveys improved target definition in the **Charles Prospect** area, and the prospect was extended with grades up to 2.57 g/t Au. Previous results yielded up to 35.9 g/t Au from grab samples.

For Fiscal 2016, Azimut incurred \$8,000 (\$Nil – Fiscal 2015) in claim renewals and \$9,000 (\$3,000 – Fiscal 2015) in exploration work for till sampling.

Opinaca B Property

The Opinaca B Property lies 8 kilometres east of Goldcorp's Eleonore Property boundary and is adjacent to the Cheechoo gold project held by Sirios Resources Inc. (Figures 2 and 3).

In 2007, drilling by partner Everton on the **Claude Prospect**, in the centre of the Opinaca B Property, yielded 0.22 g/t Au over 187 m, including 1.0 g/t Au over 21.5 m. This prospect coincides with one of the targets to be investigated by the summer 2016 program (see below for details). The **Penelope Prospect**, about 2 kilometres west of the D8 Prospect, yielded 10 bedrock samples with values above 0.1 g/t Au including four with values above 0.5 g/t Au, and a maximum grade of 4.26 g/t Au (press release of November 19, 2012). Mineralization is associated with quartz-tourmaline veins and veinlets. Several kilometres to the north, previous diamond drilling on the **Dominic Prospect** yielded 0.6 g/t Au over 1.2 metres (press release of September 2, 2008). This prospect falls within a wide exploration target defined for the 2016 exploration program (Figure 3).

In April 2010, Azimut confirmed that its partner Everton had earned its 50% interest on the Opinaca B Property. In September 2010, the Opinaca A and B properties became subject to a three-way agreement between Azimut, Everton and Hecla whereby Hecla has the option to acquire a 50% interest in each of the two properties by making cumulative cash payments of \$580,000 and incurring a total of \$6.0 million in exploration work over four (4) years. Hecla may earn an additional interest of 10%, for a total interest of 60%, by making cumulative cash payments of \$300,000 and incurring at least \$3 million in exploration 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 cash payments of \$290,000 on the first option and \$150,000 on the second option, and 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 g/t Au 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 15, 2013, an amendment was made to extend the work schedule by two (2) additional years.

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.

On November 25, 2015, the Company announced that Hecla had renewed its option to acquire up to a 60% interest in the Opinaca B Property.

The recent addition of 42 new claims (22 km²) provides better control on the possible extensions of the exploration targets on the Opinaca B Property.

The results of the 2015 program funded by Hecla (press release of November 25, 2015) outlined a 150- to 200-metre-wide package of IP anomalies in the **D8 Prospect** area carrying anomalous gold values in bedrock (up to 0.11 g/t Au in a trench). The best prospecting result was 3.0 g/t Au from a boulder of chloritized wacke with quartz-feldspar-tourmaline veinlets. Previously, the 2012 program yielded positive channel sample results including 2.3 g/t Au over 1.0 metre and 0.55 g/t Au over 4.0 metres. The area is also characterized by gold anomalies in soil and till.

Recently released results for the adjacent Cheechoo Property, including 15.61 g/t Au over 9.70 metres, 15.04 g/t Au over 12.35 metres in hole 15-20 and 12.08 g/t Au over 20.30 metres in hole 16-52 (Sirios Resources press release of March 29, 2016), strengthen the discovery potential of the Opinaca B Property.

A Hecla-funded \$756,000 exploration program commenced in June 2016, focusing on three target zones. The program will comprise prospecting, extensive mechanized trenching and the collection of about 2,000 rock samples. This program is supported by the encouraging drilling and till results discussed above.

As at August 31, 2016, Hecla had made cumulative cash payments of \$580,000 (\$460,000 – 2015) and had carried out a total of \$4.4 million in work expenditures. Azimut has received \$290,000 (\$230,000 – 2015) in cash payments, reflecting its 50% interest in the property.

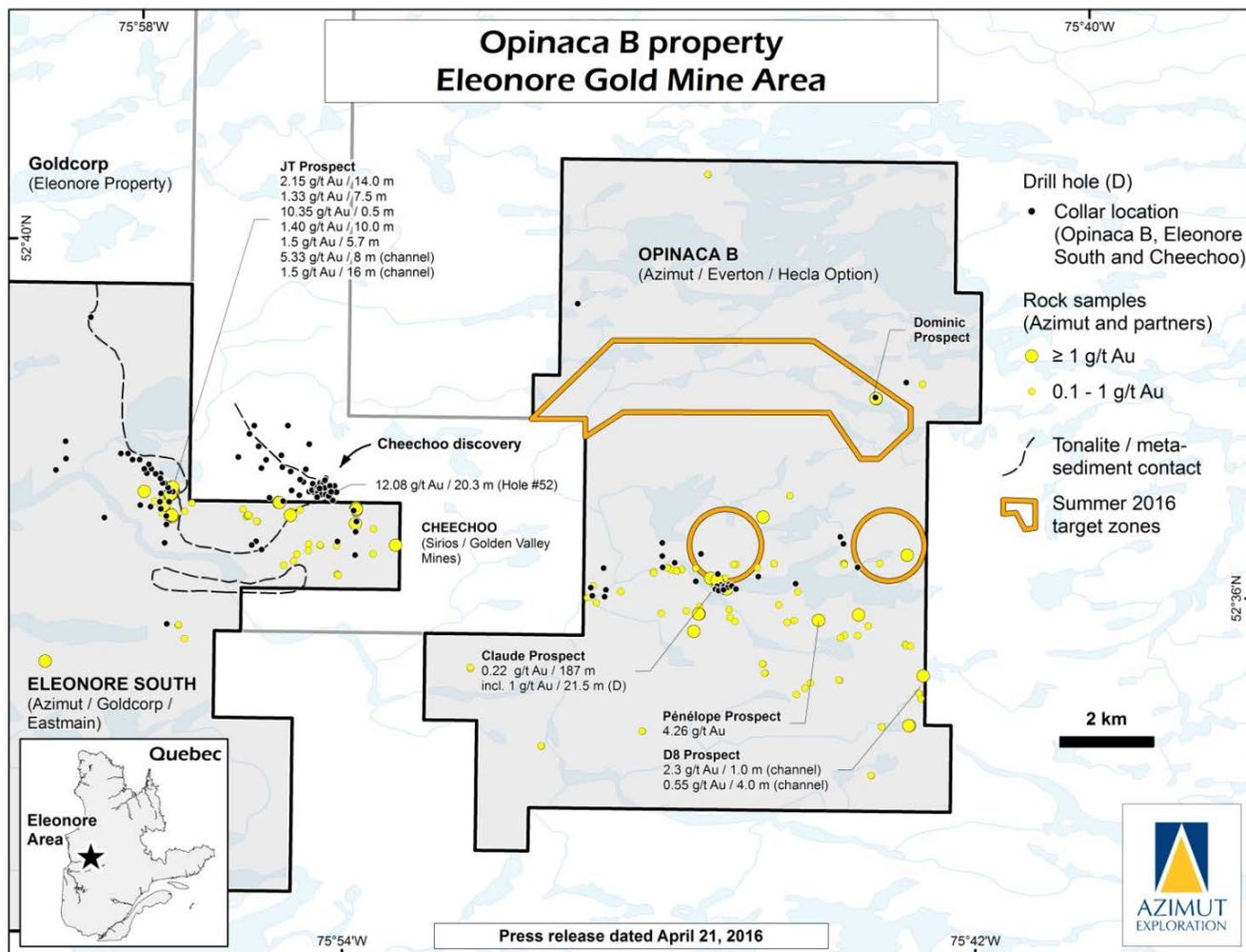


Figure 3: Map showing significant results on the Opinaca B Property and the summer 2016 target zones for the gold exploration program funded and operated by partner Hecla.

Eleonore South Property

The Eleonore South Property is located in a highly prospective part of the Eleonore mining camp, positioned between Goldcorp's Eleonore gold mine property and the Cheechoo Property held by Sirios Resources Inc.

The Eleonore South Property (Figures 2, 3 and 4) is covered by a three-party agreement between Azimut, Les Mines Opinaca Ltée (a wholly-owned subsidiary of Goldcorp) and Eastmain Resources. A part of the property (116 claims; 60.3 km²) is subject to a royalty agreement signed with Goldcorp, Virginia Gold Mines Inc. (now Les Mines Opinaca Ltée) and Virginia Mines Inc. (now Osisko Exploration James Bay Inc.). In May 2016, Azimut became the operator of the 2016 work program (see details below). Eastmain Resources operated the previous programs.

Discovery on adjacent property and 2016 exploration program

Recent results from the adjacent Cheechoo Property (Figure 4) suggested a strike extension of the Cheechoo Discovery onto the Eleonore South Property (Azimut press releases of January 22, March 3 and March 30, 2016). The gold results reported for Cheechoo were as close as 50 metres from the Eleonore South boundary and include the following: 15.61 g/t Au over 9.70 metres and 15.04 g/t Au over 12.35 metres in hole 15-20, and 12.08 g/t Au over 20.30 metres in hole 16-52 (Sirios Resources press release of March 29, 2016).

In this context, Azimut used public data and an in-house comparative study of geochemical footprints between the Eleonore South Property and the Eleonore gold mine to define a highly prospective 14-km² target area on the Eleonore South Property (see section below: *Footprint and targeting approach at Eleonore South*).

Summer 2016 prospecting program

During a 14-day field program, 404 grab samples were collected on the Property approximately 12 kilometres from the Eleonore mine. The samples yielded grades ranging from 11.6 g/t Au to 142.0 g/t Au at the **Moni Prospect** (see press release of August 29, 2016), thereby confirming the exploration potential within the tonalite intrusion. The results also included the discovery of a new gold prospect, the **FD Prospect**, located north of the JT Prospect along a tonalite-metasediment contact, which appears to be a significant control on the gold mineralization system.

The results are summarized as follows:

- High-grade samples collected over a 30-m by 20-m outcrop (the Moni Prospect) included 142.0 g/t Au, 102.5 g/t Au, 51.3 g/t Au, 39.3 g/t Au, 36.5 g/t Au, 34.2 g/t Au, 23.3 g/t Au, 21.6 g/t Au, 19.05 g/t Au, 12.5 g/t Au and 11.65 g/t Au.
- 114 samples returned grades higher than 0.1 g/t Au, including 53 samples with grades above 0.5 g/t Au, which in turn include 30 samples with grades above 1.0 g/t Au.
- Mineralization is mostly related to a strongly altered tonalite with disseminated arsenopyrite and a network of quartz veinlets. A large alteration envelope surrounds most of the known prospects and can be used as an exploration guide.

Fall 2016 drilling, channeling and prospecting program

On November 3 and 21, 2016, Azimut reported the results of the first phase of the fall 2016 diamond drilling, channel sampling and prospecting program. The best drill intercept was 76.1 g/t Au over 1.55 m (Hole ES16-57), the best channel sample composite was 49.18 g/t Au over 4.0 m, and the best prospecting grade was 247.0 g/t Au from a mineralized boulder found in a trench near Hole ES16-57.

Gold mineralization occurs in a tonalite intrusion along a corridor at least 3 to 4 kilometres long by some 500 metres wide, positioned along the margins of the intrusion, either close to or along the contact with surrounding metasediments. Results from the Moni Prospect, and from Hole ES16-57 (located about 600 metres southwest of the Moni Prospect) underscore an exploration potential for high-grade gold mineralization on the Property.

Significant drilling results are as follows:

- 8.88 g/t Au over 2.5 m (Hole ES16-48)
- 0.52 g/t Au over 36 m, including 1.23 g/t Au over 6 m (Hole ES16-49)
- 0.50 g/t Au over 16.4 m and 0.94 g/t Au over 4.5 m (Hole ES16-50)
- 0.62 g/t Au over 79.1 m, including 5.0 g/t Au over 4.0 m (Hole ES16-51)
- 1.1 g/t Au over 3.0 m (Hole ES16-52)
- 1.14 g/t Au over 6.0 m from 153.0 m (Hole ES16-54)
- 2.92 g/t Au over 1.5 m from 96.0 m (Hole ES 16-54)
- 1.58 g/t Au over 12.0 m from 147.0 m, including 4.67 g/t Au over 2.7 m (Hole ES16-55)
- 1.92 g/t Au over 4.5 m from 181.5 m (Hole ES16-55)
- 76.1 g/t Au over 1.55 m from 152.95 m (Hole ES16-57)

The channel sample composite results on the Moni Prospect are as follows:

- 19.22 g/t Au over 3.8 m (Channel 1)
- 7.85 g/t Au over 3.4 m (Channel 2)
- 49.18 g/t over 4.0 m (Channel 3)
- 50.37 g/t Au over 3.5 m (Channel 4)

An additional 28 prospecting grab samples were collected late fall mostly from outcrops. The grab results are summarized as follows: 11 samples returned grades higher than 0.1 g/t Au, including 7 samples with values higher than 0.5 g/t Au. Best result is 247.0 g/t Au from a sub-angular boulder sample found in a trench close to Hole ES16-57.

Summary of gold mineralization based on the 2016 work programs

Numerous criteria suggest this tonalite-hosted corridor corresponds to a large-scale late-magmatic hydrothermal system. These indicators notably include the presence of hydrothermal breccia, sheeted veins, extensive pervasive alteration, and no specific deformation zone related to alteration or mineralization.

The preliminary interpretation of the results from the first phase of drilling indicate a potential for high-grade gold mineralization related to late-magmatic quartz-feldspar pegmatites and strongly altered biotite-actinolite schist hosted by the tonalite intrusion. Other extensive traps may be present in this part of the Property, including the tonalite-metasediment contact.

Several sections with visible gold returned relatively weak gold grades (most notably in holes ES16-50, ES16-54 and ES16-55). This may reflect an issue with the current analytical protocol if coarse gold is present. Appropriate control analysis will be performed on a set of samples to assess this possibility.

Previous exploration

The last exploration programs on the Eleonore South Property took place in 2013 when successive major programs funded by Azimut's partners (prospecting, geophysics, trenching and drilling) focused on gold mineralization at the **JT Prospect**, which is characterized by altered, sulphide-bearing metasedimentary rocks comparable to those hosting the Eleonore gold mine. Drilling and trenching on the JT Prospect defined wide intervals of gold-bearing sedimentary rocks along a 1-kilometre-long corridor and an auriferous halo measuring 1.2 kilometres by 100 metres, comparable in nature to the geochemical halo surrounding the Eleonore orebody. The best channel result was 5.3 g/t Au over 8 metres, and the best diamond drilling results were 1.5 g/t Au over 5.7 metres in 2008, and 1.40 g/t Au over 10.0 metres in 2009.

Footprint and targeting approach at Eleonore South

Extensive, consistent and strong coincident gold and arsenic anomalies (higher than 90th percentile) have been outlined in soil (B horizon samples) on the Eleonore South Property (press release of March 30, 2016). In most cases, gold mineralization recognized to date by prospecting, trenching and drilling shows a spatial relationship

with these soil anomalies, as illustrated by the example of the JT Prospect (see below). The Eleonore gold mine shows a comparable feature (Figure 4). The humus on the Cheechoo Property (1,555 A-horizon samples over a 7.4-km² area), also yielded gold and arsenic anomalies near known gold mineralization.

The example of the Eleonore mine footprint suggests little to no displacement of the gold-arsenic soil anomalies from their bedrock sources. Consequently, the areas with unexplored strong geochemical anomalies are considered to be top quality targets for potential near-surface discoveries.

Mapping on the Eleonore South Property and drilling at the JT Prospect have revealed broad, kilometre-scale alteration zones (press release of March 30, 2016). The main alteration types are silica (pervasive silicification, quartz veinlets, stockwork), aluminous (andalusite, sillimanite), potassic (microcline, biotite) and tourmaline. These areas appear highly prospective for gold mineralization given the Eleonore orebody shows comparable alteration signatures in its immediate vicinity.

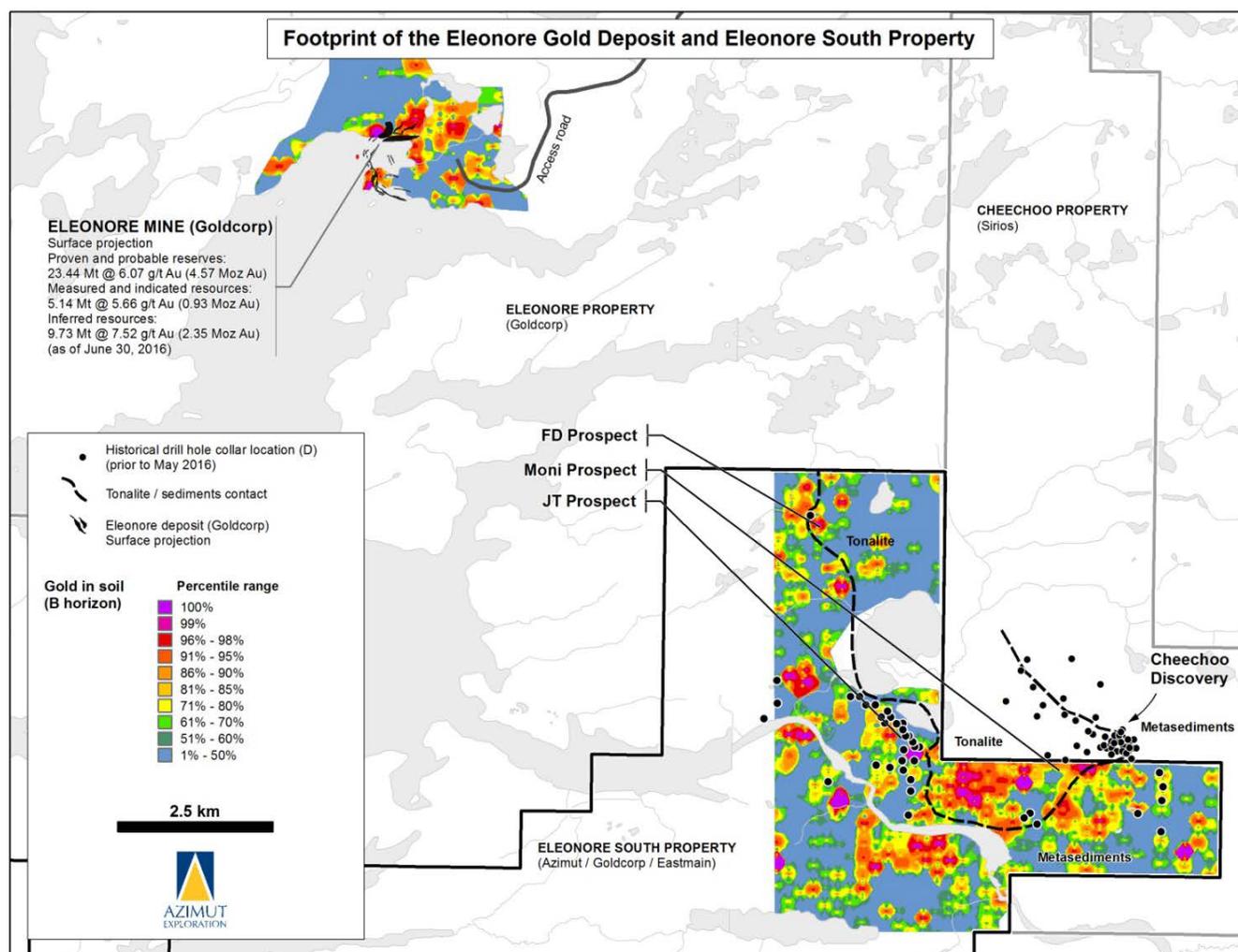


Figure 4: Map showing significant results on Azimut’s Eleonore South JV Property and the neighbouring Goldcorp’s Eleonore gold mine.

A 10.3-kilometre tonalite-metasediment contact is regarded as highly prospective (press release of March 30, 2016). Gold mineralization occurs at, or close to, the tonalite-metasediment contact at the JT Prospect and the same interface appears mineralized over a 2.3-kilometre strike distance at Cheechoo. The southwest extension of this contact strikes onto Eleonore South. The tonalitic body itself shows a strong geochemical footprint between the Cheechoo Discovery and the JT Prospect.

Further south, a smaller east-west linear tonalitic body has a 6.1-kilometre interface with metasedimentary country rocks. Strong gold and/or arsenic anomalies are also roughly coincident with this intrusive body.

Other features of the Eleonore South Property may have acted as traps for mineralization, such as a kilometre-scale iron formation, folded structures and shear zones, and the shape and dip of the main tonalitic intrusion, all of which require further study (press release of March 30, 2016).

Azimut agreed to contribute in the mandatory expenditures made by Eastmain Resources, as Manager for the period between March 31, 2012 and December 31, 2015, for keeping the mining claims in good standing in the amount of \$27,000. As a result, as at August 31, 2016, ownership of the Eleonore South Property was as follows: Azimut 26.57%, Goldcorp 36.71% and Eastmain Resources 36.72%. Azimut is the operator of the \$2 million 2016 work program for the 12-month period ending May 2017. The second phase of the 5,000-metre drilling program will begin in early 2017. Each of the joint venture participants has elected to contribute its proportionate share of ownership in the work program. For Fiscal 2016, the cumulative cost incurred under the 2016 work program totalled \$206,000 in exploration work for prospecting and for repair work at the exploration camp. The allocation of expenditures incurred was as follows: Azimut \$54,000, Goldcorp \$76,000 and Eastmain Resources \$76,000.

Opinaca D Property

The Opinaca D project is about 8 kilometres northwest of Goldcorp's Eleonore Property (see Figure 2).

Exploration on the Opinaca D Property began in 2005 and has included reconnaissance geological mapping and prospecting over 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, with respective maximum values of 7.32 g/t Au, 447 ppm As and 2.3 ppm Sb. The strong gold-arsenic-antimony soil anomalies have not yet been tested by drilling. Several drill targets have been defined on the project.

For Fiscal 2016, Azimut incurred \$10,000 (\$12,000 – Fiscal 2015) in claim renewals and \$55,000 (\$2,000 – Fiscal 2015) in exploration work for prospecting and till sampling.

EASTMAIN RIVER AREA

The Eastmain River area is 290 kilometres north of Chibougamau and about 80 kilometres southeast of the Opinaca Reservoir. The area contains the Eau Claire (Clearwater) gold deposit belonging to Eastmain Resources, which announced a 43-101 compliant estimate of measured and indicated resources of 6.80 Mt at 4.05 g/t Au for 885,000 ounces gold, and inferred resources of 1.1 Mt at 3.12 g/t Au for 110,000 ounces gold (Eastmain Resource technical report of June 2015 filed on SEDAR).

Wabamisk Property (gold)

Azimut acquired the Wabamisk Property in 2004 based on the results of its regional-scale gold potential modelling of the entire James Bay region. Eight (8) of the claims are subject to a 2.1% NSR payable to Virginia Mines (1.4%) and SOQUEM (0.7%), with a buy-back of 1.05% for \$350,000. The Wabamisk Property is located about 70 kilometres south of Goldcorp's Eleonore gold mine, and has a comparable geological context and geochemical signature.

In 2011, Azimut announced that Goldcorp earned its 51% interest in the Wabamisk Property. Later that year, Goldcorp elected to pursue its second option on the Property, whereby it can earn a 70% interest by funding additional exploration work and completing a bankable feasibility study within ten (10) years.

Recent exploration highlights

In 2015, Goldcorp funded a \$103,000 IP survey program following the 2014 targeting phase that identified altered shear zones warranting additional work. Significant results from the 2014 program (geological mapping and

195 grab samples) included the following: 2.42% Cu, 0.41 g/t Au and 23.6 g/t Ag (grab sample); 1.42% Cu and 7.1 g/t Ag (grab sample); and 1.01% Cu, 0.67 g/t Au and 9.1 g/t Ag (boulder) (press release of March 19, 2015).

Pre-2014 exploration programs

Initial exploration in 2005 identified several major gold target areas that included most of the known historical gold showings. A soil geochemistry survey in 2006 was followed by prospecting, mapping, geophysical (IP) surveying, and soil and rock sampling in 2007–2008. The 2009 program tested several quality gold targets in the eastern half of the Wabamisk Property through soil sampling, prospecting, grab and channel sampling, and an initial diamond drilling program that mainly intersected sulphides or graphite with little or no gold.

In 2010, Goldcorp completed an 8-hole (2,800 m) diamond drilling program that identified two main prospective areas for gold in the western half of the Property. At the **GH Prospect**, the best intercept in six (6) holes yielded 2.3 g/t Au over 4.3 metres within a large envelope defined by an interval of 0.7 g/t Au, 0.39% Sb and 0.20% As over 19 metres. This gold-antimony-arsenic zone is associated with a diorite intrusion and metasedimentary rocks. Mineralization is marked by Sb and As sulphides as disseminations and veinlets accompanied by sericitization and silicification. The area forms a target zone 3.5 kilometres long, outlined by coincident soil (Sb, As) and geophysical (IP) anomalies. The alteration and mineralization footprint indicates a strong exploration potential both along strike and at depth. The second prospective sector, the **Dome-ML Prospect**, is 1.7 kilometres long and yielded several historical high-grade gold values (up to 80.7 g/t Au) in grab samples taken from sheared and altered mafic volcanic units and a dioritic intrusion.

In 2012 and 2013, Goldcorp funded work programs that included a soil geochemistry survey (3,890 samples), prospecting (456 grab samples) and a high-resolution helicopter-borne magnetic survey (3,502 line-km). These programs led to the discovery of a new prospective area in the western part of the Property, where prospecting returned 12.45 g/t Au in a quartz vein grab sample and a soil survey yielded several significant gold anomalies.

Eastmain West Property (chromium-PGE)

The wholly-owned Eastmain West Property (32 claims; 17.0 km²) is located near the Eastmain River, 25 kilometres south of the Clearwater gold deposit belonging to Eastmain Resources and 290 kilometres north of Chibougamau.

Initial programs in 2005–2006 by Azimut's former partner IAMGOLD focused on gold but instead uncovered significant chromium (Cr) and platinum group element (PGE) mineralization. Azimut continued exploring the Eastmain West Property with a new focus on Cr-PGE after IAMGOLD terminated the option agreement in 2007 following a corporate decision to cease regional exploration activities in Quebec.

In 2010, Azimut conducted a self-funded exploration program that resulted in the discovery of high-grade chromium mineralization (up to 39% Cr₂O₃) and PGE values up to 1.9 g/t PGE within a 4-kilometre-long ultramafic intrusive body (press release of May 19, 2011). A total of 50 rock grab samples were collected and a magnetics-VLF survey covered 54 line-kilometres over the main target zones.

Mineralization occurs as two main rock types: (i) an ultramafic facies with grades ranging from 0.1% to 14.7% Cr₂O₃ and PGE values up to 0.14 g/t Pd+Pt (18 samples); and (ii) a chromite-rich facies in dykes or sills with grades ranging from 17.6% to 39.1% Cr₂O₃, and combined PGE values up to 1.9 g/t (21 samples). Samples of the latter have an average Cr:Fe ratio of 1.24, the highest ratio being 2.20. Two prospects have been identified on the Property, each exhibiting both types of mineralization. The **Sledgehammer Prospect** (up to 36.8% Cr₂O₃) can be traced for 100 metres within a magnetic high measuring 200 metres by 900 metres, whereas the **Dominic Prospect** (up to 39.1% Cr₂O₃) occurs in a magnetic low.

A preliminary mineralogical study shows very coarse chromite grains within a magnesium-rich aluminosilicate matrix. According to the study, a primary grind should be sufficient to easily liberate the chromite from the silicate gangue.

For Fiscal 2016, Azimut did not incur any amount in claim renewals (\$3,000 – Fiscal 2015), but did incur \$3,000 (\$6,000 – Fiscal 2015) in exploration work for technical evaluation and data interpretation. In 2017, Azimut will conduct a \$50,000 follow-up prospecting program.

AZIMUT-SOQUEM STRATEGIC ALLIANCE

On September 26, 2016, Azimut announced it had formed a Strategic Alliance with SOQUEM, a subsidiary of Investissement Québec, covering the James Bay–Eeyou Istchee region in Quebec. The objective of this four-year Alliance, covering a 176,300-km² surface area, is to identify, acquire and explore highly prospective gold targets.

The main terms of the Strategic Alliance are summarized as follows:

- Azimut provided SOQUEM with a Target Report identifying major gold targets based on a systematic mineral potential analysis, including advanced processing of geoscientific data and subsequent validation steps;
- SOQUEM selected four (4) targets, which were converted into properties at SOQUEM's cost; initial ownership in the properties is 50% Azimut / 50% SOQUEM;
- SOQUEM has the option to reserve additional targets that can be converted into properties during the Alliance under the same conditions as above;
- On the first four (4) targets, SOQUEM has the option to acquire Azimut's interest by investing a total of \$3 million in exploration work over four years, including diamond drilling; at this stage, Azimut will retain a 2% NSR royalty interest of which 0.8% can be bought back for \$800,000 in cash;
- On any additional targets, SOQUEM will also have the option to acquire Azimut's interest by spending \$750,000 per target over four years; Azimut will benefit from the same royalty interest as described above;
- In the event that SOQUEM does not complete its minimum investment for a given target, the target will become a joint venture project;
- On any proposed target not retained by SOQUEM, Azimut will have the right to explore the target alone or with third parties; and
- Azimut will be the manager of the Strategic Alliance.

In the framework of the Alliance, four properties—**Munischiwan, Pikwa, Pontois** and **Desceliers**—were acquired by map designation and comprise a total of 1,280 claims covering 658.3 km². Each partner owns a 50% interest in the projects. All four properties display strong multi-element geochemical footprints for gold in lake-bottom sediments, along with favourable geophysical, geological and structural criteria. Historically, these properties have seen little exploration for gold.

The Munischiwan, Pikwa and Pontois properties are located in the Archean La Grande Subprovince and straddle significant strike lengths of prospective volcano-sedimentary belts (5-30 km) and their faulted contacts with encasing intrusive rocks, namely tonalite-granodiorite complexes. The Desceliers Property is underlain by Archean rocks of the Opinaca Subprovince.

The **Munischiwan** Property (114 claims, 59.8 km²) is located about 85 km east of the Cree community of Eastmain, in an area serviced by road, power and airport infrastructure. The project covers part of the Lower Eastmain volcano-sedimentary belt. The property is marked by a well-defined As-Ag-Bi-Cu-Sb geochemical anomaly in lake-bottom sediments. A gold prospect (3.57 g/t Au and 1.37 g/t Au) is located near the property, on strike with this lake-bottom anomaly. The magnetic data and regional geological mapping indicate structural complexities (faults, two phases of folding) which could act as traps for gold mineralization.

The **Pikwa** Property (420 claims, 215.3 km²) is located 40 km east of the LG-3 hydroelectric infrastructure and 2 km south of the Trans-Taiga gravel highway. Centered on a strong linear E-W-trending As-Bi-Cu-Sb-W lake-bottom sediment anomaly, it coincides with volcano-sedimentary rocks of the La Grande belt in thrust contact with

tonalitic intrusions. Gold mineralization is known along strike, notably at the Golden Gap prospect (10.48 g/t Au over 7.0 m), located 4 km east of the eastern boundary of the property.

The **Pontois** Property (418 claims in 2 claim blocks, 213 km²) is traversed by the Trans-Taiga highway, immediately south of the LG-4 hydroelectric dam. It corresponds to a strong As-Sb-W signature in lake-bottom sediments. The volcano-sedimentary rocks and iron formations of the La Grande belt, bounding tonalitic intrusions and the distribution of several regional faults and shear zones provide a favourable geological and structural environment. This, coupled with the strong geochemical signature and the clearly under-explored nature of this target make it attractive for gold exploration.

The **Desceliers** Property (328 claims, 170.3 km²) is located 175 km east of provincial highway 167 which leads to the Renard mine (Stornoway Diamond Corp.). This 14 km by 14 km property is characterized by a strong geochemical signature in Au-As-Cu-W in lake-bottom sediments. This area has seen minimal past exploration and its geology is very poorly known. The geochemical footprint assemblage (an especially strong coincident gold-copper association), the size of this anomaly and the untested potential of the area render this target highly attractive.

ELSEWHERE IN THE JAMES BAY REGION

Six properties—**Valore, Duxbury, Dalmas, Orsigny, Sauvolles** and **Synclinal**— were acquired by map designation and comprise a total of 488 claims covering 253.8 km². Except for Valore, the five other properties cover targets identified during the James Bay mineral potential modelling performed for the Strategic Alliance. These five properties will be offered to SOQUEM and, for any retained property, SOQUEM will have the option to acquire Azimut's interest by investing \$750,000 per property over four years. At this stage, Azimut will retain a 2% NSR royalty interest of which 0.8% can be bought back for \$800,000 in cash.

The **Valore** Property (124 claims in 2 claim blocks, 64.8 km²) is located 185 km east of the Renard mine. Most of the claims forming this property were formerly-owned by Azimut. Located in the Opatica Subprovince, the property is in an area of poor geological coverage and has seen very limited historical exploration. A preliminary in-fill lake-bottom sediment sampling survey performed by Azimut in 2008 identified several strong gold anomalies, including 2.13 g/t Au and 2.12 g/t Au. A follow-up program is planned and will include a till survey and geological reconnaissance work.

The following properties are all located in the La Grande Subprovince, except for Synclinal which is located in the Opinaca Subprovince.

The **Duxbury** Property (158 claims, 83.2 km²) is a highly accessible project, located 5 km west of the James Bay road and about 70 km east of the Cree community of Eastmain. The property is characterized by a well-defined As-Bi-Sb anomaly in lake-bottom sediments. Gold showings are known along strike both to the east and west of the property, including some high-grade prospects (up to 176.6 g/t Au over 0.2 m about 9 km east of the project, and up to 113.4 g/t Au about 7 km to the west). Geological and magnetic data suggest a 10 km-long corridor of prospective stratigraphy on the property.

The **Dalmas** Property (63 claims, 32.2 km²) is situated 25 km south of the Trans-Taiga road, in the eastern part the James Bay region. The target is characterized by a strong As-Cu-Sb-W geochemical association in lake-bottom sediments. This anomaly is underlain by a small metasedimentary belt in contact with intrusive bodies.

The **Orsigny** Property (35 claims, 17.9 km²), located 45 km southwest of the Trans-Taiga road, covers an As-Ag-Bi-Cu-Sb-W anomaly in lake sediments. In addition to favourable geochemistry, this under-explored area displays favourable geological (mafic volcanics, intrusions) and structural (evidence of folding) contexts for gold mineralization.

The **Sauvolles** Property (76 claims, 39.0 km²), located 40 km south of the Trans-Taiga road, covers a strong As-Sb-W-Ba anomaly in lake-bottom sediments. This target corresponds to a narrow sheared greenstone belt, bordered by

intrusions. Past exploration is limited on the project, but gold potential is recognized laterally along strike (several prospects with values up to 9.4 g/t Au about 15 km northeast).

The **Synclinal** Property (32 claims, 16.8 km²) is located about 58 km southeast from the Eleonore gold mine, in the Opinaca Subprovince and close to the contact with the La Grande Subprovince. The target is characterized by a Bi-Sb anomaly in lake-bottom sediments underlain by a monzonite body. This context presents some analogies with the environment of the Eleonore mine, thus enhancing the interest of the target.

NUNAVIK REGION

Management believes Nunavik (the region in Northern Quebec above the 55th parallel) has significant potential for large-scale deposits of copper, gold, silver, tungsten, rare earth elements (REE) and uranium. The results of Azimut's 640,000-km² mineral potential assessment generated many quality exploration targets in Nunavik, several of them very large. The types of data used in the targeting process included multi-element lake-bottom sediment geochemistry, geophysics, geology and remote sensing. The Company's current land position comprises six (6) properties covering polymetallic or gold-only projects, and one (1) uranium property.

NUNAVIK – POLYMETALLIC

In 2009, Azimut identified very large and very strong geochemical footprints for copper and REE in Nunavik, Northern Quebec, and began acquiring the most significant targets that same year.

The Rex, Duquet, Rex South and NCG properties (collectively 1,959 claims; 846.4 km²) provide a commanding position over what the Company calls the **Rex Trend** (Figure 5), a strong 300-kilometre-long copper anomaly in lake-bottom sediments coupled with a strong 100-kilometre-long REE anomaly (press releases of March 31 and July 22, 2011). Management considers the Rex Trend to be a new mineral province with the potential to host large-scale deposits, including iron oxide copper-gold ("IOCG") deposits, intrusion-related polymetallic deposits and sediment-hosted gold deposits. The Rex Trend shares similarities with the Carajás Mineral Province in Brazil (press release of April 4, 2012).

Azimut has gained a key exploration edge in the region by virtue of the work conducted by the Company and its partners on the Rex Trend properties: 21,379 line-kilometres of airborne geophysics, 6,226 infill lake-bottom sediment samples, 7,628 prospecting rock samples, and 7,070 metres of standard rotary percussion ("rotary") and reverse circulation ("RC") drilling in 82 holes.

Rex Property (copper-gold-REE)

The wholly-owned 80-kilometre-long polymetallic Rex Property (717 claims; 306.0 km²) occupies the northern segment of the 300-kilometre Rex Trend, which is also covered by the Duquet, Rex South and NCG properties (Figure 5). Since announcing the initial copper discovery at Rex (press release of October 13, 2010), Azimut has identified more than 20 other copper or polymetallic (copper-gold-silver-cobalt-tungsten) prospects. Drilling results, supported by prospecting, geological, structural and geochemical data, have confirmed several multi-kilometre IOCG-type targets. Azimut is also investigating the potential for other mineralization types, including diamonds. The main zones and target types are summarized below.

Mineralized zones

The two main zones on the Rex Property, RBL and CM, were discovered during Azimut's initial exploration program in 2010 (Figure 5).

The **RBL Zone** (Figure 5) is at least 3 kilometres long by 50 to 200 metres wide, with a maximum grade to date of 11.3% Cu (grab sample). The preliminary 2011 drilling program (1,764 m in 23 short holes: 21 rotary, 2 RC) yielded the following best grades: 0.34% Cu over 4.58 metres, 0.13% Cu over 9.14 metres, 0.14% Cu over 13.72 metres, 0.64% Cu over 1.52 metres and 0.17% Cu over 6.10 metres (press release of February 9, 2012). An envelope of mineralization and alteration is recognizable over the entire zone, and the drilling program revealed

that copper values are frequently associated with anomalous values of cobalt and tungsten in a wide (up to 200 m) envelope containing anomalous barium, manganese, phosphorus and iron.

The **CM Zone** measures at least 2.5 kilometres long by 50 to 100 metres wide with a maximum grade to date of 4.3% Cu (grab sample; press release of October 13, 2010). An envelope of mineralization and alteration is recognizable over the entire zone at surface, and the 2011 drilling program (408 m in 6 short holes: 5 rotary, 1 RC) revealed a strong alteration system 150 metres wide, containing anomalous copper, cobalt, tungsten, molybdenum, barium, manganese, phosphorous and iron values (press release of February 9, 2012).

The mineralization of both zones is present as breccias hosted by migmatitic gneisses. The breccias contain chalcopyrite, bornite and pyrite (\pm covellite) and networks of magnetite and/or hematite with or without quartz veins/veinlets. Alteration is dominated by strong potassic alteration and pervasive silicification locally accompanied by albite, chlorite and epidote. Anomalous values in gold (up to 0.16 g/t Au at RBL), silver (up to 5.0 g/t Ag at RBL and up to 9.0 g/t Ag at CM) and cobalt (up to 1,130 ppm Co) were announced for surface grab samples collected during the 2010 program (press release of October 13, 2010).

The geological context of the RBL and CM zones (large alteration and breccia systems spatially associated with regional-scale structures) suggest significant depth to the systems, and both zones show excellent potential for extensions based on their strong magnetic signatures and geochemical footprints in lake-bottom sediments. Azimut considers them to be significant IOCG-type targets. Furthermore, the two zones, spaced 27 kilometres apart, demonstrate the regional scale of mineralization on the Rex Property.

A number of other prospects on the Rex Property, several of them kilometre-scale, have also yielded significant grades for copper (up to 4.4% Cu), gold (up to 16.2 g/t Au and 580.0 g/t Au), silver (up to 196.0 g/t Ag), tungsten (up to 0.87% W), molybdenum (up to 0.65% Mo), rhenium (up to 0.91 g/t Re) and bismuth (up to 285 ppm Bi) (press releases of February 9, 2012 and October 12, 2010). In addition, results in the southern part of Rex revealed a 4-kilometre trend defined by anomalous barium values (up to 11.95% Ba) within a strong, 13-kilometre copper-molybdenum-cobalt-REE-manganese footprint in lake-bottom sediments. This area represents a top-priority IOCG target.

Mineral potential assessment

Azimut's management is of the opinion that the Rex Property has the potential to become an important metal district in Northern Quebec. Field work and analytical results to date validate Azimut's assessment of the Rex Property as highly prospective for IOCG-type deposits. The IOCG deposit-type encompasses a wide spectrum of ore bodies, often polymetallic and of significant size, which may notably produce iron, copper, gold, uranium, silver, cobalt and REE. The best known IOCG example is Olympic Dam in Western Australia, one of the largest known deposits in the world. Other prospective zones on the Rex Property may be related to deposit types typical of Archean greenstone belts, such as copper-gold mineralization in shear zones and volcanogenic massive sulphides. In addition, the 2010–2011 programs revealed strong exploration potential for diamonds. The ongoing assessment takes into account the results of an infill multi-element lake-bottom sediment program, a detailed aeromagnetic survey, a structural interpretation, and prospecting work on for newly discovered ultramafic intrusive rocks and carbonatite dykes (press release of February 9, 2012). The Rex, Duquet, Rex South and NCG properties cover a deep-seated structural corridor (the "Allemand-Tasiat Zone"), which has been recognized as prospective for diamonds by the Ministry of Energy and Natural Resources of Quebec.

Exploration work

The 2011 exploration program was part of Azimut's self-funded \$3.9-million combined exploration program for the Rex and NCG properties. The program comprised the following: ground-based geophysical surveys (49.2 line-km of IP and 122.3 km of magnetics) to better define drilling targets on the RBL and CM zones; infill lake-bottom sediment sampling (614 samples) to further define targets in the western part of the project; 1,116 grab rock samples from outcrops and boulders during property-wide prospecting; and 2,172 metres of reconnaissance drilling. The drilling program consisted of 29 short holes (2,113 m in 26 rotary holes, and 59 m in 3 RC holes) from which 1,382 drill samples were sent for analysis. Results were published in the press release of February 9, 2012.

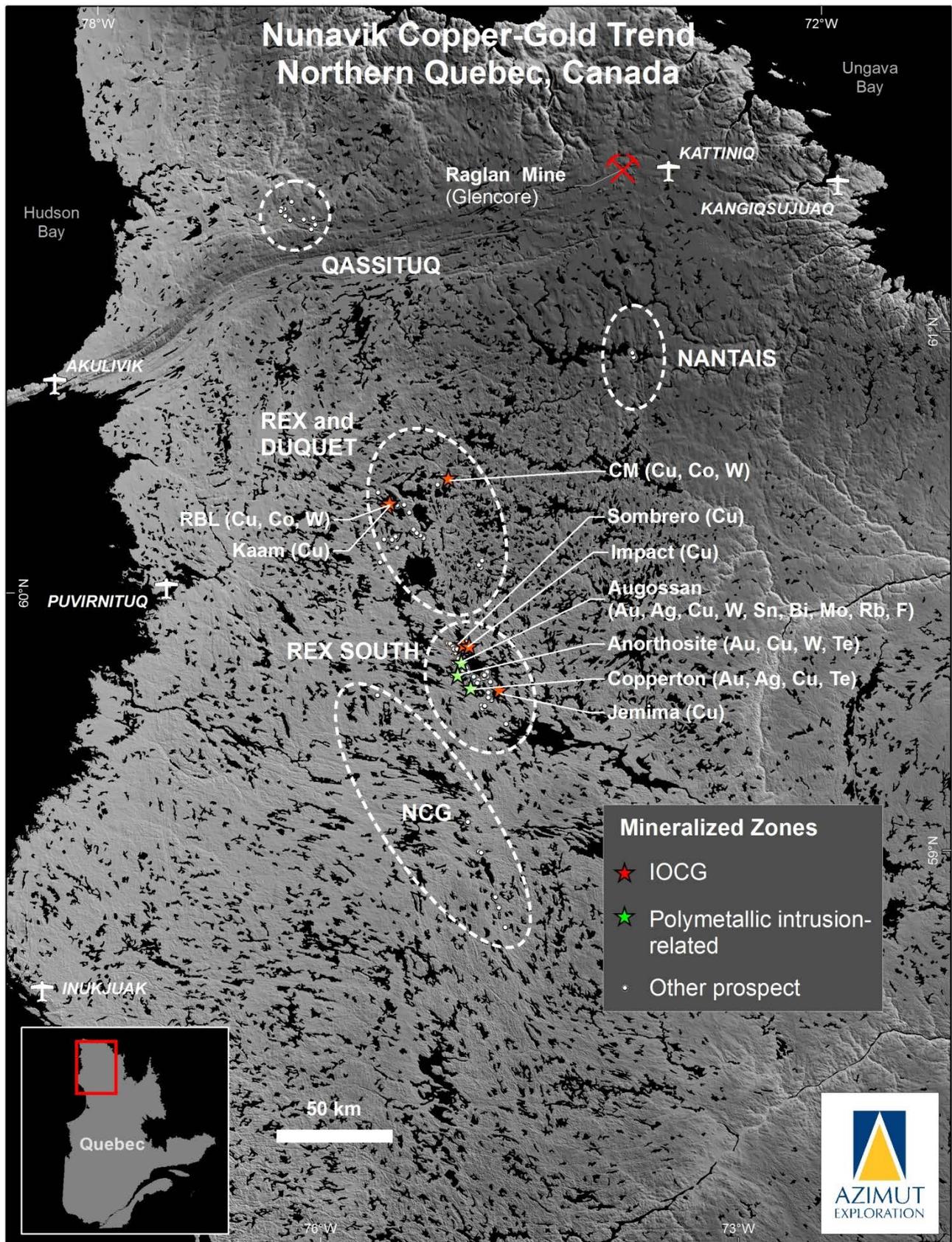


Figure 5: Location of Azimut’s wholly-owned properties in Nunavik. The Rex Trend comprises the Rex, Duquet, Rex South and NCG properties.

In 2012, Azimut's self-funded \$765,000 Nunavik program, which included the Rex Property, was designed to increase the sampling density on known quality mineralized zones, and to perform reconnaissance prospecting on newly defined targets. A total of 175 rock grab samples were collected on the Rex Property.

For Fiscal 2016, Azimut incurred \$73,000 (\$1,000 – Fiscal 2015) in claim renewals and \$21,000 (\$78,000 – Fiscal 2015) in exploration work for technical evaluation and data interpretation. Azimut might pursue its assessment of the Rex project in 2017 on its own if financial conditions are adequate or through partnership.

Duquet Property (gold-silver-copper)

In 2015, Azimut acquired the Duquet Property (Figure 6) from joint owners Osisko Gold Royalties Ltd (through the wholly-owned subsidiary Osisko Exploration James Bay Inc.), Newmont Northern Mining ULC and SOQUEM (press release of October 7, 2015). All the rights, titles and interests in the Duquet Property were transferred to Azimut in consideration of an aggregate 2.25% net smelter return royalty ("NSR") on the Property, with a 0.75% NSR granted to each of the three previous joint owners.

The Duquet Property (30 claims, 12.8 km²; 2 blocks) is entirely positioned within the Rex Property, together forming the northern segment of the Rex Trend. The Duquet Property hosts significant gold and copper mineralization, including the following historical grab and channel results:

- Gold: 74.75 g/t Au, 56.78 g/t Au, 34.29 g/t Au, 16.08 g/t Au, 12.58 g/t Au and 11.4 g/t Au (grabs)
- Silver: 552.9 g/t Ag and 331 g/t Ag (grabs), and 64 g/t Ag over 1.5 metre (channel)
- Copper: 10.38% Cu, 2.9% Cu and 1.51% Cu (grabs), and 6.4% Cu over 1.5 metre (channel)

The Duquet Property adds excellent prospects on strike with known major targets on the Rex Property, and provides a more complete coverage of the strong regional-scale lake-bottom sediment copper and REE anomaly that is the target of the Rex Property.

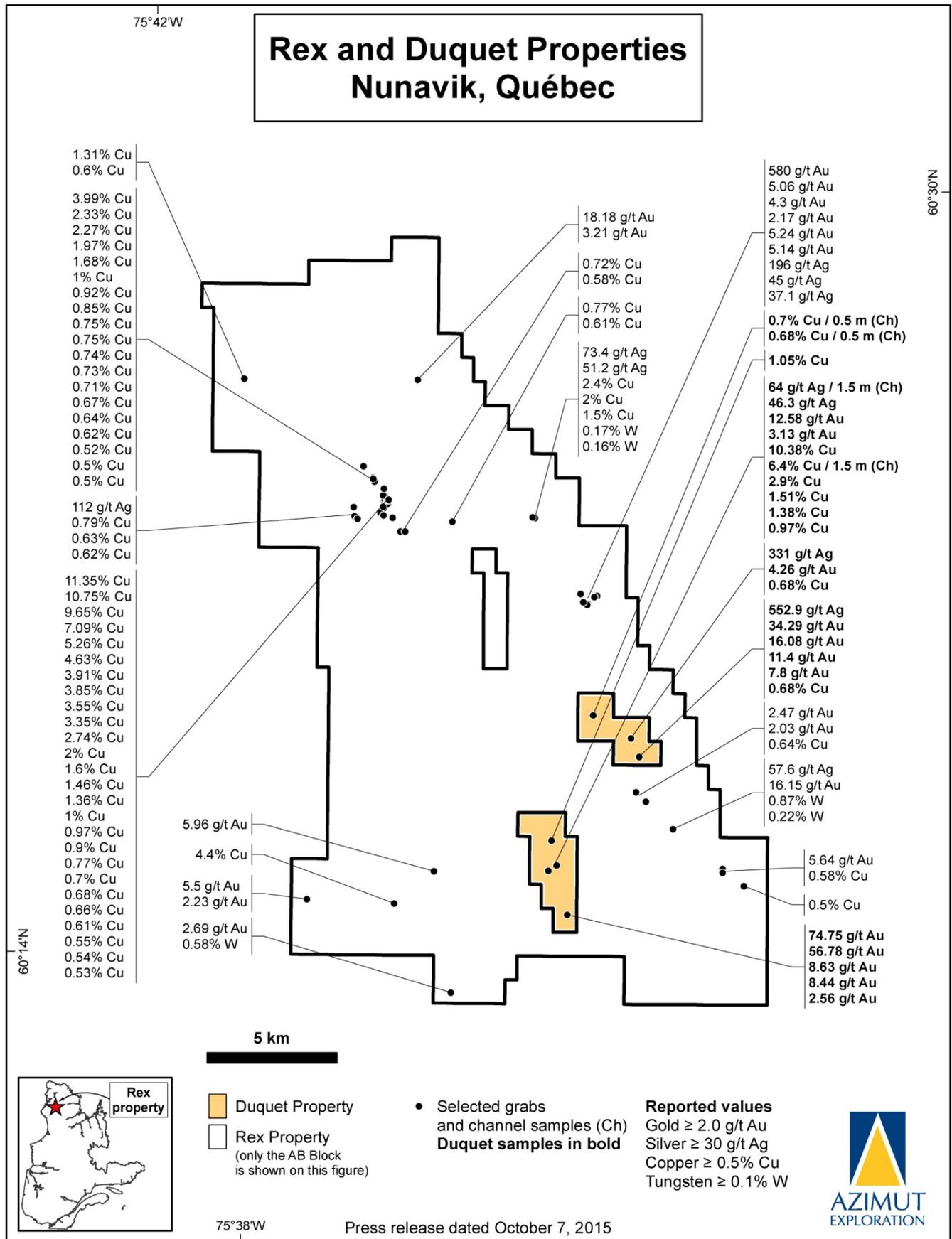


Figure 6: Rex and Duquet properties. Note: this figure only shows the AB Block of the Rex Property.

Rex South Property (copper-gold- tungsten)

The wholly-owned polymetallic Rex South Property (1,203 claims, 523.6km²) occupies the middle segment of the 300-kilometre Rex Trend (Figure 5).

Exploration programs

In 2012, Azimut completed a self-financed \$360,000 exploration program in Nunavik that included infill grab sampling on two large zones of the Rex South Property. Results were published in press releases dated September 13, 2012 and October 4, 2012 (see below for details). In 2011, Azimut's former partner Aurizon Mines Ltd operated a jointly designed comprehensive exploration program to follow up on the results of Azimut's 2010 program comprising property-wide airborne geophysics (5,410 line-km), a detailed lake-bottom sediment geochemical survey (765 samples) and prospecting. The 2011 program consisted of ground-based geophysical surveys (53.9 line-km of IP and 149.5 km of magnetics), 257 infill lake-bottom sediment samples, 2,530 prospecting samples, 145.35 metres of channel samples (149 samples from 16 channels) and 4,934 metres of drilling in 53 holes on two zones (4,467 m of rotary and 467 m of RC; total of 3,171 samples). Results were published in press releases dated October 31, 2011 and April 4, 2012 (see below for details).

Mineralized zones

The above work yielded more than 30 new mineralized zones and prospects on Rex South (Figure 7). The most important are discussed below.

The **Augossan Zone** (gold-silver-copper-tungsten-tin) represents the first reported occurrence of significant tungsten grades in the Nunavik region. Other commodities of interest are bismuth, tantalum, beryllium, rubidium, molybdenum, rhenium, tellurium and lithium.

The Augossan Zone represents a large polymetallic envelope at the contact between a fluorite-topaz-bearing granitic intrusion (the **Qalluviartuuq Intrusive Complex**) and volcano-sedimentary rocks. It is 7,000 metres long and 100 to 350 metres wide, as defined by drilling, channelling and prospecting data. It remains open in all directions, notably toward the intrusion.

The best grades among 78 grab samples collected in 2012, mostly from outcrops, are as follows:

Copper (%)	Tungsten (%)	Gold (g/t)	Silver (g/t)	Sample #
0.84	1.03	-	31.4	L253840
1.71	0.02	1.3	17.9	L253842
1.27	0.18	-	45.1	L253839
0.37	0.21	0.6	62.3	L253836
0.09	1.35	0.4	-	L253803
1.08	0.02	0.6	9.0	L253849

The results for the 788 grab samples collected from this zone from 2010 to 2012 can be summarized as follows:

- Copper: 136 samples returned grades higher than 0.1% Cu, including 25 samples with grades ranging from 0.5% to 2.56% Cu
- Tungsten: 71 samples returned grades higher than 0.05% W, including 49 samples with grades ranging from 0.1% to 4.62% W
- Gold: 141 samples returned grades higher than 0.1 g/t Au, including 28 samples with grades ranging from 1.0 g/t to 23.3 g/t Au
- Silver: 209 samples returned grades higher than 1.0 g/t Ag, including 49 samples with grades ranging from 10.0 g/t to 90.0 g/t Ag

Channel sampling highlights from 2011 included the following: 13.75 g/t Au, 15.8 g/t Ag and 0.23% Cu over 1.1 metre; 3.15% W over 1 metre; and 0.64% W over 3 metres. Channels were cut at 90 degrees to the apparent orientation of mineralization.

Drilling highlights from 2011 include the following: 0.14% W over 15.24 metres with an interval of 4.20 g/t Ag, 893 ppm Bi, 0.12% W, 0.35% Cu over 7.62 metres; 1.28 g/t Au, 8.41 g/t Ag, 0.12% Cu over 6.1 metres; 1.10 g/t Au, 2.60 g/t Ag over 9.14 metres; 0.56% W, 2.84 g/t Ag, 0.11% Cu over 1.52 metres. True widths of the drilling intervals were estimated to be approximately 75% to 100% of core length.

The gold-copper-tungsten **Anorthosite Zone** was discovered in 2010 several kilometres south of the Augossan Zone. A few reconnaissance holes and prospecting data outlined a preliminary envelope 4 kilometres long by 200 metres wide with Au, Ag, Cu, W and Te mineralization.

The **Copperton Zone**, discovered about 5 kilometres southeast of the Anorthosite Zone, is 3,500 metres long by 20 to 100 metres wide. The zone's characteristic chalcopyrite and pyrite mineralization occurs as disseminations, veinlets and massive sulphide lenses hosted in a variably sheared, steeply dipping feldspathic intrusion, as well as amphibolites and gneissic metasediments. Results from the 2012 infill sampling program revealed consistent copper-gold-silver grades within the known envelope. The best grades among the 218 grab samples are as follows:

Copper (%)	Gold (g/t)	Silver (g/t)	Sample #
7.37	3.86	56.9	L253563
2.17	9.56	31.4	L253585
1.19	1.96	11.5	L253742
0.74	4.62	4.46	L253549

The results for all 273 samples collected from Copperton Zone in 2011 and 2012 can be summarized as follows:

- Copper: 91 samples returned grades higher than 0.1% Cu, including 32 samples ranging from 0.5% to 9.28% Cu
- Gold: 89 samples returned grades higher than 0.1 g/t Au, including 19 samples ranging from 1.0 g/t to 9.56 g/t Au
- Silver: 77 samples returned grades higher than 1.0 g/t Ag, including 14 samples ranging from 10.0 g/t to 82.7 g/t Ag

Several samples returned significant tellurium (up to 38.4 g/t Te) and cobalt values (up to 500 ppm Co).

The **Aura-Pegor Zone**, 2 kilometres long, is characterized by disseminated pyrite and strong alteration, including tourmaline in veinlets or stockworks accompanied by silica and albite. Grab sample assays include 15 samples with grades ranging from 0.5 g/t Au to 11.75 g/t Au. In addition, this zone presents anomalous values in copper (up to 0.37% Cu), tungsten (up to 0.06% W), bismuth (up to 0.14% Bi) and tellurium (up to 34 g/t Te).

The **Jemima Zone** forms a mineralized corridor 2 kilometres long by 30 to 100 metres wide, characterized by disseminated to semi-massive chalcopyrite and bornite associated with hematite-magnetite in veins, veinlets or breccia cement, accompanied by strong pervasive potassic alteration, silica, chlorite and epidote. Mineralization and associated alteration are related to a brittle structure that clearly crosscuts the Archean gneissic country rocks. Assays for 15 grab samples ranged from 0.5% to 2.86% copper, up to 0.17% molybdenum and up to 0.422 g/t rhenium.

Evidence of large-scale systems and comparison to other mineral provinces

Overall, the Rex South Property demonstrates evidence for two types of district-scale mineralized systems:

1. A system mainly emplaced around the ovoid-shaped, fluorite-topaz-bearing Qalluivartuuq Intrusive Complex measuring 15 kilometres by 5 kilometres. This includes the Augossan, Anorthosite and Copperton zones, and the Pegor, Ferrus, Dragon and Le Breuil prospects. Considerable additional exploration potential exists along the 30-kilometre contact between the intrusion and the volcano-sedimentary host rocks, as well as within the intrusion itself. This 30-kilometre prospective trend is marked by a linear magnetic anomaly around the intrusion. The Aura-Pegor and Le Breuil zones, both characterized by abundant tourmaline and lesser fluorite, may represent a less eroded part of the system (possible roof zones) along the NW and SE extensions of the Augossan trend.

2. IOCG mineralization associated with brittle structures and characterized by copper-dominant values accompanied by hematite and pervasive potassic alteration, represented by the Jemima Zone and the Sombrero and Impact prospects. The Larissa, Agaku-1, Agaku-2, Agaku-4 prospects may also represent IOCG mineralization.

A comparison can be made between the context of the Rex Trend and the world-class Carajás Mineral Province in Brazil. The latter hosts several large IOCG deposits (Sossego, Salobo, Alemao, Gameleira and Cristalino) and intrusion-related Cu-Au-(W-Bi-Sn) and W deposits (Breves, Aguas Claras) associated with anorogenic granite intrusions. The ages for the Carajás IOCG deposits range from Archean (2.77 Ga) to Paleoproterozoic (1.73 Ga), and the intrusion-related Breves deposit is Paleoproterozoic (1.88 Ga). The Breves deposit (50 Mt @ 1.22% Cu, 0.75 g/t Au, 2.4 g/t Ag, 0.12% W, 70 ppm Sn, 175 ppm Mo, and 75 ppm Bi) has a number of features in common with the Qalluviartuuq mineralized system at Rex South, particularly the presence of fluorite, tourmaline, chalcopyrite, pyrite, arsenopyrite, wolframite, cassiterite, bismuthinite and native bismuth.

For Fiscal 2016, Azimut incurred \$110,000 in claim renewals (\$24,000 – Fiscal 2015) and \$28,000 (\$93,000 – Fiscal 2015) in exploration work for technical evaluation and data interpretation. The assessment of the project requires follow-up airborne geophysics, prospecting, drilling on previous drill intersections and new targets, with particular focus on the Copperton, Augossan and Jemima zones. Azimut might pursue its assessment of the Rex South Property in 2017 on its own if financial conditions are adequate or through partnership.

NCG Property (copper-gold)

The NCG Property (9 claims; 4.0 km²) forms the southern end of the Rex Trend. Several attractive targets with comparable footprints to mineralized zones on Rex and Rex South were the focus of an intense field reconnaissance program in 2011 and a smaller program in 2012. The property-wide 2011 program produced 2,584 infill lake-bottom sediment samples and 746 rock grab samples, mostly from outcrops or slightly displaced boulders (press release of May 8, 2012). The most notable prospecting results were for gold (63 samples returned grades higher than 0.1 g/t Au, including 21 samples ranging from 1.0 g/t to 26.1 g/t Au), silver (36 samples returned 1.0 g/t to 33.8 g/t Ag) and copper (21 samples returned 0.1% to 0.66% Cu). Elevated values for tungsten (up to 0.77% W), molybdenum (up to 0.68% Mo) and rhenium (up to 0.27 g/t Re) were also obtained. Azimut's self-funded \$360,000 program in 2012 was designed to increase the sampling density on already known quality mineralized zones and to perform reconnaissance prospecting on newly defined targets.

For Fiscal 2016, Azimut did not incur any amount for claim renewals (\$1,000 – Fiscal 2015) or exploration work (\$3,000 – Fiscal 2015). The claims are still in good standing, but the NCG Property was fully impaired because Azimut elected to no longer pursue its assessment of the project due to the difficult commodity markets and the absence of a partner to option the property.

Qassituq Property

In 2012, Azimut acquired the copper-gold Qassituq Property in Northern Nunavik based on the Company's systematic data processing of the region (press release of January 17, 2013). The wholly-owned property (79 claims, 32.5 km²) lies to the north of the Cape Smith Belt at a distance of 85 kilometres from Salluit, an Inuit village on the Arctic Ocean, and 145 kilometres west of Glencore's world-class Raglan nickel mine (see Figure 5).

The Qassituq Property displays very strong lake-bottom sediment anomalies, most notably arsenic and/or copper. It contains several historical mineralized prospects with grab sample grades up to 4.13% Cu and 2.94 g/t Au. Qassituq also displays a strong potential for platinum group elements (PGE) related to its ultramafic lithologies. A historical diamond drill hole intersected 0.75 g/t Pd, 0.29 g/t Pt and 0.18 g/t Au over 15 metres (hole H-8-97).

For Fiscal 2016, Azimut incurred \$6,000 (\$2,000 – Fiscal 2015) in claim renewals and \$3,000 (\$21,000 – Fiscal 2015) in exploration work for technical evaluation and data interpretation. Azimut might pursue its assessment of the Qassituq Property in 2017 on its own if financial conditions are adequate, or through partnership.

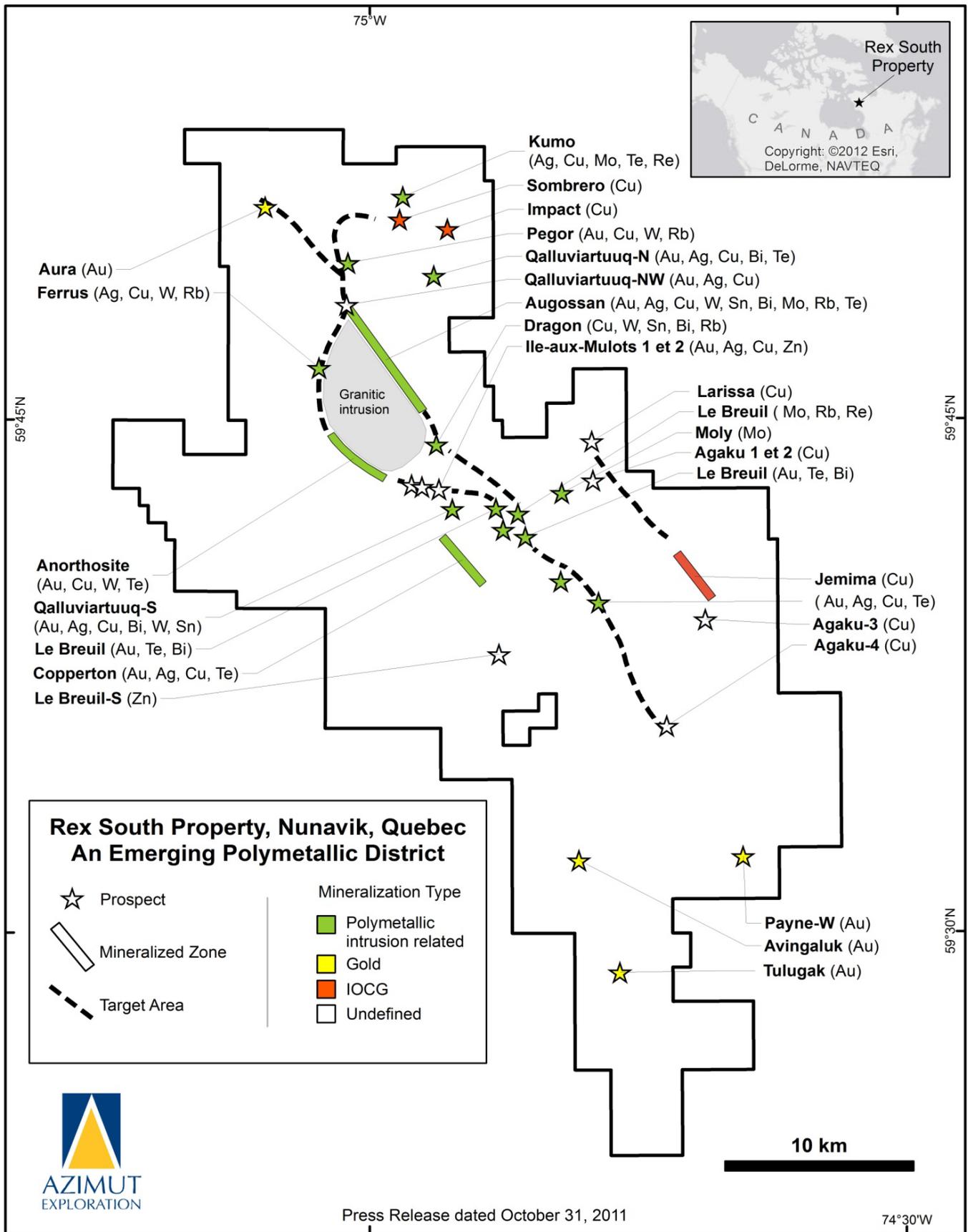


Figure 7: Main mineralized zones on the wholly-owned Rex South polymetallic (Cu-Au-W) property, one of four Azimut properties covering the Rex Trend in Northern Quebec.

NUNAVIK – GOLD

Nantais Property

The wholly-owned Nantais gold property (286 claims; 120.7 km²) lies about 80 kilometres south of Glencore's Raglan nickel mine and 115 kilometres southwest of the Inuit village of Kangiqsujuaq (see Figure 5). Azimut conducted prospecting programs in 2011 and 2012, yielding 152 grab samples and the discovery of two new gold prospects: 16.7 g/t Au from an outcrop sample and 26.1 g/t Au from a near-source boulder (press release of April 19, 2012; Figure 8). To date, mineralization has been recognized along a 3-kilometre prospective trend, open in all directions, which includes three historical prospects. Mineralization is hosted within a steeply dipping north-trending unit of mafic and felsic volcanic rocks belonging to the Nantais Complex of the Minto Block, a geological division of the Archean Superior Province. The results and geological context indicate an excellent potential for gold-rich polymetallic volcanogenic massive sulphide deposits.

The best results are as follows (press release of September 18, 2012):

Gold (g/t)	Silver (g/t)	Copper (%)	Sample #
15.15	31.30	0.86	J351726
15.50	4.53	0.10	J351722
9.98	9.26	0.06	J351723
2.21	66.10	0.80	J351728
1.83	41.50	0.45	J351717

Many samples also returned anomalous zinc (up to 2.26% Zn) and lead values (up to 1.29% Pb). The results for all 152 samples collected from the Nantais Property in 2011 and 2012 can be summarized as follows:

- Gold: 31 samples returned grades higher than 0.1 g/t Au, including 14 samples ranging from 1.0 g/t to 26.10 g/t Au
- Silver: 93 samples returned grades higher than 1.0 g/t Ag, including 15 samples ranging from 10.0 g/t to 99.30 g/t Ag
- Copper: 17 samples returned grades from 0.1% to 0.86% Cu

In 2014, Azimut continued to assess the potential of the Nantais Property through a helicopter-borne VTEM-Plus time-domain electromagnetic survey and high-resolution magnetic survey covering 998 line-kilometres at a spacing of 200 metres. The objective was to advance the project to the drilling stage by delineating high-quality conductors superimposed on or along strike with known mineralized prospects and structures. Electromagnetic anomalies with a cumulative length of 18.4 kilometres have been identified on 23 distinct conductors. These include a number of conductors forming an envelope 1.2 kilometres long by up to 900 metres wide, coincident with a mineralized corridor 3 kilometres long and up to 200 metres wide, which was previously outlined by Azimut (press releases of August 27 and September 29, 2014).

Nantais Property, Nunavik, Québec

73°34'W

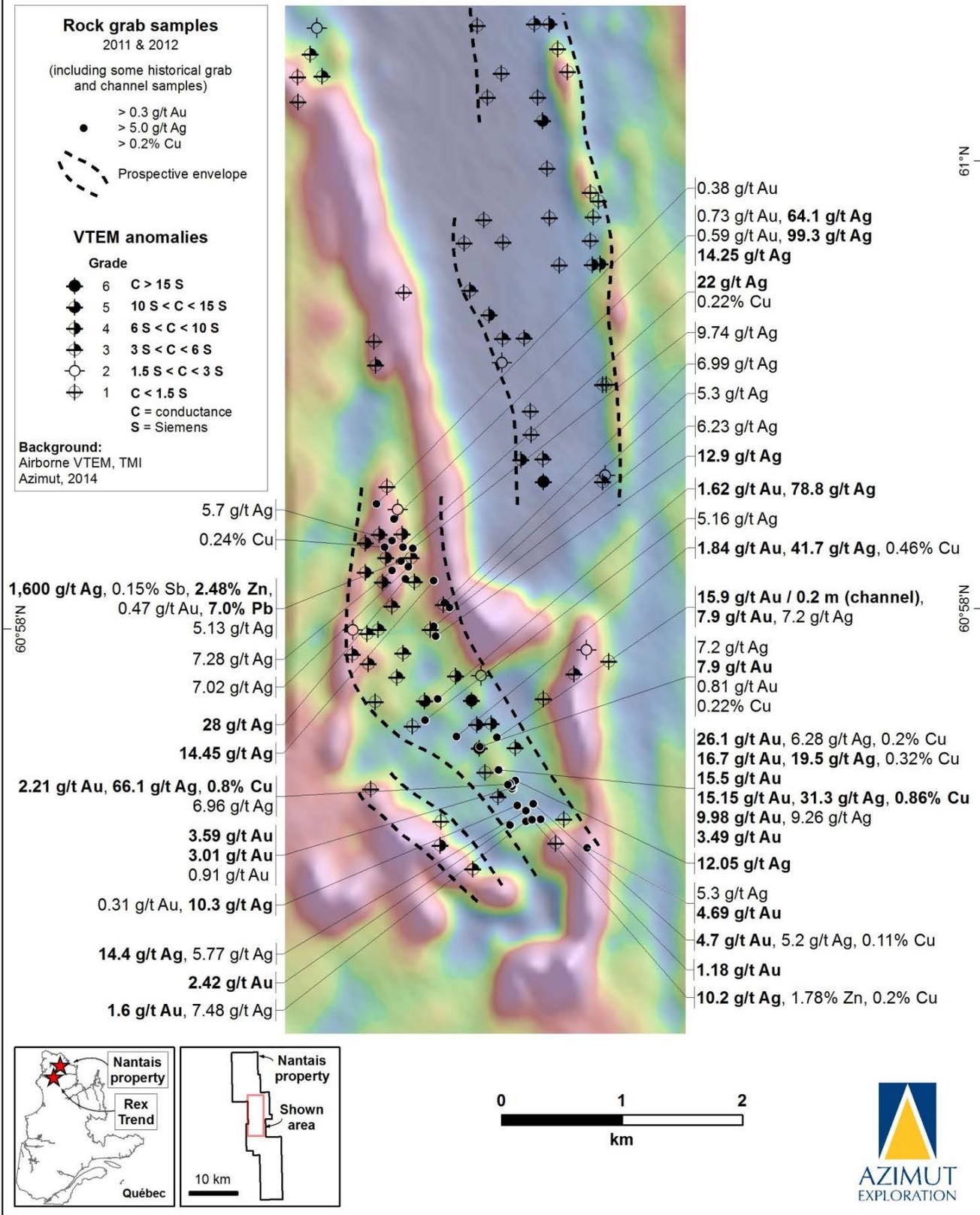


Figure 8: Map of the main mineralized zones (Au, Ag, Cu-Zn) on the Nantais Property in Nunavik, Northern Québec.

NUNAVIK – URANIUM

North Rae Property

Azimut considers Nunavik to be highly prospective for large-tonnage uranium deposits related to intrusive rocks in high-grade metamorphic environments. Azimut's only uranium property in Nunavik - the North Rae Property (3 claims, 1.4 km²) - is located in a part of the eastern Ungava Bay region that management considers to be a new uranium province in Canada. The major uranium company AREVA also has a land position in the same area.

The North Rae Property is located about 20 kilometres from the coastal town of Kangiqsualujjuaq and 160 kilometres northeast of the town of Kuujuaq. It covers uranium targets along the contact between the Proterozoic metasedimentary rocks of the Lake Harbour Group and the Archean granitized basement. The potential of the North Rae Property is based on its geochemical signature, the association with anatectic granites and the spatial relationship with deep-seated structures. On the nearby Cage Property, AREVA drilled more than 10,000 metres in 2009 and reported 14 mineralized zones with grades up to 9.34% U₃O₈, mostly hosted in metasedimentary rocks of the Lake Harbour Group, which it called "an important uranium-thorium province" in a report filed in 2007.

The exploration model is a large-tonnage, disseminated uranium deposit hosted by an intrusion and its country rocks. A well-known example of this type is Rössing in Namibia, one of the world's largest uranium mines. Proximal secondary concentrations along late syn-intrusive to post-intrusive brittle or ductile-brittle faults are also considered. North Rae shares strong similarities with the footprints of several major uranium sites in Quebec, and with the neighbouring Central Mineral Belt in Labrador, a well-known prospective region for uranium.

From 2006 to 2009, a dozen mineralized zones were discovered at surface on the North Rae Property and in its vicinity (former properties held by Azimut), with a cumulative length of 17 kilometres and grades up to 3.3% U₃O₈. The zones show excellent spatial correlation with uranium anomalies identified by geophysical surveys flown over the North Rae Property and other former adjacent properties. Many targets have yet to be field-tested, and many mineralized zones remain open. No major work has been performed on the North Rae Property since 2009 given the volatility of the uranium market, the major nuclear incident at Fukushima in March 2011, and the current uncertainty regarding the development of uranium projects in Quebec.

The North Rae uranium project benefits from several strategic advantages, notably the potential for a large and shallow resource base amenable to open pit mining, and the short distance to port facilities on the Ungava Bay coast, which are near deep sea water, a permanent airport and other infrastructure.

For Fiscal 2016, Azimut did not incur any amount for claim renewals (\$1,000 – Fiscal 2015) or exploration work for technical evaluation and data interpretation (\$Nil – Fiscal 2015). The North Rae Property was fully impaired in Fiscal 2014 because no E&E expenditures were planned due to the uncertainty surrounding the uranium industry in Quebec.

REGIONAL MODELLING AND PROJECT GENERATION

Azimut continues to pursue its mineral potential modelling of several regions in Quebec with the objective of generating new projects, most notably for gold and copper. Opportunities in other regions and for other commodities are also considered.

PERSPECTIVE

The following table presents the status of the current work programs on Azimut's properties and the planned exploration programs for 2017.

Azimut maintains its conservative business approach by minimizing equity dilution and preserving its cash position, especially in the current context of the mining industry. Azimut's strategy is to focus on developing new partnerships in Quebec in order to safeguard the value added to Azimut's projects. The Company also continues to assess quality exploration opportunities based on its systematic data processing approach.

The Company is maintaining its long-standing exploration focus in the James Bay region, primarily with its gold properties in the Opinaca Reservoir (Eleonore Gold Camp) and Eastmain River areas. The Company also continues to hold a commanding position over the Rex Trend, the 300-kilometre-long mineral belt in Nunavik containing major gold-polymetallic targets.

Management believes the Company has adequate financial resources to keep its properties in good standing and to pay its ongoing general and administrative expenses.

JAMES BAY REGION		
Property	Status	2017 planned work program
Opinaca A (gold)	Priority targets identified	Drilling stage 50% funding – Till sampling program
Opinaca B (gold)	Priority targets identified	Drilling stage Partner-funded program – Prospecting and mechanical trenching
Opinaca D (gold)	Targets identified	Prospecting and till sampling
Eleonore South (gold)	Technical assessment underway	Drilling stage Program funded by the three-way JV – Prospecting and drilling
Wabamisk (gold)	Technical assessment underway	Drilling stage Partner-funded program to be defined
Eastmain West (chromium, platinum, palladium)	Priority targets identified	Prospecting and sampling
Munischewan (gold)	Technical assessment underway	Reconnaissance stage Partner-funded program
Pikwa (gold)	Technical assessment underway	Reconnaissance stage Partner-funded program
Pontois (gold)	Technical assessment underway	Reconnaissance stage Partner-funded program
Desceliers (gold-copper)	Technical assessment underway	Reconnaissance stage Partner-funded program
Valore (gold)	Technical assessment underway	Reconnaissance stage Till sampling and prospecting

NUNAVIK REGION		
Property	Status	2017 planned work program
Rex (copper, gold, silver, REE)	Priority targets identified	Programs may include airborne geophysics, prospecting, and drilling
Rex South (gold, silver, copper, tungsten)	Priority targets identified	These programs would be performed within the framework of a new partnership
Nantais (gold, silver, copper, zinc)	Priority targets identified	Program may include prospecting, ground geophysics and drilling These programs would be performed within the framework of a new partnership
Duquet (gold, silver, copper)	Reassessment in progress	To be determined
Qassituq (PGE, copper, gold)	Priority targets identified	To be determined

SELECTED FINANCIAL INFORMATION

	August 31,		
	2016 (\$)	2015 (\$)	2014 (\$)
Expenses			
General and administrative	353,223	485,090	408,204
General exploration	125,116	124,235	15,730
Impairment of property and equipment	100,000	8,290	-
Impairment of exploration and evaluation assets	-	2,800,255	2,097,056
Finance costs, net of interest income	(14,341)	(7,353)	11,455
	563,998	3,410,517	2,532,445
Other gains	(267,826)	(55,677)	(42,385)
Recovery of deferred income taxes	-	-	(50,000)
Net loss for the year	296,172	3,354,840	2,440,060
Other comprehensive income	-	4,501	32,640
Basic and diluted loss per share	0.01	0.09	0.07

RESULTS OF OPERATIONS

FISCAL 2016 COMPARED TO FISCAL 2015

Azimut reported a loss of \$296,000 for Fiscal 2016 compared to \$3,355,000 for Fiscal 2015². The variations are as follows:

Operating Expenses

General and administrative expenses amounted to \$353,000 in Fiscal 2016 compared to \$485,000 in Fiscal 2015. The decrease in Fiscal 2016 is mainly due to the net effect of the following:

- A reduction in salary of \$38,000 due to the following: \$16,000 less in salary payments for an employee who was on sick leave; an agreed reduction in compensation of \$11,000 to management in order to conserve resources for the Company's exploration activities; and \$11,000 worth of additional time allocated to general exploration for the assessment of new opportunities in Quebec.
- An increase of \$10,000 in professional expenses for increased business activity.
- A reduction in administration and office expenses and travel and entertainment expenses due to cost-saving measures.
- Stock-based compensation costs of \$Nil compared to \$99,000 in 2015, attributable to the fair value of stock options granted and vested. This expense does not affect cash.

General exploration expenses were \$125,000 in Fiscal 2016 compared to \$124,000 in Fiscal 2015. The 2016 assessment work was mainly conducted in the Province of Quebec, whereas the 2015 general assessment work was related to potential opportunities in other regions.

There was a charge of \$Nil in Fiscal 2016 (\$2,800,000 – Fiscal 2015) related to the impairment of E&E assets. Based on an impairment analysis performed in Fiscal 2016, no impairments were deemed necessary on E&E assets. The Company has the financial ability to keep its properties in good standing and has no intention of abandoning claims. In Fiscal 2015, the Company's polymetallic properties were impaired by \$2,736,000 and one gold property by \$63,000 because no E&E expenses had been budgeted and some claims had been abandoned or were not expected to be renewed. In addition, the North Rae uranium property was fully impaired by \$1,000 following the Company's decision to let the remaining claims lapse due to the uncertainty surrounding the uranium industry in Quebec.

In 2016, the Company estimated that the recoverable amount of the property and equipment in the Nunavik region, which consists of fuel and materials needed to build a fully equipped field camp, is \$Nil (\$100,000 in 2015), and consequently the property and equipment was fully impaired.

Following the abandonment of the NCG property in 2015, the future economic benefits associated with the NCG camp no longer exist and consequently the NCG camp is fully impaired.

Other gains and losses

The Company reported other gains of \$268,000 for Fiscal 2016 compared to \$56,000 for Fiscal 2015. The changes were primarily attributable to the net effect of the following:

- A \$199,000 gain arising from changes in fair value of the Company's investments, of which \$176,000 is attributable to investment in Nemaska Lithium Inc. In Fiscal 2015, the gain or loss arising from changes in fair value of the Company's investments, were recognized in other comprehensive income (loss).
- \$11,000 of management income earned for the Company's role as the operator of joint venture properties, mainly for the Eleonore South property.

² For ease of reading and comparison, dollar amounts in this MD&A are rounded to the nearest thousand for amounts over \$1,000, and to the nearest hundred otherwise, except for equity prices and exercise prices. Refer to the Fiscal 2016 financial statements for exact amounts.

Other comprehensive income for Fiscal 2016 was \$Nil compared to \$5,000 for Fiscal 2015. The decrease was due to the fact that the Company elected to early adopt the requirements of IFRS 9 – *Financial Instruments* (“IFRS 9”) with a date of initial application of September 1, 2015. The Company’s investments 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.

OTHER INFORMATION

	August 31,		
	2016	2015	2014
Cash and cash equivalents	\$3,802,175	\$1,236,964	\$1,860,852
Total assets	\$7,520,495	\$4,573,986	\$7,940,179
Shareholders' equity	\$6,278,732	\$4,225,382	\$7,477,121
Number of shares outstanding	45,459,496	37,636,996	37,636,996
Number of stock options outstanding	2,655,000	3,140,000	2,560,000
Number of warrants outstanding	4,489,584	583,334	583,334

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.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Azimut is currently in the exploration and evaluation stage and has not earned significant revenues.

Financial Position

The Company’s working capital was \$3,074,000 as at August 31, 2016, compared to \$1,260,000 as at August 31, 2015. Management is of the opinion that the current cash position is sufficient to meet current commitments on a continuous basis for at least the next twelve (12) months. The Company decided to contribute to work expenditures on the Eleonore South Property and on several of its James Bay properties. To pursue its exploration programs and its operations beyond August 31, 2017, the Company will periodically need to raise additional funds through the issuance of new equity instruments and to sign option agreements with partners on its exploration and evaluation assets. 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.

As at August 31, 2016, the cash and cash equivalent position was higher than at August 31, 2015 by \$2,565,000. The increase is mainly due to cash received from the closing of a \$2,500,000 private placement. Total assets were higher than at August 31, 2015, owing mainly to the increase in E&E costs incurred on its Eleonore South, Rex and Rex South properties, the tax credits receivable for Fiscal 2016 and the change in fair value on investments. Non-current liabilities comprise asset retirement obligations based on the assumption that if the Company decides not to continue to explore the Rex, Rex South or NCG properties, the estimated necessary disbursements to settle its obligations would be made in 2018. The change in equity is mainly due to the \$2.5 million private placement.

Operating activities

For Fiscal 2016, cash flows used in operating activities totalled \$481,000 compared to \$512,000 for Fiscal 2015. Net changes in non-cash working capital were \$39,000 (\$6,000 – Fiscal 2015). The variation is mainly due to the increase in business activity, consequently the commodity taxes receivable increased by \$30,000 and the accounts payable increased by \$134,000. Prepaid expenses increased by \$53,000 is mainly attributable to the staking costs of \$39,000 related to the mining claims that were in process of finalizing by Ministère de l'Énergie et des Ressources naturelles.

Financing activities

Net cash flows of \$2,339,000 were provided from financing activities in Fiscal 2016, mainly due to the Company closing a non-brokered private placement of \$2,500,000 representing 7,812,500 units at \$0.32 per unit (\$Nil – Fiscal 2015), net of share issuance costs of \$161,000.

Investing activities

Investing activities mainly consisted of the addition to E&E assets. In Fiscal 2016, net cash flows provided from investing activities totalled \$668,000 compared to \$118,000 used in Fiscal 2015. The variation is attributable to the net effect of the following:

- Proceeds received from the sale of investments amounting to \$115,000 (\$Nil – Fiscal 2015).
- Tax credits and mining duties received for a total of \$203,000 (\$189,000 – Fiscal 2015).
- Proceeds received from the sale of camp material amounting to \$21,000 (\$38,000 – Fiscal 2015).
- Cash-call received from joint venture partners for the exploration work program on the Eleonore South property of \$734,000 (\$Nil – Fiscal 2015).
- Additions to E&E assets for a total of \$464,000 (\$406,000 – 2015). Significant costs were incurred on the gold (Eleonore South, Opinaca D and Nantais) and polymetallic properties (Rex and Rex South).

Advanced exploration on the Company's properties, as well as the ongoing work to identify early-stage and major exploration targets, are pursuits that require substantial financial resources. 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 additional funds in the future.

QUARTERLY INFORMATION

The information presented below details the total other income (expenses), net earnings (loss), and net earnings (loss) per share for the last eight quarters. The information is based on the financial statements, which have been prepared in accordance with IFRS.

Quarter ended	Other gain (expenses)	Net earnings (loss)	Net earnings (loss) per share	
			Basic (\$)	Diluted (\$)
	\$	\$		
31-08-2016	(58,294)	****(308,835)	(0.008)	(0.008)
31-05-2016	241,262	*110,802	0.003	0.003
29-02-2016	7,524	** (64,380)	(0.002)	(0.002)
30-11-2015	77,334	*** (33,758)	(0.001)	(0.001)
31-08-2015	-	****(2,477,946)	(0.066)	(0.066)
31-05-2015	(294)	***** (709,766)	(0.019)	(0.019)
28-02-2015	(736)	(142,796)	(0.004)	(0.004)
30-11-2014	56,708	*** (24,330)	(0.001)	(0.001)

* Gain arising from changes in fair value on investments.

** Due to the tax credit for resources and mining duty credit received.

*** Due to the gain on option payments received.

**** Due to the impairment of E&E assets and property equipment.

***** Due to the impairment of E&E assets and to stock-based compensation.

CURRENT QUARTER

The Company's net loss for the three-month period ended August 31, 2016 was \$309,000 compared to \$2,478,000 in 2015. The changes in 2016 were primarily attributable to the following:

- No impairment charges for exploration and evaluation assets in the current quarter of 2016, compared to \$2,338,000 for the same period in 2015.
- Changes in fair value of the Company's investments of \$70,000 compared to \$3,000 in 2015, resulting from the Company elected to early adopt the requirements of IFRS 9 – *Financial Instruments* ("IFRS 9") with a date of initial application of September 1, 2015. The Company's investments 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.
- \$11,000 of management income earned for the Company's role as the operator of joint venture properties, mainly for the Eleonore South property.

CONTRACTUAL OBLIGATIONS

As at August 31, 2016, the Company's contractual obligation payments are as follows:

	Less than 1 year	1–3 years	4–5 years	After 5 years
	\$	\$	\$	\$
Operating leases	40,491	23,620	-	-
Asset retirement obligations	-	251,480	-	-
Total contractual obligations	<u>40,491</u>	<u>275,100</u>	<u>-</u>	<u>-</u>

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CARRYING AMOUNT OF EXPLORATION AND EVALUATION (“E&E”) ASSETS

At the end of each quarter, management reviews the carrying value of its E&E assets to determine whether any write-offs or write-downs are necessary. Based on an impairment analysis performed in Fiscal 2016, no impairments were deemed necessary. The Company has the financial ability to keep its properties in good standing and has no intention of abandoning any claims. In Fiscal 2015, the Company’s polymetallic properties were impaired by \$2,736,000 because some claims were abandoned or were not expected to be renewed, and limited E&E expenses were budgeted for the Rex, Rex South, Nantais and Qassituq properties. The NCG and Diana properties were fully impaired due to the weak market conditions and the absence of a partner; the claims are not expected to be renewed. The Opinaca D gold property was impaired by \$63,000 because some claims were abandoned or were not expected to be renewed. The North Rae uranium property was impaired by \$1,000, which made it fully impaired, following the Company’s decision to let the remaining claims lapse given the uncertainty surrounding the uranium industry in Quebec.

The Company has sufficient funds to respect its short-term obligations. The estimation of impairment charges requires judgment from the management.

RELATED PARTY TRANSACTIONS

The related parties of the Company include key management and companies owned by the key management team. Key management includes directors, the chief executive officer (“CEO”), and the chief financial officer (“CFO”).

The compensation paid or payable to key management for services are as follows:

	2016	2015
	\$	\$
Salaries	255,467	270,742
Share-based payments	-	91,800
	<u>255,467</u>	<u>362,542</u>

An amount of \$50,000 (\$48,000 – 2015) for salary was capitalized to E&E assets in Fiscal 2016.

As at August 31, 2016, accounts payable and accrued liabilities include an amount of \$109,000 (\$31,000 at August 31, 2015) owed to key management.

In the event that termination of employment is for reasons other than gross negligence, the CEO will be entitled to receive an indemnity equal to twelve (12) months of salary. The CFO will be entitled to receive an indemnity equal to twelve (12) weeks salary and after more than two (2) years of employment, the indemnity will be increased by one (1) month for every additional year of employment. In both cases, the indemnity is subject to a maximum indemnity period of twelve (12) months. The indemnity paid must not represent more than 10% of the Company’s liquidities at such time.

In the event of a change of control or a termination of employment following a change of control, the CEO will be entitled to receive an indemnity equal to twenty-four (24) months of salary and the CFO will be entitled to receive an indemnity equal to eighteen (18) months of salary.

A family member of an executive officer subscribed for an amount of \$160,000 in 500,000 units through the July 2016 non-brokered private placement. The units issued are subject to the same terms and conditions as those of non-related parties.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A detailed summary of the Company's significant accounting policies is provided in note 2 of the annual financial statements as at August 31, 2016.

NEW ACCOUNTING STANDARDS OR AMENDMENTS

A detailed summary of new accounting standards or amendments adopted in the current year or to be adopted in later years is provided in notes 2 and 3 of the annual financial statements as at August 31, 2016.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A detailed summary of the Company's critical accounting policies and estimates is provided in note 4 of the annual financial statements as at August 31, 2016.

INFORMATION REGARDING OUTSTANDING SHARES

The Company can issue an unlimited number of common shares, without par value. As at December 7, 2016, there were 45,459,496 issued and outstanding shares and no shares were held in escrow. Also, as at December 7, 2016, 4,489,584 warrants were outstanding with an average exercise price of \$0.45, valid until July 22, 2018.

The Company maintained a stock option plan in which a maximum of 3,300,000 stock options may be granted. On September 15, 2016, the Company obtained all regulatory approvals to increase the number of common shares reserved for future issuance under its stock option plan by 1,244,000, for a total of 4,544,000 shares or approximately 9.99% of the Company's 45,449,496 common shares issued and outstanding as at August 29, 2016. All other terms of the stock option plan remain unchanged. The exercise price of the options is set at the closing price of the Company's shares on the TSX Venture Exchange the day before the grant date. The options have a maximum term of ten (10) years following the granting date; the options are granted fully vested, unless otherwise approved by the Board of Directors. As at December 7, 2016, a total of 3,390,000 stock options were outstanding and vested. Their exercise prices range from \$0.19 to \$1.25, and the expiry dates range from April 10, 2019 to October 7, 2026.

RISK RELATED TO FINANCIAL INSTRUMENTS

The Company has exposure to various financial risks, such as credit risk, liquidity risk and market risk from its use of financial instruments. A detailed summary is provided in note 19 of the annual financial statements as at August 31, 2016.

RISKS AND UNCERTAINTIES

METAL PRICES

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The effect of these factors cannot be accurately predicted.

INDUSTRY CONDITIONS

Mining and milling operations are subject to government regulations. Operations may be affected to varying degrees by government regulations such as restrictions on production, price controls, tax and mining duty increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The Company undertakes exploration in areas that are or could be the subject of native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.

FINANCIAL RISKS

Management believes it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration expenditures, and to meet its liabilities, obligations and existing commitments for at least the next twelve (12) months as they fall due. The Company will spend its existing working capital and raise additional funds as needed to continue its exploration program on its properties and its operation beyond August 31, 2017. 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 to the Company or that they will be available on terms that are acceptable to the Company.

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.

EQUITY PRICE RISK

The Company is subject to market risk related to the market price of the equity of the Company equity, which trades on the TSX Venture Exchange. Historically, the Company has been reliant primarily on equity financings from the sale of its common shares to fund the operations. Movements in the price of the Company's common stock have been volatile in the past and may continue to be volatile in the future. As a result, there is risk that the Company may not be able to complete an equity financing at an acceptable price when required. Also, a prolonged decline in the market price of the Company's common shares or a reduction in the Company's accessibility to global markets may result in its inability to secure additional financing which would have an adverse effect on operations.

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 seeks partners to advance exploration work and continue development of its mining properties and in so doing must compete with many other companies possessing properties that are considered attractive in terms of potential return and investment cost.

CONFLICTS OF INTEREST

Certain directors, proposed directors and officers of the Company are already or may also become 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 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 involved in the 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 voting 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. Azimut is beneficiary of a \$1 million life insurance subscribed for Jean-Marc Lulin.

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).

OUTLOOK

In the coming fiscal year, the Company will continue on the second phase of drilling on the Eleonore South property, follow up on the best mineralized sections and new targets following thorough data integration and interpretation. Also, the Company will conduct the technical assessment work on four (4) gold properties acquired in the framework of its Strategic Alliance with SOQUEM in the James Bay–Eeyou Istchee Territory of Quebec. The Company will continue its efforts to find new partners for the available properties, and it intends to develop new business opportunities to advance its big data approach in other regional and country-scale settings.

Furthermore, based on industry trends and demand, the Company will also continue to pursue its mineral potential modelling of several regions in Quebec with the objective of generating new projects. Financing may be required for this purpose in the upcoming fiscal year.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This Management's Discussion and Analysis report is dated December 7, 2016, and it was approved by the Board on December 9, 2016. The Company regularly discloses additional information through press releases and its financial statements 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 that 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 as a result of new information, future events or otherwise, other than as required to do so by applicable securities laws.

(s) Jean-Marc Lulin

President and CEO

(s) Moniroth Lim

Chief Financial Officer

CORPORATE INFORMATION

Azimut Exploration Inc.

Board of Directors

Jean-Marc Lulin, P.Geo., PhD, Director (Montreal) ⁽¹⁾

Jean-Charles Potvin, MBA, B.Sc., Director (Toronto) ⁽¹⁾

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

Jacques Simoneau, Eng., PhD, Director (Montreal) ⁽¹⁾

⁽¹⁾ Member of the Audit Committee

Management

Jean-Marc Lulin, President and Chief Executive Officer

Moniroth Lim, Chief Financial Officer and Corporate Secretary

Legal Counsel

XploraMines S.A. (Montreal)

Auditors

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l. (Montreal)

Transfer Agent

Canadian Stock Transfer Company Inc. (Montreal)

Listing

TSX Venture

Symbol: AZM

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