



## AZIMUT EXPLORATION INC.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and nine-month periods ended May 31, 2018

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## SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

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This report represents a complementary addition to the unaudited condensed interim 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 three and nine-months ended May 31, 2018. This report should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and nine-months ended May 31, 2018 and the annual financial statements for the year ended August 31, 2017, 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

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Azimut is a publicly traded Canadian exploration-stage company that specializes in mineral potential assessments 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 July 17, 2018, Azimut holds twenty-seven (27) exploration properties comprising 6,806 claims (27 properties and 6,829 claims as at May 31, 2018). 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, Opinaca B, Munischiwan, Pikwa, Pontois and Desceliers (50% each); and Wabamisk (49%). The Company's property portfolio comprises 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 Eleonore Gold Camp 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 (Chromaska)
- 13 gold properties in other areas (Munischiwan, Pikwa, Pontois, Desceliers, Galinée, Dalmas, Orsigny, Sauvolles, Synclinal, Corvet, Duxbury, Kukamas East and Valore)
- 1 zinc property (Cawachaga)

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 July 17, 2018.

## OVERALL PERFORMANCE

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Summary of activities for the current quarter and subsequent activities:

- Azimut and its joint venture partners announced the results of the last 32 holes (5,448.6 m) of a 50-hole diamond drilling program on the Eleonore South Property (James Bay region), strengthening the large-scale intrusion-hosted gold system;
- Azimut and SOQUEM identified strong gold targets on the Galinée and Dalmas projects (James Bay region) through lake-bottom sediment sampling in greenstone belt settings;
- Azimut and SOQUEM undertook a \$1.5 million exploration program on seven gold projects in James Bay (Pikwa, Pontois, Desceliers, Munishiwán, Corvet, Galinée and Dalmas); and
- Azimut announced the partial results of the 1,000-metre maiden diamond drilling program on the Chromaska Property (James Bay region).

Highlights for the nine-month period ended May 31, 2018 (“Q3 2018”):

- Azimut completed a non-brokered private placement of 3,100,000 flow-through shares at \$0.50 per share, for aggregate gross proceeds of \$1,550,000;
- Azimut ended Q3 2018 with a working capital of \$1.90 million<sup>1</sup> (\$2.32 million – nine-month period ended May 31, 2017: “Q3 2017”). Management believes it has sufficient funds to pay its ongoing general and administration (“G&A”) expenses and to meet its liabilities, obligations and existing commitments for at least the next twelve (12) months following Q3 2018;
- Azimut spent \$4.2 million in exploration and evaluation (“E&E”) expenditures, including the construction cost of an exploration camp, of which \$2.3 million was charged back to the joint venture partners;
- Azimut appointed two independent directors;
- Azimut strengthened its exploration team by appointing a Chief Geologist of Exploration and an Operations Manager; and
- Azimut granted 745,000 stock options to its directors, officers, employees and consultants.

## EXPLORATION AND EVALUATION ASSETS

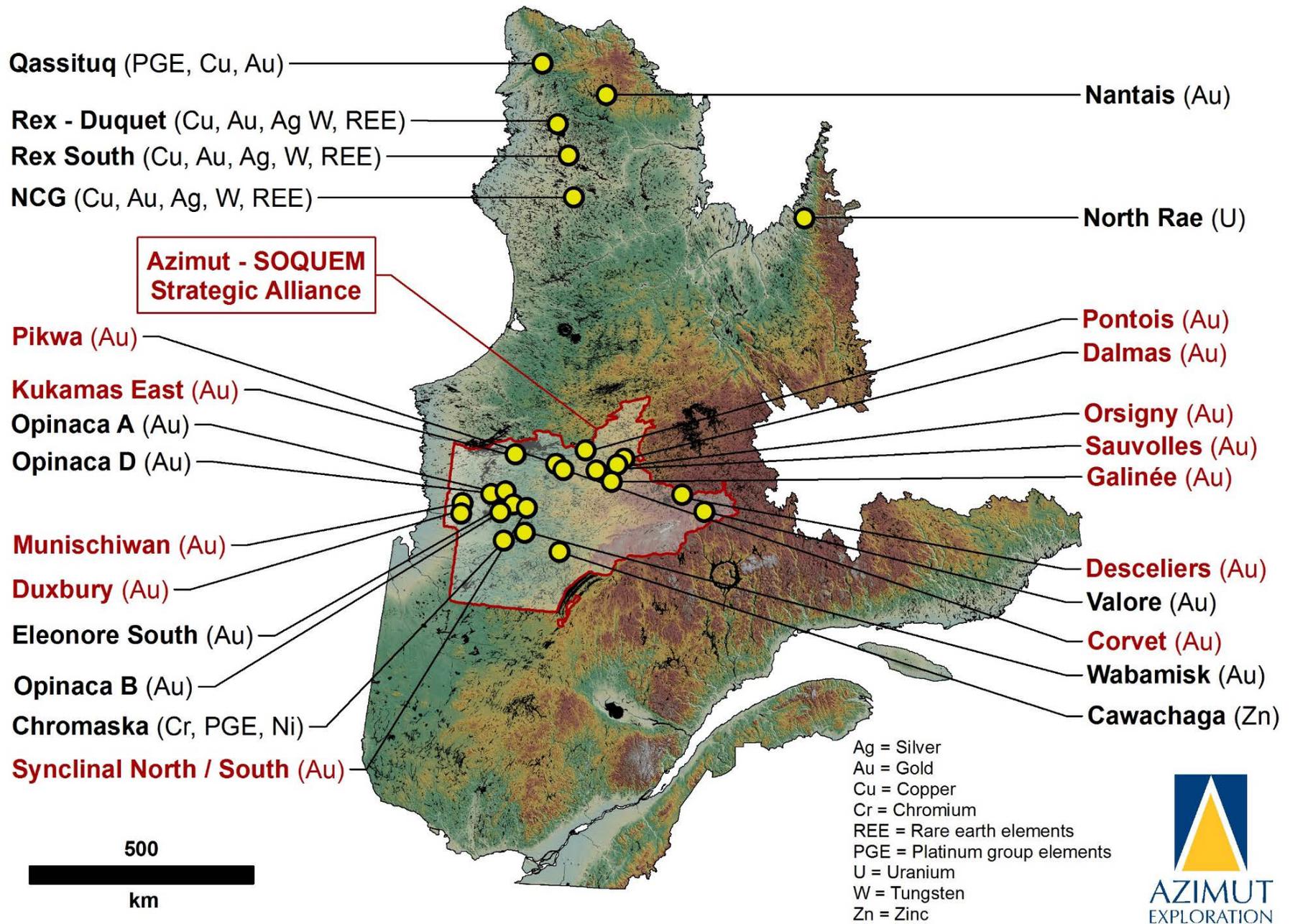
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In Q3 2018, the Company incurred E&E expenditures totalling \$1,441,000 (\$974,000 – Q3 2017). Most of the work was conducted on the Eleonore South and Chromaska properties in the James Bay region and on the Rex, Rex South properties in Nunavik.

The E&E assets for Q3 2018 are detailed in the tables on the following pages. All mining properties are located in the Province of Quebec.

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<sup>1</sup> 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 accompanying financial statements for exact amounts.



**Figure 1:** Azimut property location map.

## Change in E&E assets

|                                      | Acquisition costs                    |                    | Exploration costs |               |                |                |               |                |                             |              |  |                                 | Credit on duties refundable for loss and refundable tax credit for resources | Net book value as at May 31, 2018 |                   |
|--------------------------------------|--------------------------------------|--------------------|-------------------|---------------|----------------|----------------|---------------|----------------|-----------------------------|--------------|--|---------------------------------|--|-----------------------------------|-------------------|
|                                      | Net book value as at August 31, 2017 | Claims and permits | Geochem. surveys  | Geol. surveys | Geoph. surveys | Drilling       | Stripping     | Admin. & other | Camp maintenance and repair | Equipment    | Depreciation of property and equipment | Cost incurred during the period |  |                                   | Proceeds received |
| Mineral property                     | \$                                   | \$                 | \$                | \$            | \$             | \$             | \$            | \$             | \$                          | \$           | \$                                     | \$                              | \$   | \$                                | \$                |
| <b>James Bay</b>                     |                                      |                    |                   |               |                |                |               |                |                             |              |  |                                 |  |                                   |                   |
| Opinaca A                            | 36,464                               | -                  | -                 | 270           | -              | -              | -             | -              | -                           | -            | -                                      | 270                             | -  | -                                 | 36,734            |
| Opinaca B                            | 3,696                                | -                  | -                 | 1,350         | -              | 690            | -             | -              | -                           | -            | -                                      | 2,040                           | -  | (710)                             | 5,026             |
| Eleonore South                       | 468,673                              | -                  | 4,414             | 43,468        | 7,190          | 576,003        | 19,235        | (1,173)        | 15,067                      | 6,496        | 26,241                                 | 696,941                         | -  | (113,560)                         | 1,052,054         |
| Opinaca D                            | 98,398                               | -                  | -                 | 636           | -              | -              | -             | -              | -                           | -            | -                                      | 636                             | -  | -                                 | 99,034            |
| Wabamisk                             | 19,137                               | -                  | -                 | 935           | 295            | -              | -             | -              | -                           | -            | -                                      | 1,230                           | -  | (530)                             | 19,837            |
| Valore                               | 53,276                               | -                  | -                 | 210           | -              | -              | -             | -              | -                           | -            | -                                      | 210                             | -  | -                                 | 53,486            |
| SOQUEM JV                            | 4                                    | -                  | -                 | -             | -              | -              | -             | -              | -                           | -            | -                                      | -                               | -  | -                                 | 4                 |
| SOQUEM Alliance                      | 117,353                              | 37,120             | -                 | -             | -              | -              | -             | -              | -                           | -            | -                                      | 37,120                          | -  | -                                 | 154,473           |
| SOQUEM Alliance – Others             | 32,457                               | 3,267              | -                 | 5,142         | -              | -              | -             | -              | -                           | -            | -                                      | 8,409                           | -  | -                                 | 40,866            |
| <b>Total – Gold</b>                  | <b>829,458</b>                       | <b>40,387</b>      | <b>4,414</b>      | <b>52,011</b> | <b>7,485</b>   | <b>576,693</b> | <b>19,235</b> | <b>(1,173)</b> | <b>15,067</b>               | <b>6,496</b> | <b>26,241</b>                          | <b>746,856</b>                  | <b>-</b>   | <b>(114,800)</b>                  | <b>1,461,514</b>  |
| Chromaska                            | 172,025                              | 1,340              | 260               | 38,073        | 6,930          | 422,228        | -             | -              | -                           | -            | -                                      | 468,831                         | -  | (620)                             | 640,236           |
| <b>Total – Chromium-PGE</b>          | <b>172,025</b>                       | <b>1,340</b>       | <b>260</b>        | <b>38,073</b> | <b>6,930</b>   | <b>422,228</b> | <b>-</b>      | <b>-</b>       | <b>-</b>                    | <b>-</b>     | <b>-</b>                               | <b>468,831</b>                  | <b>-</b>   | <b>(620)</b>                      | <b>640,236</b>    |
| Cawachaga                            | 6,729                                | -                  | -                 | -             | -              | -              | -             | -              | -                           | -            | -                                      | -                               | -  | -                                 | 6,729             |
| <b>Total – Zinc</b>                  | <b>6,729</b>                         | <b>-</b>           | <b>-</b>          | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>-</b>                    | <b>-</b>     | <b>-</b>                               | <b>-</b>                        | <b>-</b>   | <b>-</b>                          | <b>6,729</b>      |
| <b>Total – James Bay</b>             | <b>1,008,212</b>                     | <b>41,727</b>      | <b>4,674</b>      | <b>90,084</b> | <b>14,415</b>  | <b>998,921</b> | <b>19,235</b> | <b>(1,173)</b> | <b>15,067</b>               | <b>6,496</b> | <b>26,241</b>                          | <b>1,215,687</b>                | <b>-</b>   | <b>(115,420)</b>                  | <b>2,108,479</b>  |
| <b>Nunavik</b>                       |                                      |                    |                   |               |                |                |               |                |                             |              |  |                                 |  |                                   |                   |
| Rex                                  | 1,013,647                            | 91,816             | 845               | 2,601         | -              | -              | -             | -              | -                           | -            | 1,977                                  | 97,239                          | -  | (1,450)                           | 1,109,436         |
| Duquet                               | 4,056                                | -                  | -                 | -             | -              | -              | -             | -              | -                           | -            | -                                      | -                               | -  | -                                 | 4,056             |
| Rex South                            | 400,000                              | 79,274             | 520               | 3,993         | -              | -              | -             | -              | -                           | -            | 2,313                                  | 86,100                          | (16,000)   | -                                 | 470,100           |
| Nantais                              | 96,756                               | 21,771             | 520               | 1,708         | 13,187         | -              | -             | -              | -                           | -            | -                                      | 37,186                          | -  | (4,700)                           | 129,242           |
| Qassituq                             | -                                    | 4,371              | -                 | 65            | -              | -              | -             | -              | -                           | -            | -                                      | 4,436                           | -  | -                                 | 4,436             |
| <b>Total - Gold and Polymetallic</b> | <b>1,514,459</b>                     | <b>197,232</b>     | <b>1,885</b>      | <b>8,367</b>  | <b>13,187</b>  | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>-</b>                    | <b>-</b>     | <b>4,290</b>                           | <b>224,961</b>                  | <b>(16,000)</b>  | <b>(6,150)</b>                    | <b>1,717,270</b>  |
| <b>Total – Nunavik</b>               | <b>1,514,459</b>                     | <b>197,232</b>     | <b>1,885</b>      | <b>8,367</b>  | <b>13,187</b>  | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>-</b>                    | <b>-</b>     | <b>4,290</b>                           | <b>224,961</b>                  | <b>(16,000)</b>  | <b>(6,150)</b>                    | <b>1,717,270</b>  |
| <b>Total – E&amp;E assets</b>        | <b>2,522,671</b>                     | <b>238,959</b>     | <b>6,559</b>      | <b>98,451</b> | <b>27,602</b>  | <b>998,921</b> | <b>19,235</b> | <b>(1,173)</b> | <b>15,067</b>               | <b>6,496</b> | <b>30,531</b>                          | <b>1,440,648</b>                | <b>(16,000)</b>  | <b>(121,570)</b>                  | <b>3,825,749</b>  |

## Change in E&E assets

|                                      | Acquisition costs                    |                    | Exploration costs |                |                  |                |                |                             |  |                                 |                   |                  | Credit on duties refundable for loss and refundable tax credit for resources | Impairment       | Net book value as at May 31, 2017 |
|--------------------------------------|--------------------------------------|--------------------|-------------------|----------------|------------------|----------------|----------------|-----------------------------|--|---------------------------------|-------------------|------------------|--|------------------|-----------------------------------|
|                                      | Net book value as at August 31, 2016 | and Claims permits | Geochem. surveys  | Geol. surveys  | Geophys. surveys | Drilling       | Admin. & other | Camp maintenance and repair | Depreciation of property and equipment | Cost incurred during the period | Proceeds received |                  |  |                  |                                   |
| Mineral property                     | \$                                   | \$                 | \$                | \$             | \$               | \$             | \$             | \$                          | \$                                     | \$                              | \$                | \$               | \$   | \$               |                                   |
| <b>James Bay</b>                     |                                      |                    |                   |                |                  |                |                |                             |  |                                 |                   |                  |  |                  |                                   |
| Opinaca A                            | 17,248                               | 9,217              | 5,779             | 8,461          | -                | -              | 540            | -                           | -                                      | 23,997                          | -                 | (6,400)          | -  | 34,845           |                                   |
| Opinaca B                            | 1,413                                | 195                | -                 | 2,565          | -                | -              | -              | -                           | -                                      | 2,760                           | -                 | (1,115)          | -  | 3,058            |                                   |
| Eleonore South                       | 87,997                               | 18,347             | -                 | 21,031         | 2,730            | 421,505        | 22,180         | 16,005                      | -                                      | 501,798                         | -                 | (210,980)        | -  | 378,815          |                                   |
| Opinaca D                            | 70,894                               | 14,027             | 15,059            | 8,411          | -                | -              | -              | -                           | -                                      | 37,497                          | -                 | (10,240)         | -  | 98,151           |                                   |
| Wabamisk                             | 18,716                               | 97                 | -                 | 575            | -                | -              | -              | -                           | -                                      | 672                             | -                 | (240)            | -  | 19,148           |                                   |
| Valore                               | -                                    | 17,142             | 62,247            | 1,814          | -                | -              | -              | -                           | -                                      | 81,203                          | -                 | (27,900)         | -  | 53,303           |                                   |
| SOQUEM JV                            | -                                    | 4                  | -                 | -              | -                | -              | -              | -                           | -                                      | 4                               | -                 | -                | -  | 4                |                                   |
| SOQUEM Alliance                      | -                                    | 117,353            | -                 | -              | -                | -              | -              | -                           | -                                      | 117,353                         | -                 | -                | -  | 117,353          |                                   |
| SOQUEM Alliance – Others             | -                                    | 32,397             | -                 | -              | -                | -              | -              | -                           | -                                      | 32,397                          | -                 | -                | -  | 32,397           |                                   |
| <b>Total – Gold</b>                  | <b>196,268</b>                       | <b>208,779</b>     | <b>83,085</b>     | <b>42,857</b>  | <b>2,730</b>     | <b>421,505</b> | <b>22,720</b>  | <b>16,005</b>               | <b>-</b>                               | <b>797,681</b>                  | <b>-</b>          | <b>(256,875)</b> | <b>-</b>   | <b>737,074</b>   |                                   |
| Chromaska                            | 77,152                               | 7,023              | -                 | 69,540         | 58,987           | -              | -              | -                           | -                                      | 135,550                         | -                 | (43,380)         | -  | 169,322          |                                   |
| <b>Total – Chromium-PGE</b>          | <b>77,152</b>                        | <b>7,023</b>       | <b>-</b>          | <b>69,540</b>  | <b>58,987</b>    | <b>-</b>       | <b>-</b>       | <b>-</b>                    | <b>-</b>                               | <b>135,550</b>                  | <b>-</b>          | <b>(43,380)</b>  | <b>-</b>   | <b>169,322</b>   |                                   |
| <b>Total – James Bay</b>             | <b>273,420</b>                       | <b>215,802</b>     | <b>83,085</b>     | <b>112,397</b> | <b>61,717</b>    | <b>421,505</b> | <b>22,720</b>  | <b>16,005</b>               | <b>-</b>                               | <b>933,231</b>                  | <b>-</b>          | <b>(300,255)</b> | <b>-</b>   | <b>906,396</b>   |                                   |
| <b>Nunavik</b>                       |                                      |                    |                   |                |                  |                |                |                             |  |                                 |                   |                  |  |                  |                                   |
| Rex                                  | 2,162,354                            | 220                | -                 | 2,169          | -                | -              | -              | -                           | 6,300                                  | 8,689                           | -                 | (940)            | -  | 2,170,103        |                                   |
| Duquet                               | 751                                  | 3,305              | -                 | -              | -                | -              | -              | -                           | -                                      | 3,305                           | -                 | -                | -  | 4,056            |                                   |
| Rex South                            | 565,190                              | 14,108             | -                 | 4,970          | -                | -              | -              | -                           | 3,885                                  | 22,963                          | -                 | (2,160)          | -  | 585,993          |                                   |
| Nantais                              | 187,243                              | 1,497              | -                 | 2,493          | -                | -              | -              | -                           | -                                      | 3,990                           | -                 | (1,070)          | -  | 190,163          |                                   |
| Qassituq                             | 36,928                               | 1,750              | -                 | -              | -                | -              | -              | -                           | -                                      | 1,750                           | -                 | -                | -  | 38,687           |                                   |
| <b>Total – Gold and Polymetallic</b> | <b>2,952,466</b>                     | <b>20,881</b>      | <b>-</b>          | <b>9,632</b>   | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>                    | <b>10,185</b>                          | <b>40,697</b>                   | <b>-</b>          | <b>(4,170)</b>   | <b>-</b>   | <b>2,988,993</b> |                                   |
| North Rae                            | -                                    | 246                | -                 | -              | -                | -              | -              | -                           | -                                      | 246                             | -                 | -                | (246)  | -                |                                   |
| <b>Total – Uranium</b>               | <b>-</b>                             | <b>246</b>         | <b>-</b>          | <b>-</b>       | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>                    | <b>-</b>                               | <b>246</b>                      | <b>-</b>          | <b>-</b>         | <b>(246)</b>   | <b>-</b>         |                                   |
| <b>Total – Nunavik</b>               | <b>2,952,466</b>                     | <b>21,127</b>      | <b>-</b>          | <b>9,632</b>   | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>                    | <b>10,185</b>                          | <b>40,947</b>                   | <b>-</b>          | <b>(4,170)</b>   | <b>(246)</b>   | <b>2,988,993</b> |                                   |
| <b>Total – E&amp;E assets</b>        | <b>3,225,886</b>                     | <b>236,930</b>     | <b>83,085</b>     | <b>122,029</b> | <b>61,717</b>    | <b>421,505</b> | <b>22,720</b>  | <b>16,005</b>               | <b>10,185</b>                          | <b>974,174</b>                  | <b>-</b>          | <b>(304,425)</b> | <b>(246)</b>   | <b>3,895,389</b> |                                   |

## JAMES BAY REGION

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Since Azimut performed its initial mineral potential modelling across the Eeyou Istchee James Bay Territory (the “James Bay region”) in 2003, the region has been a strategic priority for the Company. Azimut’s current holdings in the region—18 gold properties, a chromium-PGE property, and a zinc property—are concentrated in the Eleonore Gold Camp (Figure 2), the Eastmain River area, and in the northern third of the territory. Ownership is summarized below and detailed descriptions follow.

### Eleonore Gold Camp – Gold

|                |   |
|----------------|---|
| Opinaca A      | Agreement with Everton Resources Inc. (“Everton”)   |
| Opinaca B      | Agreement with Everton and Hecla Quebec Inc. (“Hecla”, formerly Aurizon)  |
| Eleonore South | Three-party agreement with Eastmain Resources Inc. (“Eastmain Resources”) and Les Mines Opinaca Ltée (a wholly-owned subsidiary of Goldcorp Inc.; “Goldcorp”) |
| Opinaca D      | 100% Azimut   |

### Eastmain River Area – Gold

|          |                         |
|----------|-------------------------|
| Wabamisk | Agreement with Goldcorp |
|----------|-------------------------|

### Eastmain River Area – Chromium-PGE

|           |             |
|-----------|-------------|
| Chromaska | 100% Azimut |
|-----------|-------------|

### Azimut-SOQUEM Strategic Alliance – Gold

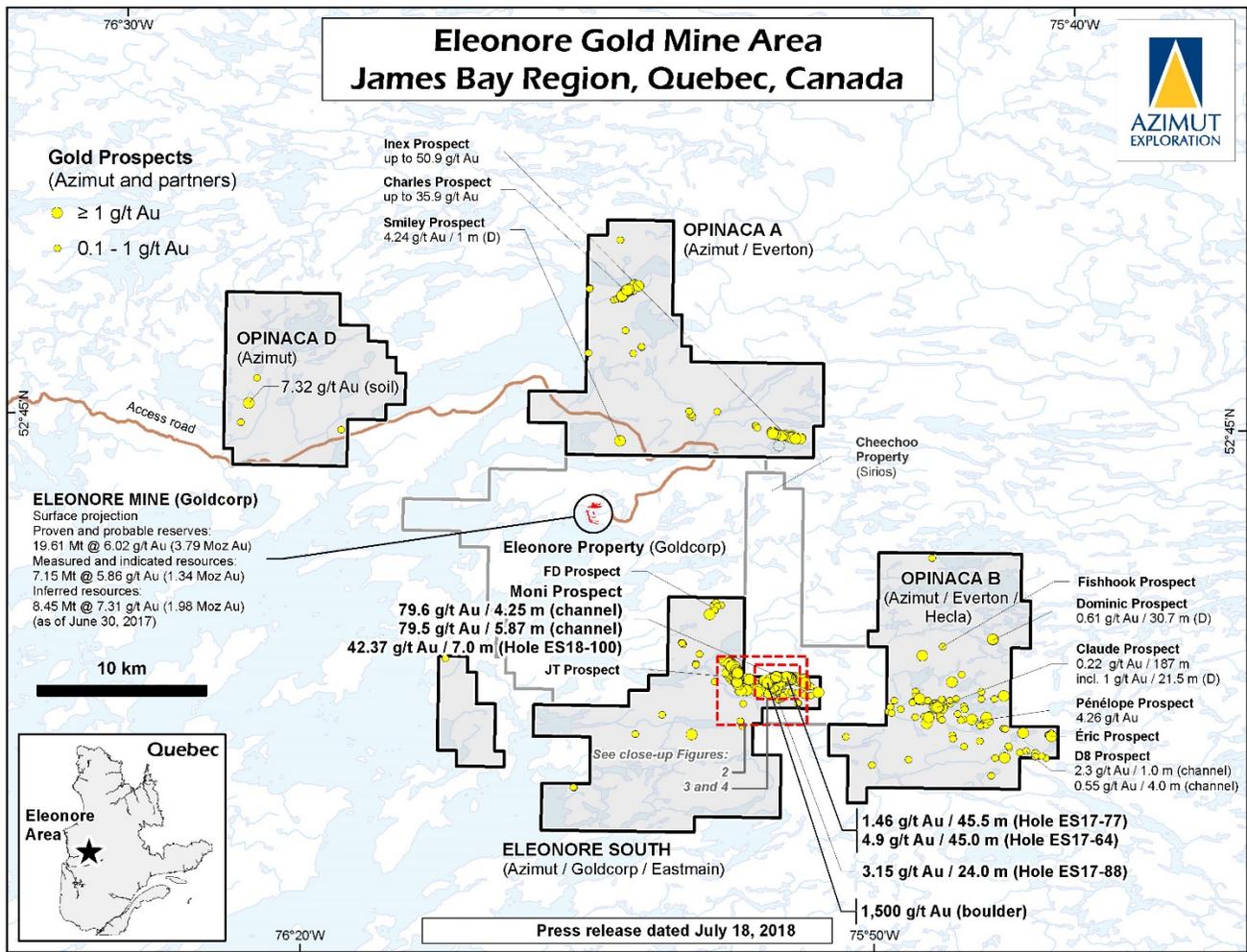
|              |                                       |
|--------------|---------------------------------------|
| Desceliers   | Agreement with SOQUEM Inc. (“SOQUEM”) |
| Munischawan  | Agreement with SOQUEM                 |
| Pikwa        | Agreement with SOQUEM                 |
| Pontois      | Agreement with SOQUEM                 |
| Corvet       | 100% Azimut; offered to SOQUEM        |
| Dalmas       | 100% Azimut; offered to SOQUEM        |
| Duxbury      | 100% Azimut; offered to SOQUEM        |
| Galinée      | 100% Azimut; offered to SOQUEM        |
| Kukamas East | 100% Azimut; offered to SOQUEM        |
| Orsigny      | 100% Azimut; offered to SOQUEM        |
| Sauvolles    | 100% Azimut; offered to SOQUEM        |
| Synclinal    | 100% Azimut; offered to SOQUEM        |

### Other properties in the James Bay region

|                  |             |
|------------------|-------------|
| Valore – Gold    | 100% Azimut |
| Cawachaga – Zinc | 100% Azimut |

## **ELEONORE CAMP – GOLD**

In 2004, Virginia Mines Inc. discovered the Roberto (Eleonore) gold deposit on the Opinaca Reservoir (Figure 2), 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. The mine reached commercial production on April 1, 2015. Gold production was 305,000 ounces in 2017. The operation has begun to develop a fifth mining horizon and build a production shaft, both of which will bring the mine closer to full production capacity. Known mineralization at Eleonore has been traced to a vertical depth of 1,500 metres and is still open down plunge (Goldcorp website).



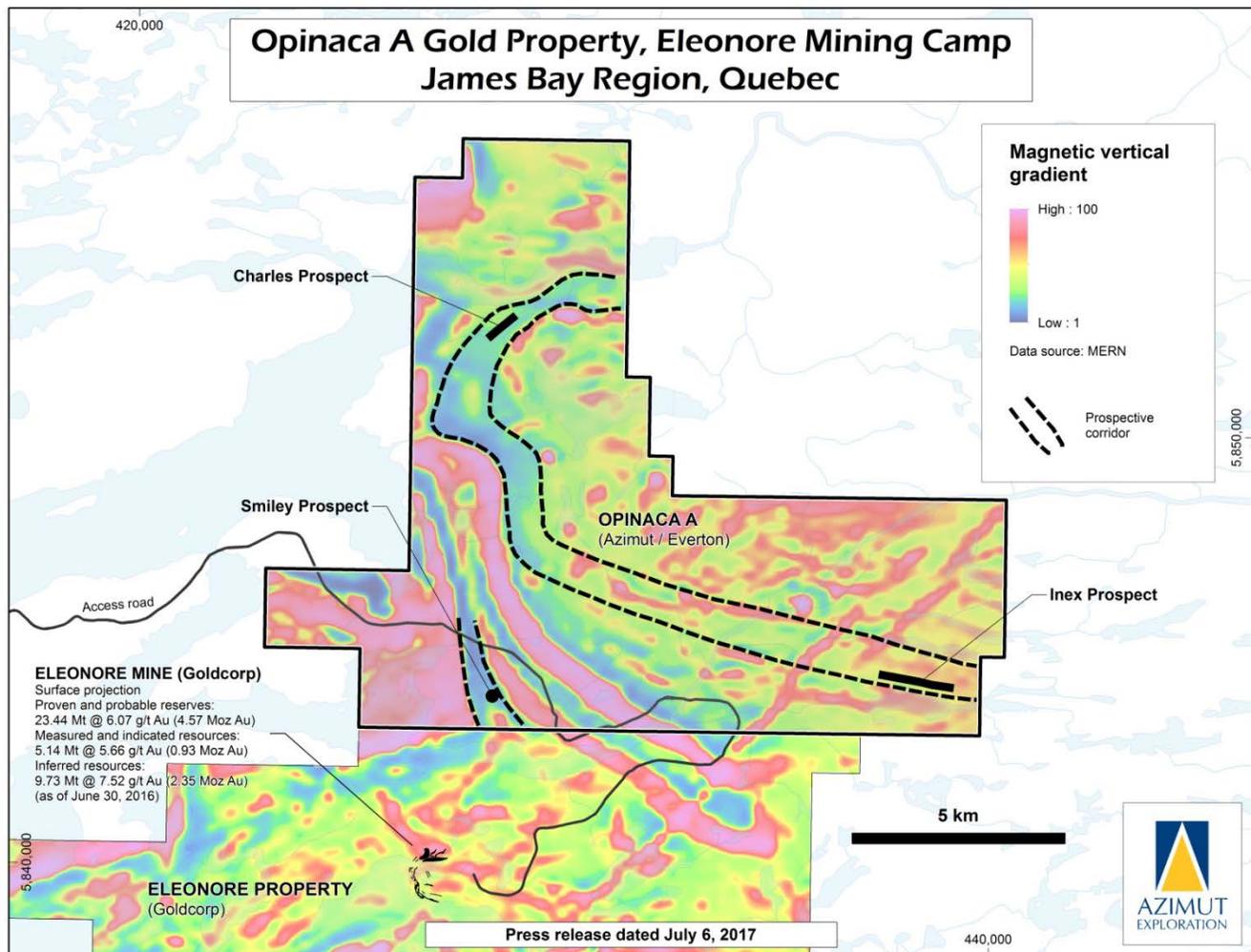
**Figure 2:** Azimut’s gold properties in the Eleonore Gold Camp area, James Bay region, Northern Qu  bec.

Goldcorp’s 43-101 compliant mineral reserve and resource statement, as of June 30, 2017, announced proven and probable reserves of 19.61 Mt at 6.02 g/t Au for 3.80 Moz of gold, measured and indicated resources of 7.16 Mt at 5.81 g/t Au for 1.34 Moz of gold, and inferred resources of 8.45 Mt at 7.31 g/t Au for 1.99 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 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).

### Opinaca A Property

The Opinaca A Property (247 claims, 128.7 km<sup>2</sup>) is adjacent to the Eleonore mine property of Goldcorp (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.



**Figure 3:** Map of magnetic vertical gradient showing prospective trends on the Opinaca A Property and the location of prospects (see figure 2 in press release for drill results).

### **Gold potential and exploration programs**

A recent reassessment of the property’s gold potential using previous exploration work and new regional information (press release of July 6, 2017), concluded that two major gold prospects (Charles and Inex; see descriptions below) may be linked by a 20-kilometre prospective trend defined by geophysical, geological and geochemical parameters, including till anomalies (Figure 3). This underexplored sector is characterized by: a) the continuity of the magnetic signature between the two prospects; b) arsenic, antimony and bismuth anomalies in lake-bottom sediments; c) gold anomalies in glacial sediments; and d) local evidence of folding that may act as traps for gold mineralization.

The previous exploration program was a combined \$850,000 Opinaca A/B program in 2014, funded and operated by Hecla. The program, which followed up on the 2007–2008 programs (ground geophysics, prospecting, drilling) included a \$205,000 dedicated Opinaca A diamond drilling program (2,317 m in 9 holes) mainly on targets in the Smiley Prospect area, as well as prospecting, channelling and till sampling, which extended the Charles Prospect and improved target definition in the area. The salient results of the 2014 and earlier work programs are summarized in the descriptions below (press releases of August 9 and December 7, 2007, September 2, 2008, and March 19, 2015).

The **Charles Prospect** is a 1-kilometre-long gold prospect hosted in biotite-rich paragneiss with quartz veins and up to 15% sulphides (pyrite, pyrrhotite). Several high-grade gold grab samples were obtained (up to 42.34 g/t Au). The best drill hole intersection was 2.7 g/t Au over 2.0 m (hole AC-07-01).

The **Inex Prospect** is a 1.7-kilometre-long gold prospect associated with a garnet-biotite-amphibole-silica-rich rock hosted in paragneiss. Gold is free or associated with pyrite and pyrrhotite. The best grab samples returned up to 50.9 g/t Au and the best drill hole returned 9.03 g/t Au over 0.6 m (hole OP-06-02).

The **Smiley Prospect** (4.24 g/t Au over 1.0 m in hole OS-08-04-A), located 800 metres north of the boundary with the Eleonore mine property, is positioned along an interpreted 2.5-kilometre-long north-trending prospective target supported by magnetic data. It is characterized by a major gold anomaly in till coupled with a gold-arsenic anomaly in soil, and by locally intense alteration in greywackes and paragneiss.

For Q3 2018, Azimut did not incur any claim renewal expenditures (\$9,000 – Q3 2017) but did incur \$300 in exploration work (\$15,000 – Q3 2017) for data interpretation.

### **Opinaca B Property**

The Opinaca B Property (248 claims in 2 blocks, 129.7 km<sup>2</sup>) lies 8 kilometres east of the Eleonore Mine Property (Goldcorp) and is adjacent to the Cheechoo Gold Project (Sirios Resources Inc.: “Sirios”) (Figure 2). In 2010, Everton earned its 50% interest in the property, and Hecla signed a three-way agreement with Azimut and Everton on the Opinaca A and B properties (press release of September 16, 2010), which was amended in November 2014 to exclude the Opinaca A Property. According to the terms of the amended agreement, Hecla has the option to acquire a 50% interest in the Opinaca B Property by making cumulative cash payments of \$580,000 and incurring a total of \$6.0 million in exploration work over four (4) years (extended by an additional two (2) years in an amendment on November 15, 2013). 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.

### ***Gold potential and exploration programs***

The discovery potential of the Opinaca B Property has been strengthened by recent drilling on the adjacent Cheechoo Property, which yielded results of 15.61 g/t Au over 9.70 m, 15.04 g/t Au over 12.35 m and 12.08 g/t Au over 20.30 m (see Sirios press release of March 29, 2016).

The \$925,000 exploration program in 2017, funded and operated by Hecla, consisted of a 2,945-metre (12-hole) diamond drilling program on multiple gold prospects (Dominic, 4 holes; Fishhook, 4 holes; D8, 2 holes; Eric, 1 hole; and Claude, 1 hole; see below for descriptions), as well as ground magnetic and electromagnetic surveying (see Figure 2 and press releases of June 19 and November 9, 2017). The best drilling result was at the Dominic Prospect with 0.61 g/t Au over 30.7 m (starting in mineralization), including 2.38 g/t Au over 2.0 m and 3.21 g/t Au over 1.7 m. Detailed results are provided below. A follow-up work program including mechanical trenching is planned for 2018.

In 2016, Hecla conducted a \$756,000 exploration program consisting of prospecting (548 rock grab samples), mechanical stripping in six areas, and sampling along 10 channels for a total length of 202.2 metres (press release of January 23, 2017). In 2015, Hecla conducted a \$394,000 exploration program comprising 40.5 line-kilometres of ground magnetic surveying, 21.8 line-kilometres of induced polarization (“IP”) surveying, a prospecting program (473 rock grab or float samples; 96 soil samples), and a trenching program (153 channel samples from 6 sites) (press release of November 25, 2015). In 2012, field work led to the discovery of the D8, Eric and Penelope prospects. The work program comprised 622 line-kilometres of magnetic-EM surveying, 684 soil samples, 243 rock grab samples, 290 channel samples from 258.35 metres of channels, and 93 till samples.

Everton’s earlier work on the property in 2007 and 2008 included IP and magnetic ground surveys, drilling and prospecting at Claude and Dominic, and diamond drilling at Dominic (press releases of August 9 and December 7, 2007, and September 2, 2008).

### ***Mineralization and salient results***

The **Dominic Prospect**, where the most significant results have been obtained, corresponds to a folded epidote-amphibole-quartz-feldspar vein hosted in metasediments close to a felsic intrusion. Starting in mineralization, hole OP-17-51 intersected 0.61 g/t Au over 30.7 m in a chloritic breccia, including two higher grade intervals: 2.38 g/t Au over 2.0 m and 3.21 g/t Au over 1.7 m. These results warrant further evaluation during the next field program, including trenching. In 2016, several grab samples returned values higher than 0.1 g/t Au, including 1.4 g/t Au and 1.1 g/t Au from outcrops of metasediments and paragneisses carrying sulphides and/or magnetite. Several channel samples in metasediments returned values higher than 0.1 g/t Au, including 1.8 g/t Au over 0.75 m and 1.2 g/t Au over 1.0 m. In 2007-2008, diamond drilling yielded 0.6 g/t Au over 1.2 m, and grab samples returned 6.1 g/t Au, 4.5 g/t Au and 1.7 g/t Au in pyritized, silicified and chloritized metasedimentary rocks with quartz and pegmatite veins.

The **Fishhook Prospect** is a magnetic anomaly related to an iron-rich sedimentary unit. Drill targets correspond to possible alteration zones and faulting. Hole OP-17-49 returned 1.06 g/t Au over 1.5 m related to a fault zone.

The **D8 Prospect**, originally identified by gold anomalies in soil and till, displays a 20-metre-wide sheared and altered arsenopyrite-tourmaline-rich shear zone in metasediments (0.55 g/t Au over 4.0 m in a trench) and amphibolite-hosted quartz veins (channel sample of 2.3 g/t Au over 1.0 m) roughly 150- to 200-metre-wide package of IP anomalies. No significant values were obtained in two (2) holes drilled in 2017. In 2015, a grab sample from a boulder of chloritized wacke with quartz-feldspar-tourmaline veinlets yielded 3.0 g/t Au.

At the **Claude Prospect**, mineralization is associated with quartz-tourmaline veins and veinlets. In 2007-2008, drilling yielded an intersection of 0.22 g/t Au over 187 m (including 1.0 g/t Au over 21.5 m), two (2) grab samples returned 5.8 g/t Au and 4.3 g/t Au, and a channel sample graded 2.4 g/t Au over 0.5 m. Only marginal values were obtained in the single 2017 hole.

At the **Eric Prospect**, mineralization is related to calc-silicate altered sediments and arsenopyrite-tourmaline-bearing pegmatites within a kilometre-scale arsenic-gold soil geochemistry target. In 2012, eight (8) grab samples yielded values above 0.1 g/t Au, including two above 0.5 g/t Au. Only marginal values were obtained in the single 2017 hole.

The **Penelope Prospect** yielded ten (10) grab samples with grades above 0.1 g/t Au in 2007-2008, including four with values above 0.5 g/t Au up to 4.26 g/t Au. Mineralization is associated with quartz-tourmaline veins and veinlets.

As at May 31, 2018, Hecla had made cumulative cash payments of \$580,000 (\$580,000 – Q3 2017) and had incurred a total of \$6.0 million in work expenditures. Azimut has received \$290,000 (\$290,000 – Q3 2017) in cash payments, reflecting its 50% interest in the property. Hecla's fulfilment of its obligations to earn its 50% interest in the property is subject to the Company's validation.

### **Eleonore South Property**

The Eleonore South Property (282 claims, 147.6 km<sup>2</sup>) is located in a highly prospective part of the Eleonore mining camp, about 10 kilometres south of Goldcorp's Eleonore gold mine.

The Eleonore South Property (see Figure 2) is covered by a three-party agreement between Azimut, Les Mines Opinaca Ltée (a wholly-owned subsidiary of Goldcorp) and Eastmain Resources (see *Ownership* for details). Part of the property (116 claims; 60.3 km<sup>2</sup>) is subject to a royalty agreement signed with three companies: Goldcorp, Les Mines Opinaca Ltée (formerly Virginia Gold Mines Inc.) and Osisko Exploration James Bay Inc. (formerly Virginia Mines Inc.). Major exploration programs have been carried out since 2016, including diamond drilling (15,134 m in 76 holes), detailed prospecting, mechanical stripping and channel sampling. Azimut has been operator of the exploration programs since 2016.

### ***Gold mineralization***

Exploration has demonstrated the presence of a large tonalite-hosted gold-bearing system with the following key features (see press release of July 18, 2018):

- A gold corridor at least 2 kilometres long by 600 to 700 metres wide, largely constrained within the tonalite intrusion but close to its contact with the surrounding metasedimentary rocks (Figure 4);
- Consistent anomalous gold values (>0.5 g/t Au) within the mineralized corridor, along with several networks of quartz veins and veinlets, strong sodic alteration, very low sulphide concentrations (<0.5%) and frequent native gold grains;
- Several higher-grade zones within the mineralized envelope, characterized by (Figure 5):
  - Clusters of quartz-albite-biotite stockworks accompanied by arsenopyrite, pyrrhotite, pyrite, scheelite and native gold (principally along the “**Contact Trend**”); and
  - A quartz-feldspar pegmatitic vein system with native gold (principally along the “**Moni Trend**”).

In addition, gold zones in the metasediments around the intrusion, such as the JT Prospect, define a semi-circular area approximately 5.5 kilometres across with considerable exploration upside.

### **Moni Trend**

This 1.8-km-long NE-SW exploration trend (Figures 4 and 5) includes the Moni, 101 and Trench prospects. It is highlighted by strong gold-arsenic anomalies in soil, and an apparent correlation with a NE-SW magnetic trend.

The Moni Trend has now been drilled with twenty (20) holes totalling 2,351.2 metres. This includes the extension of hole ES16-48 by 107.2 metres (final depth of 258 m for ES18-48ext). One hole was abandoned (ES18-92 at 14.6 m). The northeast-striking Moni Trend is in the tonalite intrusion, about 500 metres from the metasedimentary contact.

At the **Moni Prospect**, the gold-bearing quartzofeldspathic vein system starts at surface and has been tested to a vertical depth of 40 metres along a 60-metre strike length. The key features can be described as follows:

- The high-grade gold vein system is related to a larger network of quartz-feldspar veins and veinlets hosted in strongly altered tonalite. Mineralized facies vary laterally from grey or black quartz veins to a quartzofeldspathic pegmatite carrying trace to 1-2% sulphides (mostly arsenopyrite with lesser pyrite, pyrrhotite), and small amounts of tourmaline and scheelite. Alteration minerals are silica, albite, biotite and chlorite;
- 345 native gold grains have been observed in 42 of the 82 channel samples (see below for more details);
- The tonalite is pervasively altered (albite, silica) and displays a network of regularly spaced quartz veins and veinlets with feldspathic selvages (sheeted veins);
- The NE-SW-trending gold-bearing system is deformed: it shows some evidence of folding and is roughly parallel to the steeply dipping foliation trend.

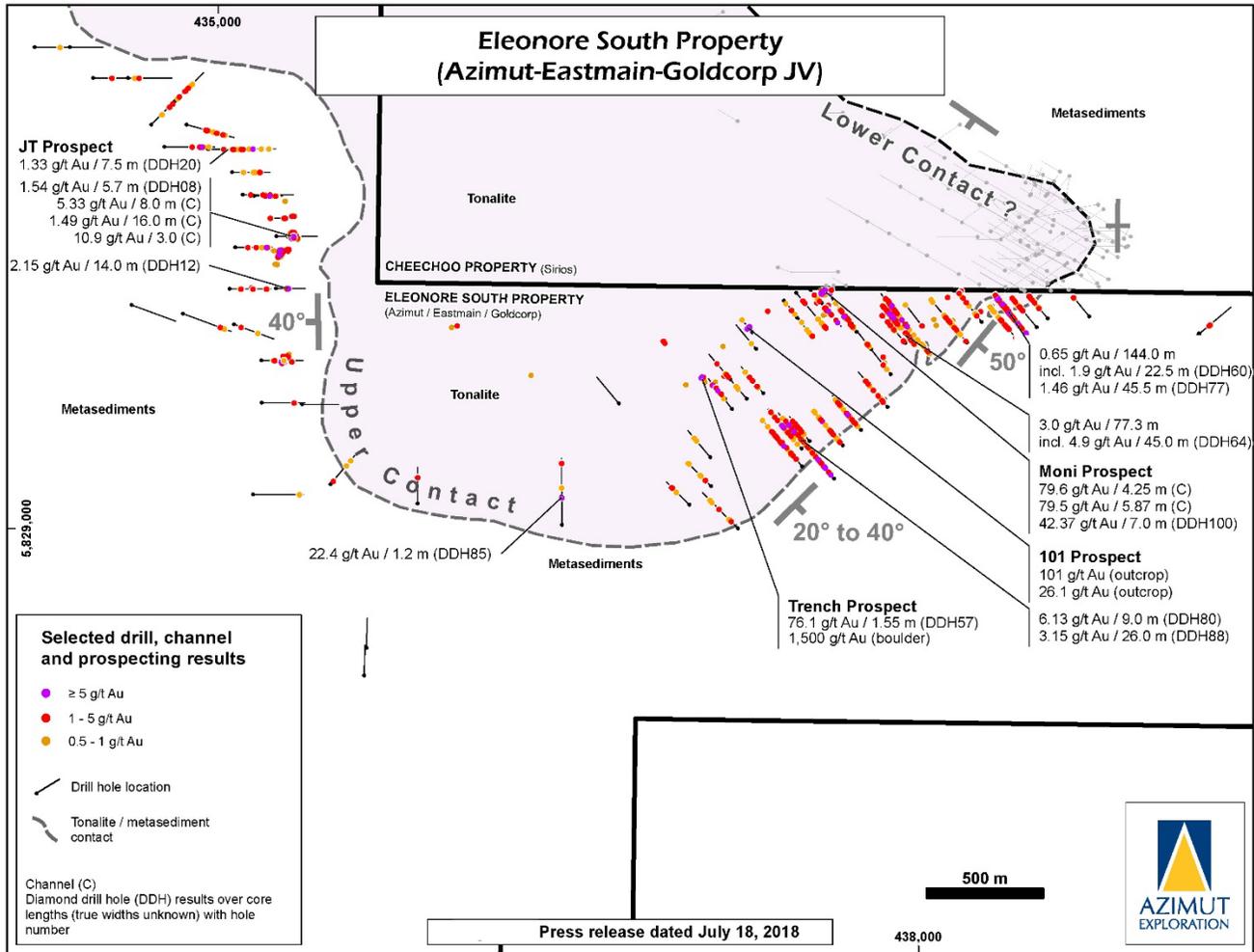
The results of the closely spaced holes on the Moni Prospect indicate good geometric continuity for the pegmatitic vein. The best results include 42.37 g/t Au over 7.0 m (hole ES18-100), 8.56 g/t Au over 8.4 m (hole ES18-98) and 13.58 g/t Au over 2.5 m (hole ES18-95). These drilling results correlate well with channel results returning up to 79.5 g/t Au over 5.87 m and 79.6 g/t Au over 4.25 m (see below).

The veining encountered during this detailed drilling phase shows variable width. Several holes intersected a brittle post-mineralization fault causing strong fragmentation and local core loss within some of the gold-bearing pegmatitic veins.

Gold values obtained in these veins are generally related to the presence of visible gold. The dense drilling test below known surface mineralization was a useful tool for establishing the potential for continuity of gold mineralization in a Moni-type vein system. The results increase the confidence for successful drilling of similar veins.

Other drill intercepts along the Moni Trend returned encouraging values that may indicate multiple subparallel high-grade veins within a 200-metre-wide corridor:

- 6.05 g/t Au over 3.5 m (hole ES18-101)
- 15.7 g/t Au over 0.55 m (hole ES18-102)
- 10.4 g/t Au over 1.5 m (hole ES18-119)



**Figure 4:** Map of the tonalite-metasedimentary contact on the Eleonore South Property and adjacent Cheechoo Property (Sirios), showing the prospects of the Moni and Contact trends (right) and the JT Prospect (left) with selected drill, channel and prospecting results.

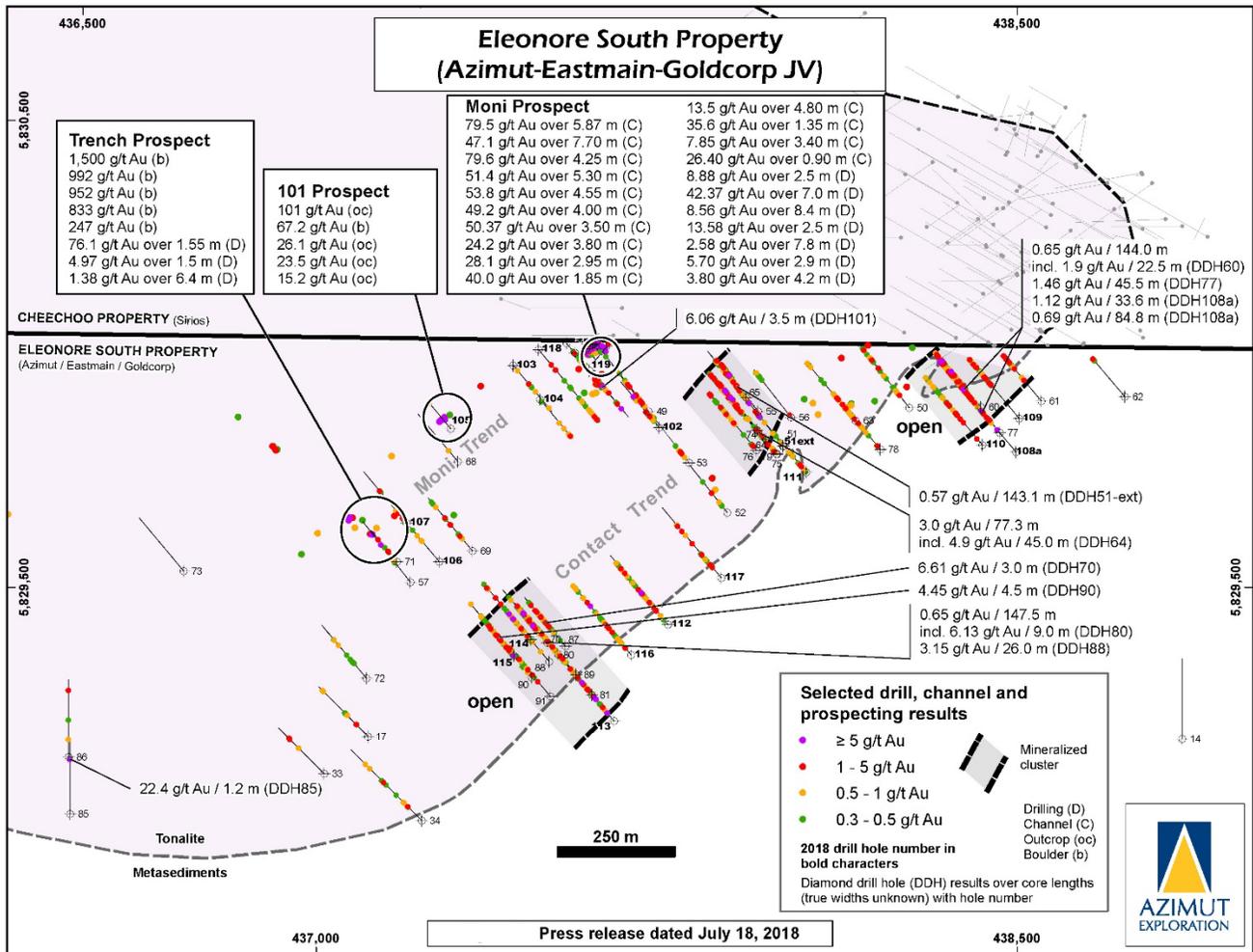
The **101 Prospect** is located 400 metres to the southwest of the Moni Prospect. Mineralization is related to a network of quartz-feldspar pegmatitic veins and veinlets carrying native gold in strongly altered tonalite, striking NE-SW with a subvertical dip. Previous outcrop sampling returned up to 101 g/t Au.

The **Trench Prospect** is located 650 metres to the southwest of the Moni Prospect (250 m to the southwest of the 101 Prospect). The very high-grade samples (up to 1,500 g/t Au) correspond to angular boulders of quartz-feldspar-(biotite) pegmatitic veins with native gold. These samples may correspond to a larger dismantled boulder. Mineralized tonalite boulders with arsenopyrite are also found in close proximity. Previous prospecting returned 247 g/t Au from a boulder in the same area, which is marked by a strong gold-arsenic soil anomaly. It is believed these mineralized boulders come from a nearby source.

The vein systems within the Moni Trend remain open at depth and laterally, warranting additional trenching and drilling.

### Contact Trend

The Contact Trend (see Figures 4 and 5), with its clusters of mineralized quartz-albite-biotite stockworks, has been drilled in 2018 with twelve (12) holes totalling 3,097.4 metres. This includes the extension of hole ES16-51 by 116.7 metres (final depth of 366 m for ES18-51ext). One hole was abandoned (ES18-108 at 57.0 m). Drilling confirms the presence of consistent gold mineralization along a zone at least 1.2 kilometres long and 150 to 300 metres wide, adjacent to the contact with the surrounding metasedimentary rocks.



**Figure 5:** Details of the Moni and Contact trends showing selected drill, channel and prospecting results.

The recent drilling phase shows a reasonably good geometric continuity of gold mineralization and the zones remain open down dip and along strike. From northeast to southwest, three clusters of drill holes yielded the following results:

- 1.12 g/t Au over 33.6 m and 0.69 g/t Au over 84.8 m, including 1.17 g/t Au over 10.9 m and 1.23 g/t Au over 16.1 m (hole ES18-108a).

Hole ES18-108a represents the downdip extension of the following previously reported results:

- 1.46 g/t Au over 45.5 m, 0.53 g/t Au over 106.0 m (hole ES17-77); and
- 0.65 g/t Au over 144.0 m including 1.9 g/t Au over 22.5 m, 4.74 g/t over 6.0 m (hole ES17-60).

This cluster trends northeast and is 200 m long by 100 m wide with a dip of 50 to 60 degrees to the southeast.

- 1.41 g/t Au over 9.4 m including 5.64 g/t Au over 1.0 m and 2.18 g/t Au over 5.6 m (hole ES18-111); and
- 0.57 g/t Au over 143.1 m including 5.0 g/t Au over 4.0 m, 14.05 g/t Au over 1.0 m, 0.81 g/t Au over 28.5 m and 1.16 g/t Au over 6.7 m (hole ES18-51ext).

Both holes represent the extension of the following previously reported results:

- 3.06 g/t Au over 77.3 m including 4.9 g/t Au over 45.0 m (hole ES17-64)
- 1.58 g/t Au over 12.0 m and 0.59 g/t Au over 28.5 m (hole ES16-55)
- 0.45 g/t Au over 87.0 m (hole ES17-74)

This cluster measures at least 300 metres by 50 metres and trends northeast with a possible subhorizontal to shallow dip to the southeast.

- 2.18 g/t Au over 3.0 m, 1.13 g/t Au over 9.9 m and 0.62 g/t Au over 16.0 m (hole ES18-113).

This hole represents the extension of the following previously reported significant results:

0.49 g/t Au over 76.5 m (hole ES17-87)

0.62 g/t Au over 147.5 m including 1.11 g/t Au over 6.0 m, 5.76 g/t Au over 9.0 m (hole ES17-80)

1.53 g/t Au over 6.0 m and 3.15 g/t Au over 24.0 m (hole ES17-88)

0.50 g/t Au over 123.5 m including 4.45 g/t Au over 4.5 m, 12.35 g/t Au over 1.5 m and 1.04 g/t Au over 6.0 m (hole ES17-90).

This cluster has a northeast trend with a minimum extent of 300 metres by 100 metres and a possible subhorizontal dip.

Drilling also investigated the untested area between the drill hole clusters centred on ES18-111 and ES18-113. Three holes have been drilled within a 500-metre interval. Salient results are: 0.71 g/t Au over 43.4 m including 10.2 g/t Au over 1.0 m (hole ES18-112) and 0.48 g/t Au over 15.4 m (hole ES18-117).

### Other prospects

As mentioned above, gold zones in the metasediments around the intrusion define a semi-circular area approximately 5.5 kilometres across. One such zone is the **JT Prospect**, 2.5 kilometres to the west of the Moni Prospect (see Figure 4). It is characterized by altered, sulphide-bearing metasedimentary rocks comparable to those of the Eleonore mine. Drilling and trenching defined wide intervals of gold-bearing sedimentary rocks along a 1-kilometre corridor and a gold 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 m, and the best diamond drilling results were 1.5 g/t Au over 5.7 m in 2008, and 1.40 g/t Au over 10.0 m in 2009.

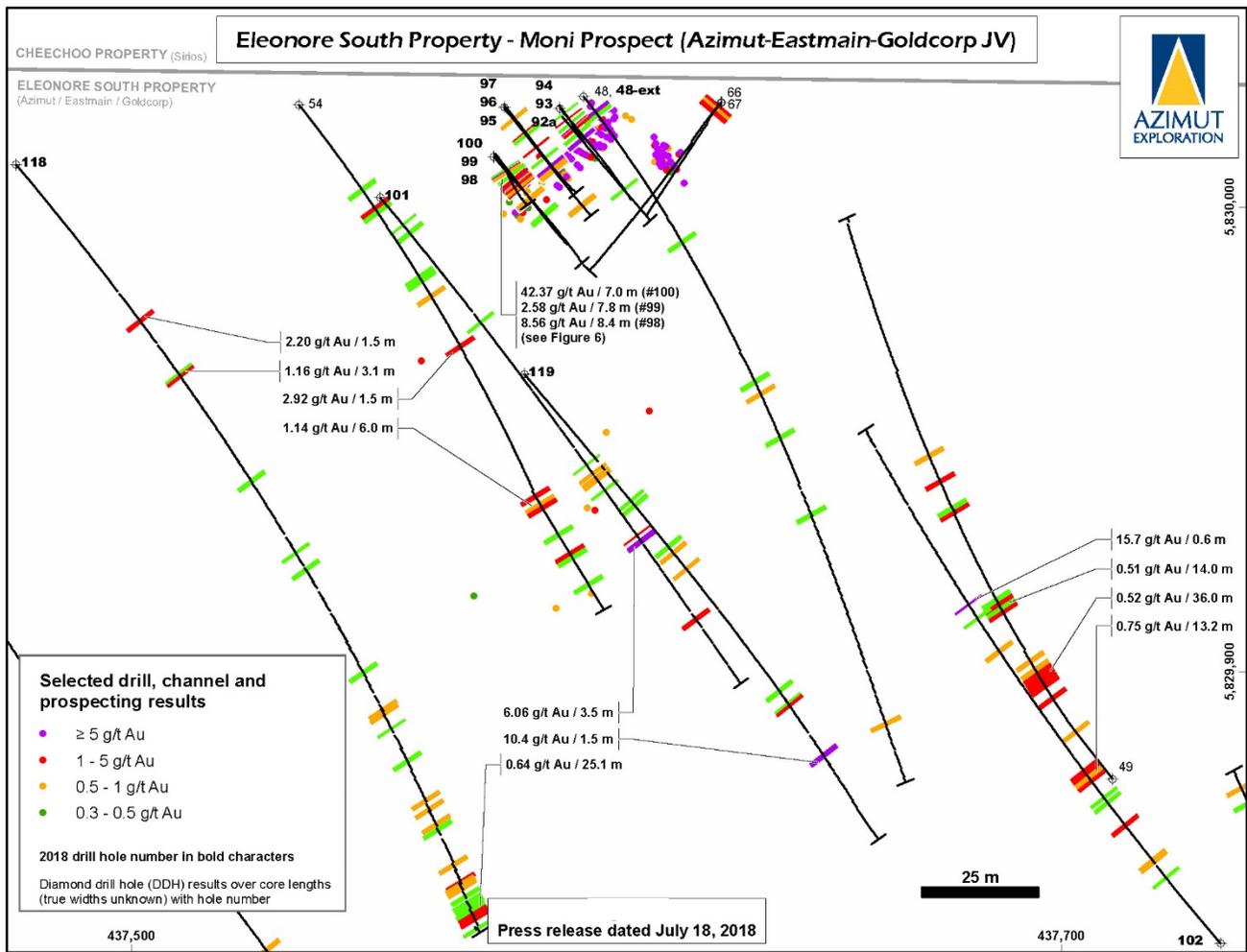
### Detailed results of recent joint exploration programs

The Eleonore South Property has been the subject of two major exploration programs. The \$2 million 2016–2017 program comprised 26 diamond drill holes (5,242.4 m), channel sampling and detailed prospecting (press release of June 16, 2016). The \$3.9 million program for 2017–2018 consisted of 50 diamond drill holes (9,891.6 m), a heliborne high-definition magnetic survey (980 line-km at 25-m line spacing), stripping, lake-bottom geochemistry and prospecting (press release of August 9, 2017). Both phases of the drilling program are now complete (76 holes; 15,134 m). The aim of Phase 2 (results below) was to: (i) test highly prospective targets on the Moni Trend along a 1-kilometre strike, including closely spaced holes on the high-grade Moni Prospect, (ii) assess the grade and geometric continuity of three sectors on the Contact Trend that returned significant gold results, and (iii) commence drilling in untested sectors over a 1.5-kilometre strike length near the tonalite/metasediment contact on the Contact Trend (press release of February 27, 2018).

### New drilling highlights

Highlights from Phase 2 of the 2017-2018 program were presented in the press release of July 18, 2018. Native gold was identified in 18 of the 32 drill holes. A surface projection of selected drill holes for the Moni Prospect area is shown in Figure 6.

|                |  |   |
|----------------|--|---|
| Hole ES18-92a: | <b>5.7 g/t Au over 2.9 m</b>                                   |   |
| Hole ES18-93:  | <b>3.8 g/t Au over 4.2 m</b>                                   | including <b>20.1 g/t Au over 0.7 m</b>                                       |
| Hole ES18-95:  | <b>13.58 g/t Au over 2.5 m</b>                                 | including <b>33.0 g/t Au over 1.0 m</b>                                       |
| Hole ES18-98:  | <b>8.56 g/t Au over 8.4 m</b>                                  | including <b>71.4 g/t Au over 1.0 m</b><br>and <b>18.01 g/t Au over 3.9 m</b> |
| Hole ES18-99:  | <b>2.58 g/t Au over 7.8 m</b>                                  | including <b>17.4 g/t Au over 0.9 m</b>                                       |
| Hole ES18-100: | <b>42.37 g/t Au over 7.0 m</b>                                 | including <b>294.0 g/t Au over 1.0 m</b>                                      |
| Hole ES18-101: | <b>6.06 g/t Au over 3.5 m</b>                                  | including <b>13.6 g/t Au over 1.5 m</b>                                       |
| Hole ES18-102: | <b>1.68 g/t Au over 5.0 m</b><br><b>15.7 g/t Au over 0.6 m</b> |   |



**Figure 6:** Surface projection of selected drill holes on the Moni Prospect.

|                  |  |   |
|------------------|--|---|
| Hole ES18-108a:  | <b>1.12 g/t Au over 33.6 m</b><br><b>0.69 g/t Au over 84.8 m</b>                                 | including <b>18.5 g/t Au over 1.5 m</b><br>including <b>1.17 g/t Au over 10.9 m</b><br>and <b>1.23 g/t Au over 16.1 m</b>                             |
| Hole ES18-109:   | <b>1.69 g/t Au over 3.6 m</b><br><b>0.65 g/t Au over 30.0 m</b>                                  |   |
| Hole ES18-111:   | <b>1.41 g/t Au over 9.4 m</b>  | including <b>5.64 g/t Au over 1.0 m</b> and<br><b>2.18 g/t Au over 5.6 m</b>  |
| Hole ES18-51ext: | <b>0.57 g/t Au over 143.1 m</b>  | including <b>5.0 g/t Au over 4.0 m</b> ,<br><b>14.05 g/t Au over 1.0 m</b> ,<br><b>0.81 g/t Au over 28.5 m</b> ,<br>and <b>1.16 g/t Au over 6.7 m</b> |
| Hole ES18-112:   | <b>0.71 g/t Au over 43.4 m</b>   | including <b>1.17 g/t Au over 19.3 m</b><br>and <b>10.2 g/t Au over 1.0 m</b>   |
| Hole ES18-113:   | <b>2.18 g/t Au over 3.0 m</b><br><b>1.13 g/t Au over 9.9 m</b><br><b>0.62 g/t Au over 16.0 m</b> | including <b>5.92 g/t Au over 1.0 m</b>   |
| Hole ES18-118:   | <b>0.64 g/t Au over 25.1 m</b>   |   |
| Hole ES18-119:   | <b>10.4 g/t Au over 1.5 m</b>  |   |

## Surface sampling results from 2017

The channel sampling results reported below (press release of October 17, 2017) were obtained on the Moni Prospect following mechanical stripping that significantly enlarged the previous exposure (press release of November 3, 2016). Channel sampling in the newly exposed area comprised 82 samples with a cumulative length of 64.95 metres. The best composites were 79.6 g/t Au over 4.25 m and 79.5 g/t Au over 5.87 m. Individual sample results and composite intervals are presented in Figure 7. The 17 regularly spaced channels were generally cut perpendicular to vein strike. True width appears to range from 70% to 100% of apparent surface width. Reported gold values are uncut. Average sample weight is 3.75 kilograms.

From northeast to southwest, the best composite intervals are:

- Channel 05-05': 24.2 g/t Au over 3.80 m
- Channel 01: 79.5 g/t Au over 5.87 m
- Channel 07: 51.4 g/t Au over 5.30 m
- Channel 08: 53.8 g/t Au over 4.55 m
- Channel 08': 40.0 g/t Au over 1.85 m
- Channel 09: 13.5 g/t Au over 4.80 m
- Channel 10: 79.6 g/t Au over 4.25 m
- Channel 11: 28.1 g/t Au over 2.95 m

Another vein, located about 15 metres southeast from the vein described above, returned the following composite intervals:

- Channel 16: 47.1 g/t Au over 7.70 m
- Channel 17: 35.6 g/t Au over 1.35 m

A total of twenty (20) grab samples were collected, mainly on the 101 and Trench prospects in the Moni Trend (press release of November 16, 2017). The best grab samples yielded very high grades: from 833 g/t Au to 1,500 g/t Au on boulders and up to 26.1 g/t Au on outcrops. These results may represent the direct strike continuity of the Moni Prospect. Previously, the best prospecting grades on the property were 142.0 g/t Au (Moni Prospect) and 247.0 g/t Au (sub-angular boulder in a trench near hole ES16-57). Grab samples are selective by nature and unlikely to represent average grades. Eleven (11) rock samples assayed higher than 1.0 g/t Au, including eight (8) with grades above 15.0 g/t Au:

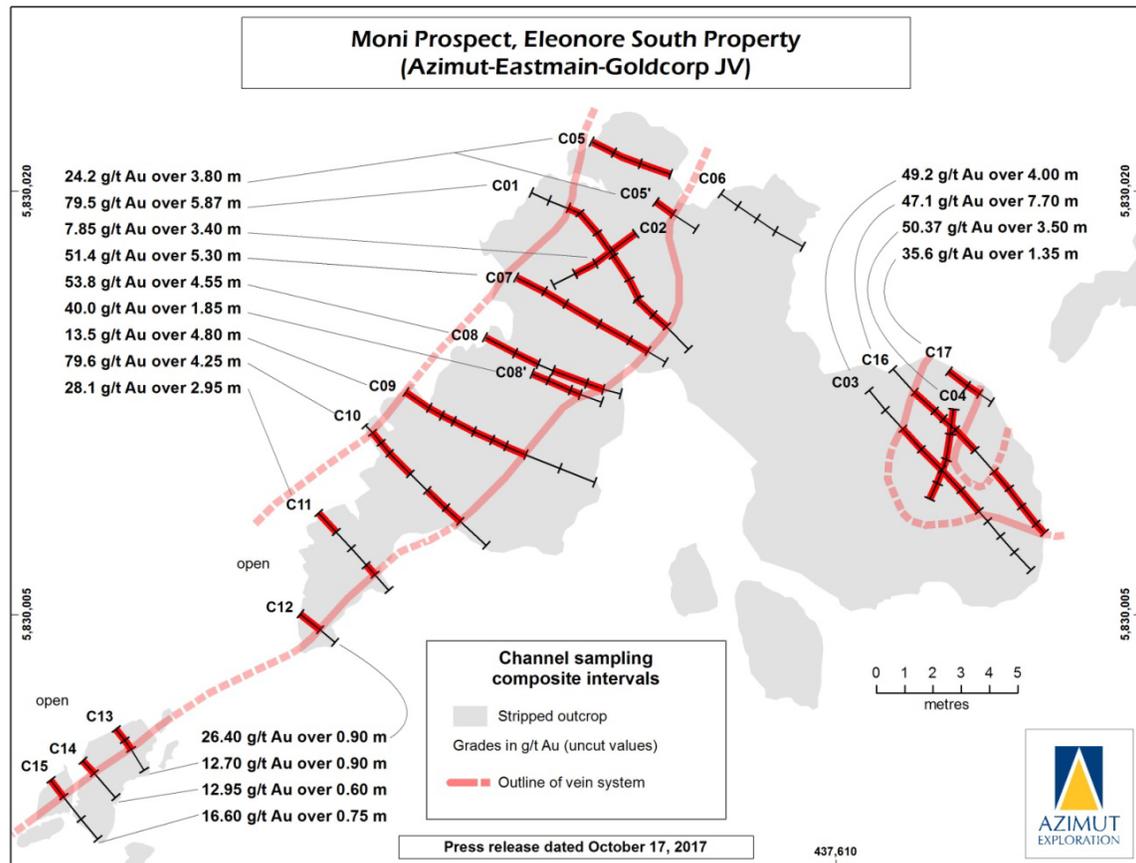
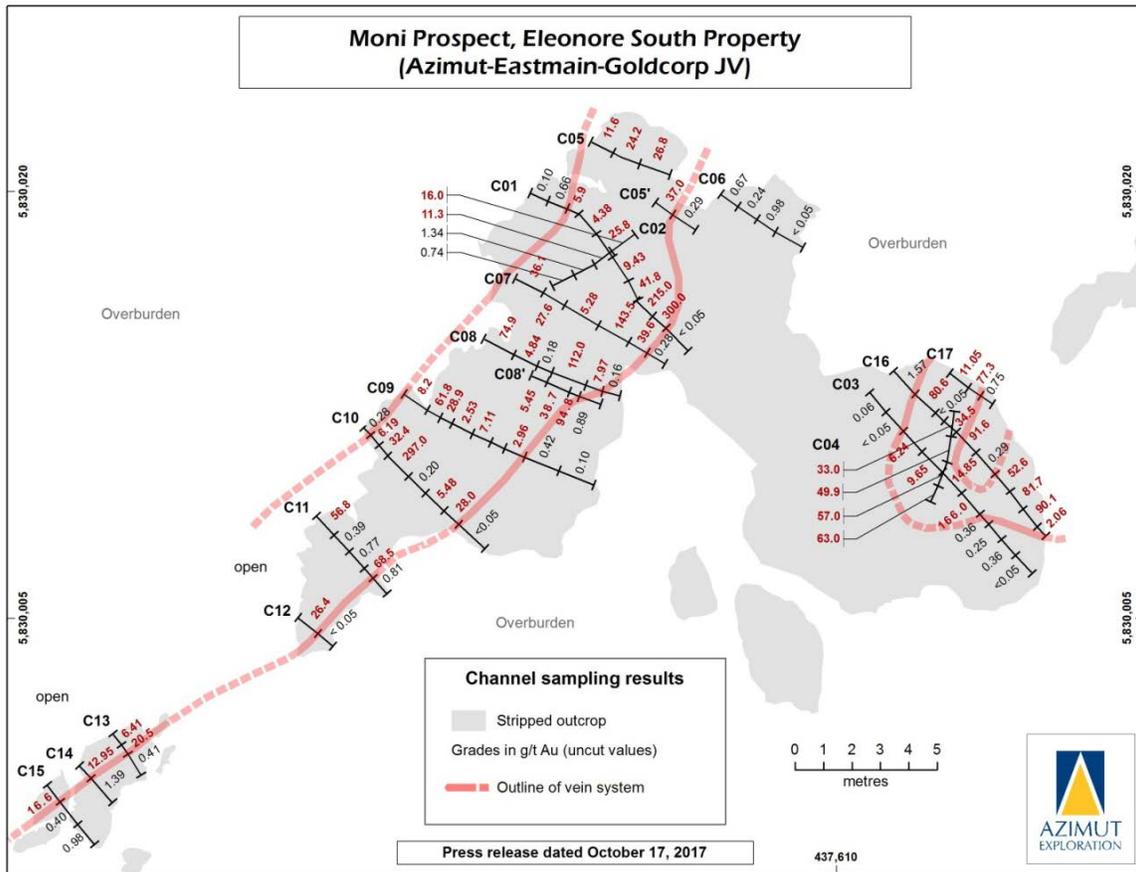
| <u>Grade</u> | <u>Location</u> | <u>Sample type</u> | <u>Sample number</u> |
|--------------|-----------------|--------------------|----------------------|
| 15.2 g/t Au  | 101 Prospect    | Subcrop            | S657630              |
| 26.1 g/t Au  | 101 Prospect    | Outcrop            | S657631              |
| 23.5 g/t Au  | 101 Prospect    | Outcrop            | S657633              |
| 67.2 g/t Au  | 101 Prospect    | Boulder            | S657638              |
| 833 g/t Au   | Trench Prospect | Boulder            | S657739              |
| 952 g/t Au   | Trench Prospect | Boulder            | S657740              |
| 1500 g/t Au  | Trench Prospect | Boulder            | S657741              |
| 992 g/t Au   | Trench Prospect | Boulder            | S657743              |

## Updated exploration model and upside

Several key factors point toward a *reduced intrusion-related deposit type* for the gold-bearing system identified at Eleonore South (see press release of July 18, 2018). The Fort Knox mine in Alaska (Kinross Gold Corporation) and the Côté Lake Project in Ontario (IAMGOLD) are useful examples of large-scale intrusion-related gold deposits.

In this scenario, assessing the geometry of the intrusion and the surrounding metasedimentary rocks is critical given that the tops of intrusions are typically viewed as highly prospective.

Subject to further validation, the intrusion appears to be a thick planar body (450 m to 500 m thick) with a moderate to shallow dip to the south or southeast along its southern boundary, and a dip to the west along its western boundary (JT Prospect area). In this geometric context, the upper contact of the uneroded intrusion is overlain by metasediments.



**Figure 7:** Maps of the Moni Prospect showing individual channel sample results (top) and composite intervals (bottom).

Decompression along the upper contact of the tonalite intrusion may have been the main control for mineralization along the Contact Trend, with decompression-related fracturing acting as a conduit and trap for late-stage magmatic-hydrothermal fluids. The main features in this zone include networks of veins and veinlets, stockworks, and quartz-feldspar pegmatites, all of which are associated with large alteration zones (200 m to 400 m thick).

Additional significant exploration upside exists within the portions of the tonalite that extend below the metasediments, as shown by the results obtained in holes ES18-108a and ES18-113. The same configuration exists at the JT Prospect where historical hole ES08-12 returned 2.15 g/t Au over 14 m.

The metasedimentary rocks overlying the tonalite also appear to be highly prospective, as illustrated by sediment-hosted gold mineralization at the JT Prospect; these warrant further evaluation.

### **Discovery on adjacent property**

Results from Sirios' adjacent Cheechoo Property suggest a probable continuity of the mineralized system with Eleonore South (Azimut press release of March 30, 2016). Some of the Cheechoo holes were collared as close as 12 metres from the Eleonore South boundary, and results included the following: 11.9 g/t Au over 13.5 m in hole CH-17-95 (including visible gold in an interval of 2.1 m grading 65.1 g/t Au), 15.61 g/t Au over 9.70 m and 15.04 g/t Au over 12.35 m in hole CH-15-20, and 12.08 g/t Au over 20.30 m in hole CH-16-52 (Sirios press releases of March 6 and March 29, 2016).

### ***Details of the Eleonore South footprint and targeting approach***

In early 2016, Azimut conducted a rigorous interpretation and comparison of the geochemical footprints for the Eleonore South Property and the Eleonore gold mine. Extensive, consistent and strong coincident gold and arsenic anomalies (higher than 90<sup>th</sup> percentile) were outlined in B-horizon soil samples on Eleonore South (press release of March 30, 2016). In most cases, gold mineralization recognized by prospecting, trenching and drilling is spatially related to these soil anomalies (e.g., JT Prospect), and the Eleonore gold mine shows a comparable feature (Figure 8).

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.

### ***Ownership***

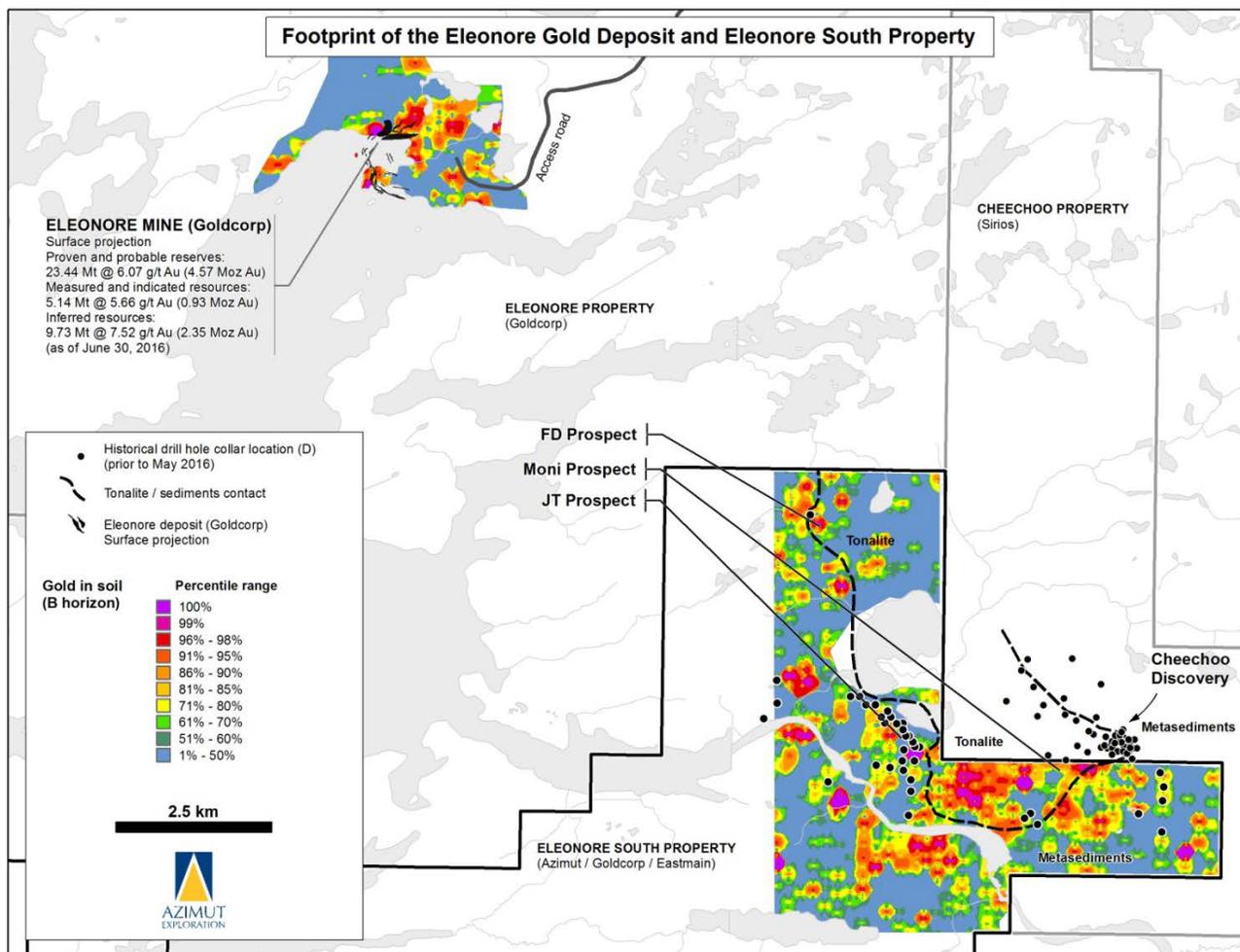
The ownership of the Eleonore South Property is Azimut 26.57%, Goldcorp 36.71% and Eastmain Resources 36.72%. Azimut is the operator of the current \$5.9 million cumulative work program. Each of the joint venture participants elected to contribute their proportionate share of ownership in the work program. For Q3 2018, the cumulative cost incurred under the work programs amounted to \$5.64 million to cover exploration work (prospecting, geophysical interpretation and drilling) and building the exploration camp. The allocation of expenditures was as follows: Azimut \$1.50 million, Goldcorp \$2.07 million and Eastmain Resources \$2.07 million.

### **Opinaca D Property**

The Opinaca D Property (156 claims in 1 block, 81.3 km<sup>2</sup>) lies 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 Q3 2018, Azimut did not incur any claim renewal expenditures (\$14,000 – Q3 2017) but did incur \$600 (\$23,000 – Q3 2017) in exploration work for data interpretation.



**Figure 8:** Map comparing the gold-in-soil footprints of Azimut’s Eleonore South Property and the neighbouring Eleonore gold mine (Goldcorp).

### **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. In a press release dated July 4, 2018, Eastmain Resources announced updated 43-101 compliant estimates for an open pit component (measured and indicated resources of 1.210 Mt at 5.86 g/t Au for 228,000 ounces gold, and inferred resources of 43,000 t at 5.06 g/t Au for 7,000 ounces gold) and an underground component (measured and indicated resources of 3.084 Mt at 6.3 g/t Au for 625,000 ounces gold, and inferred resources of 2.339 Mt at 6.56 g/t Au for 493,000 ounces gold) (disclosed May 23, 2018).

### **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. Wabamisk comprises 470 claims for a total surface area of 248.8 km<sup>2</sup>. 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 property is located about 70 kilometres south of Goldcorp’s Eleonore 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***

On November 30, 2017, Azimut announced that Goldcorp had commenced a heliborne geophysical survey on the Wabamisk Property. Geo Data Solutions Inc. is conducting the SkyTEM electromagnetic survey at a line spacing of 100 metres for a total coverage of 3,322 line-kilometres. The objective is to enhance target definition on the project by delineating high-quality conductors. The \$325,000 budgeted for this phase of work is funded by Goldcorp.

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, IP surveys, 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 m within a large envelope defined by an interval of 0.7 g/t Au, 0.39% Sb and 0.20% As over 19 m. This gold-antimony-arsenic zone is associated with a diorite intrusion and metasedimentary rocks. Mineralization is characterized by Sb and As sulphides as disseminations and veinlets accompanied by sericitization and silicification. The target zone is 3.5 kilometres long, outlined by coincident soil (Sb, As) and geophysical (IP) anomalies. The alteration-mineralization footprint indicates a strong exploration potential 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.

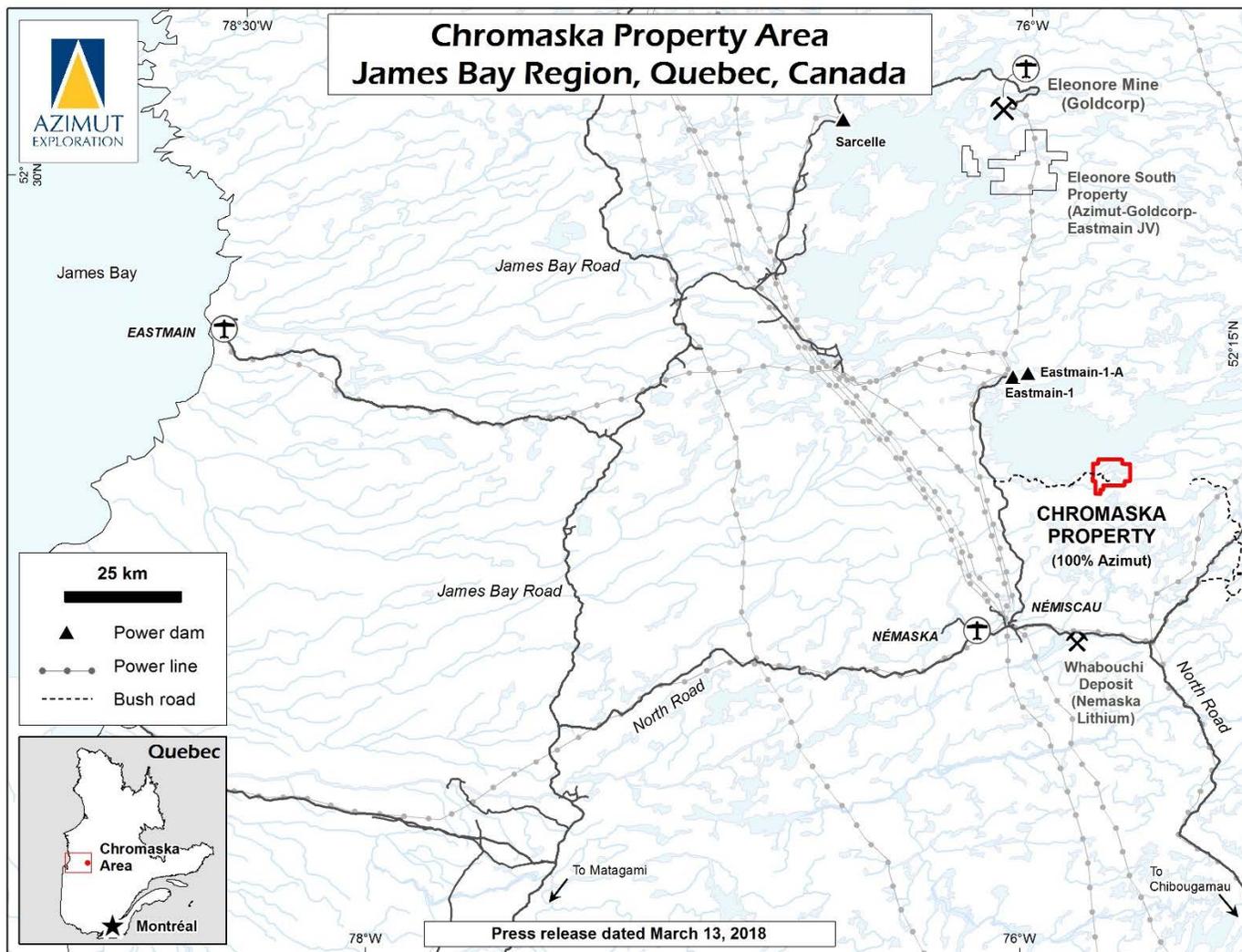
### **Chromaska Property (chromium-PGE)**

The wholly-owned Chromaska Property (81 claims, 42.9 km<sup>2</sup>) (formerly “Eastmain West”) is located in a highly accessible region with major infrastructure (permanent roads, power lines, airports), 45 kilometres northeast of the municipality of Nemaska and 35 kilometres north of the Whabouchi mining project (Nemaska Lithium) (Figure 9).

The exploration focus is chromium (Cr) and platinum group elements (PGE). Chromium’s high resistance to corrosion and very high melting point make it a key element in the production of stainless steel and heat-resistant steel.

The Chromaska Property offers significant exploration and development potential for a large deposit of chromite (the ore mineral of chromium) based on the following:

- A strategic location in a highly accessible region with major infrastructure nearby, with access to seaborne shipping via James Bay;
- Quebec is recognized as one of the best mining jurisdictions worldwide, and has built constructive relationships with local communities, including First Nations communities;
- No chromite producers are present in North America and the global market is favourable; and



**Figure 9:** Map showing the position of the Chromaska Property in relation to the regional infrastructure.

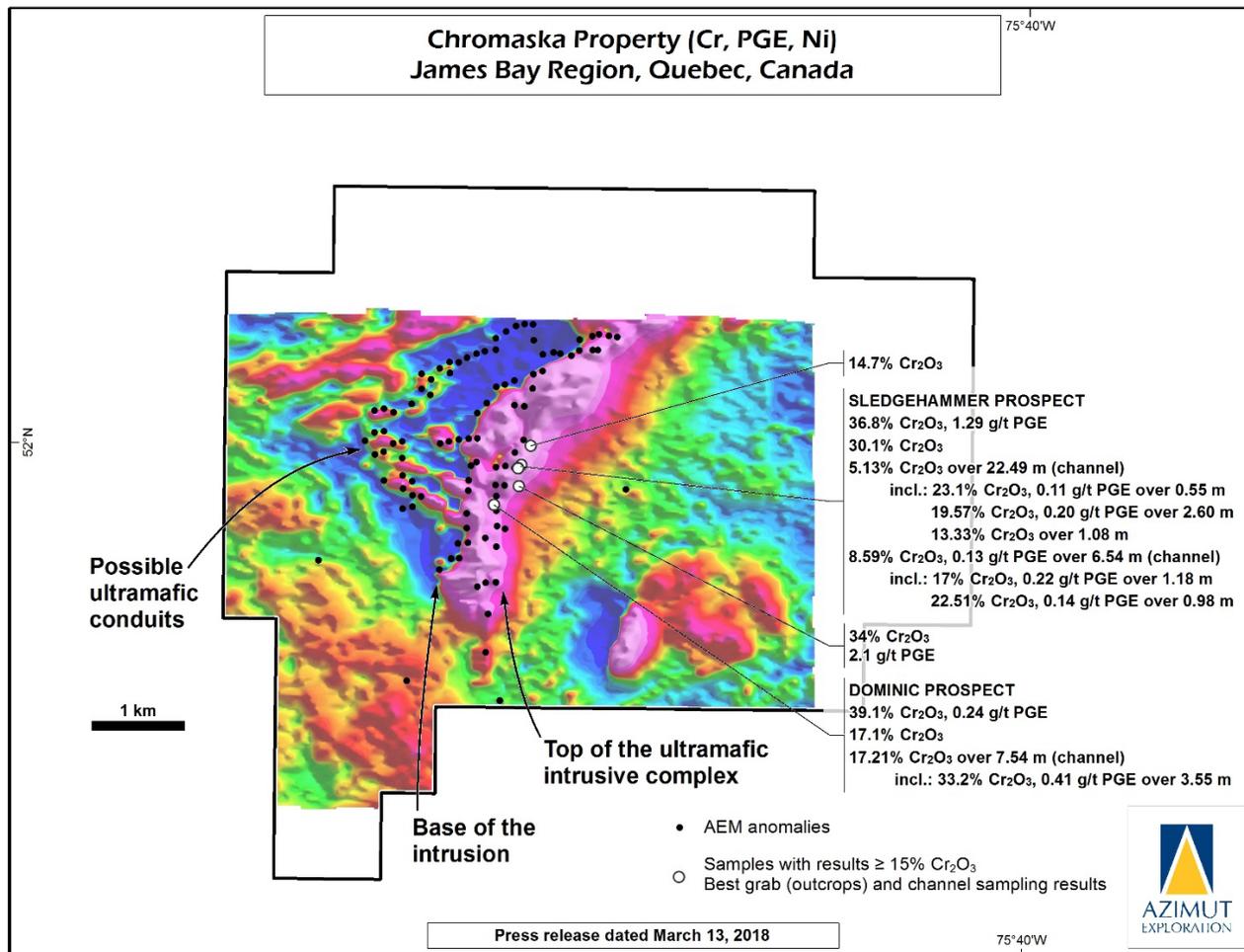
- The property shares several attractive geological and geophysical similarities with the Black Thor Intrusive Complex, host to the major Black Thor chromite deposit in the Ring of Fire district of Northern Ontario (measured and indicated resources of 137.7 Mt at 31.5% Cr<sub>2</sub>O<sub>3</sub> and inferred resources of 26.8 Mt at 29.3% Cr<sub>2</sub>O<sub>3</sub>; Noront Resources Ltd website); also, the ages of the two intrusive complexes appear to be very close (Black Thor: 2,734 billion years; Chromaska: 2,739 billion years).

### ***Mineralization, mineralogy and geological context***

Chromium mineralization at Chromaska occurs as disseminated to massive chromitite horizons in a well-defined prospective horizon along a 4-kilometre-long ultramafic intrusion. The initial outcrop discovery was made in 2010 during a self-funded exploration program.

Mineralization occurs as two main facies (press release of May 19, 2011): (i) ultramafic (massive to semi-massive chromite layers); and (ii) chromite-rich dykes or sills. The main showings are the **Sledgehammer Prospect**, which can be traced at surface for 100 metres within a magnetic high measuring 200 metres by 900 metres, and the **Dominic Prospect**, which occurs in a magnetic low (Figure 10).

A preliminary mineralogical study indicated very coarse chromite grains in a magnesium-rich aluminosilicate matrix (press release of May 19, 2011). Consequently, a primary grind should be sufficient to easily liberate the chromite from the silicate gangue. A subsequent mineralogical study of the chromite grains indicated a Cr<sub>2</sub>O<sub>3</sub> content of 44.5% and Cr/Fe ratios ranging from 1.63 to 2.4 (press release of January 19, 2017).



**Figure 10:** Magnetic map of the Chromaska Property showing position of prospects along the intrusion and its interpreted contacts.

### *Maiden drilling program*

In the press release of May 29, 2018, Azimut announced it had completed a self-funded diamond drilling program consisting of four (4) holes totalling 1,002 metres. Holes CHR18-03 and CHR18-04 intersected semi-massive to massive chromite-bearing horizons within a large disseminated chromite-bearing envelope. A new phase of work (3 new holes and channel sampling) is underway to further assess the lateral continuity of the chromitite horizons.

### *Ground gravity survey*

In early 2017, Azimut completed a self-funded ground gravity survey (press releases of February 21 and May 8, 2017) to investigate the main target zone in the central part of the intrusion where channeling obtained 17.21% Cr<sub>2</sub>O<sub>3</sub> over 7.54 m (see below), and to assess the property's potential for Ni-Cu-PGE massive sulphides, which are often present in this type of geological setting. More specifically, the objective was to characterize the footprint and extensions of the Dominic and Sledgehammer prospects within an area measuring 1,200 metres long by 900 metres wide. The gravity method is a proven geophysical tool for delineating the footprints of major chromite deposits in the Ring of Fire.

The residual gravity anomaly is 1.2 kilometres long and up to 200 metres wide and remains open to the north and south. The position of the anomaly is stratigraphically high in the intrusion, which is a favourable criterion for chromite sills. Inversion modelling was done to construct subsurface 3D models of possible causative bodies to explain the anomaly. The results suggest a body of significant strike, generally more developed below a depth of 50 metres. It could reflect a subvertically dipping chromite body of substantial size, or disseminations/thin interdigitations of chromite within high-density host rocks (dunite, harzburgite).

### ***Prospecting and channel sampling program***

In late fall 2016, a total of 73 rock samples were collected during a short prospecting program (press release of January 19, 2017), comprising 14 grabs and 59 channel samples (cumulative length of 53.10 m in 5 channels). The best interval was 33.2% Cr<sub>2</sub>O<sub>3</sub> over 3.55 m. Channel lengths were limited by thick overburden and a creek.

Salient results are as follows:

- 17.21% Cr<sub>2</sub>O<sub>3</sub> over 7.54 m, including 33.2% Cr<sub>2</sub>O<sub>3</sub> and 0.41 g/t PGE (Pt, Pd) over 3.55 m (Dominic Prospect, channel 3). The best result along this channel is 40.24% Cr<sub>2</sub>O<sub>3</sub> over 1.55 m;
- 5.13% Cr<sub>2</sub>O<sub>3</sub> over 22.49 m, including 23.1% Cr<sub>2</sub>O<sub>3</sub> over 0.55 m, 19.57% Cr<sub>2</sub>O<sub>3</sub> and 0.20 g/t PGE over 2.60 m (Sledgehammer Prospect, channel 1);
- 8.59% Cr<sub>2</sub>O<sub>3</sub> over 6.54 m, including 17% Cr<sub>2</sub>O<sub>3</sub> and 0.22 g/t PGE over 1.18 m, 22.5% Cr<sub>2</sub>O<sub>3</sub> and 0.14 g/t PGE over 0.98 m (Sledgehammer Prospect, channel 2).

For Q3 2018, Azimut incurred \$1,000 in claim renewal expenditures (\$7,000 – Q3 2017) and \$468,000 (\$129,000 – Q3 2017) in drilling and prospecting.

### **AZIMUT-SOQUEM STRATEGIC ALLIANCE**

On September 26, 2016, Azimut announced it had formed a Strategic Alliance (the “Alliance”) with SOQUEM, a subsidiary of Investissement Québec. The four-year Alliance covers a 176,300-km<sup>2</sup> surface area in the James Bay region, and the objective is to identify, acquire and explore highly prospective gold targets. The main terms of the 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 and 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 (4) 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 (4) 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 is the manager of the Alliance.

### **SOQUEM JV PROPERTIES**

The four targets converted into properties under the Alliance are Munischiwan, Pikwa, Pontois and Desceliers (the “SOQUEM JV Properties”). Held 50% by each partner, the properties were acquired by map designation and now comprise a total of 1,398 claims covering 719.5 km<sup>2</sup>. They display strong multi-element geochemical footprints for gold in lake-bottom sediments, along with favourable geophysical, geological and structural criteria. Historically, the properties have seen little exploration for gold.

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

### ***Recent and upcoming exploration programs***

On June 6, 2018, Azimut announced the results of the 2017 reconnaissance prospecting program (954 rock samples) on the SOQUEM JV Properties, which led to the discovery of new gold, cobalt, copper and rare earth prospects (see below for details). Additional analyses and/or petrographic studies are underway to better characterize the polymetallic potential of several prospects discovered on the Munischiwan, Pikwa and Desceliers properties. This work follows a comprehensive lake-bottom sediment survey in 2016 on the Pikwa, Pontois and Desceliers properties that yielded thirteen (13) geochemical targets, and a heliborne geophysical survey in 2017 on Munischiwan (press release of November 2, 2017) (see below for details).

The objectives of the \$1.5 million program for 2018, funded by SOQUEM and managed by Azimut (press release of June 6, 2018), are to:

- Follow up on the encouraging results from the four Alliance JV Properties and explore Azimut's wholly owned Corvet Property. The work will comprise 60 days of prospecting on five properties (Munischiwan, Pikwa, Corvet, Pontois and Desceliers), mechanized stripping at Munischiwan, and a heliborne magnetic, VTEM and spectrometric survey at Desceliers. The budget for this phase of work amounts to \$1,058,000.
- Explore the newly defined targets on Azimut's wholly owned Galinée and Dalmas properties (see "Other Properties" below). The budget for this phase of work amounts to \$464,000.

### ***Property descriptions***

The **Munischiwan Property** (159 claims, 83.4 km<sup>2</sup>) is located about 85 kilometres east of the Cree community of Eastmain, in an area serviced by road, electric 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 in a quartz-pyrrhotite vein) on strike with this lake-bottom anomaly is located about 800 metres from the property. The regional magnetic data indicate structural complexities (faults, two phases of folding) that may have acted as traps for gold mineralization.

In spring 2017, 838 line-kilometres of a heliborne Mag-VTEM<sup>TM</sup>Plus survey was completed over the property at 100-m spacing, generating five (5) geophysical targets. Later that year, a follow-up reconnaissance program produced 249 grab samples. Salient discoveries are as follows:

- A new polymetallic prospect (4.48 g/t Au, 55.2 g/t Ag, 1.67% Cu, 6.21 g/t Te) and a nearby tungsten prospect (0.219% W). The polymetallic prospect is associated with metavolcanics near an intrusive contact and is part of a 6-km-long trend marked by electromagnetic VTEM anomalies superimposed on the geologic contact.
- Semi-massive to massive sulphide mineralization (3 distinct areas with >10% S) correlating with electromagnetic VTEM anomalies. Anomalous values in silver (up to 13.5 g/t Ag), copper (up to 0.13% Cu), bismuth (up to 51.7 g/t Bi), molybdenum (up to 0.288% Mo) and tellurium (up to 9.84 g/t Te) either coincide with the VTEM conductors or are found nearby. These results strengthen two additional multi-kilometre prospective trends on the project.

The **Pikwa Property** (435 claims, 223.0 km<sup>2</sup>) is located 40 kilometres east of the LG-3 hydroelectric infrastructure and 2 kilometres south of the Trans-Taiga Road, a major gravel highway. Centered on a strong linear E-W trending lake-bottom sediment anomaly (As-Bi-Cu-Sb-W), 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 kilometres east of the eastern property boundary.

The multi-property reconnaissance program of 2017 produced 232 grab samples on Pikwa. Salient discoveries are as follows:

- A new gold-cobalt-tellurium prospect (0.39 g/t Au, 0.223% Co, >1% As, 4.37 g/t Te; and 0.6 g/t Au, 0.54% As, 1.65 g/t Te) within a 7-km-long target supported by highly anomalous values in silver (up to 2.23 g/t Ag), bismuth (up to 141 g/t Bi), zinc (up to 0.48% Zn), nickel (up to 0.17% Ni) and thallium (up to 9.75 g/t Tl). Mineralization along this trend may correspond to the "five-element vein" (As-Ag-Co-Ni-Bi) type of mineralization exemplified by the Cobalt mining camp in Ontario.

- A mineralized boulder (2.95% Cu, 0.22 g/t Au, 1.68 g/t Ag, and 7.58 g/t Te) within a 5-km target area along the same geological trend.

The **Pontois Property** (441 claims in 2 claim blocks, 224.7 km<sup>2</sup>) lies immediately south of the LG-4 hydroelectric dam and is crossed by the Trans-Taiga Road. The property corresponds to a strong As-Sb-W signature in lake-bottom sediments. The volcano-sedimentary rocks and iron formations of the La Grande belt, the bounding tonalitic intrusions, and the distribution of several regional faults and shear zones collectively provide a favourable geological and structural setting. Coupled with the strong geochemical signature and under-explored status, these features make for an attractive gold exploration target.

The multi-property reconnaissance program of 2017 produced 225 grab samples on Pontois. The results included anomalous values in gold (152 ppb Au), silver (1.14 g/t Ag), antimony (25.3 ppm Sb), lead (0.89% Pb) and zinc (0.17% Zn).

The **Desceliers Property** (363 claims, 188.4 km<sup>2</sup>) is located 175 kilometres east of provincial highway 167 that leads to the Renard mine (Stornoway Diamond Corp.). The property is characterized by a strong geochemical signature in Au-As-Cu-W in lake-bottom sediments. This area has seen minimal exploration in the past and very little is known about its geology. The geochemical footprint (an especially strong coincident Au-Cu association), the size of the anomaly, and the untested potential of the area make this target highly attractive.

The multi-property reconnaissance program of 2017 produced 192 grab samples on Desceliers. Salient discoveries are as follows:

- A mineralized boulder field (anomalous Au, Ag, As, Bi, Co and Cu values) within a 7 km by 4 km target area. The bedrock source of the boulders is considered proximal. The best results include:
  - 0.33 g/t Au, 493 ppm Cu
  - 0.2 g/t Au, 1.03 g/t Ag, 173 ppm Co, 562 ppm Cu, 0.14% Zn
  - 5.90 g/t Ag, >1% As, 287 ppm Cu
  - 0.22 g/t Au, 8.36 g/t Ag, >1% As, 551 ppm Cu.
- Two mineralized outcrops located 1.7 km apart within a 4 km by 3 km target area. Samples yielded the following results:
  - >500 ppm REE, >500 ppm Y, 377 ppm Zr, >1% P, 619 ppm Mo, 0.32% Pb
  - 140 ppm Cu, 235 ppm Y, >500 ppm Zr

## **OTHER PROPERTIES IN THE JAMES BAY REGION**

Ten (10) wholly owned properties— Galinée, Dalmas, Orsigny, Sauvolles, Synclinal, Corvet, Duxbury, Kukamas East, Valore and Cawachaga—were acquired by map designation and comprise a total of 1,522 claims covering 789.3 km<sup>2</sup>.

Eight (8) of these properties (all but Valore and Cawachaga) cover targets identified under the Strategic Alliance with SOQUEM (the “SOQUEM Alliance Properties”). They are offered to SOQUEM for option according to the terms of the Alliance: for any retained property, SOQUEM will reimburse the cost of claims and will have the option to acquire Azimut’s interest by investing \$750,000 per property over four (4) years, at which stage Azimut will retain a 2% NSR royalty interest of which 0.8% can be bought back for \$800,000 in cash.

### ***Recent exploration programs***

In 2017, SOQUEM funded a \$247,000 exploration program (managed and carried out by Azimut) on six (6) of the SOQUEM Alliance Properties: Galinée, Dalmas, Sauvolles, Orsigny, Synclinal and Corvet. The work program has been described in the press release of November 2, 2017 and the results for the following have been reported in the press release of May 31, 2018:

- A comprehensive 614-sample lake-bottom sediment geochemical survey in mid-2017 on Galinée, Dalmas, Sauvolles, Orsigny and Synclinal (North and South blocks), yielding strong gold targets on Galinée and Dalmas; and
- A reconnaissance prospecting program yielding 54 rock samples on Corvet (see below for results).

The acquired data were used to decide which properties would be retained for additional investment under the terms of the Alliance.

On the Valore Property, which is not covered by the Alliance, Azimut carried out a preliminary infill lake-bottom sampling survey in 2008 that identified several strong gold anomalies (see results below) and a till survey and geological reconnaissance program in late fall 2016.

### ***2018 exploration programs***

On June 6, 2018, Azimut announced a \$1.5 million program for 2018, funded by SOQUEM and managed by Azimut. (press release of June 6, 2018). The bulk of the budget (\$1,058,000) will be dedicated to the Alliance JV Properties and Corvet. The other component (\$464,000) will be allocated to the newly defined targets on the Galinée and Dalmas properties (see below).

### ***Property descriptions and salient results***

The **Galinée Property** (587 claims, 303.0 km<sup>2</sup>) is located 85 kilometres southeast of the La Grande-4 airstrip, 330 kilometres east-southeast of the town of Radisson, and 385 kilometres north-northeast of the city of Chibougamau. The property is 36 kilometres long and characterized by a multi-kilometric geochemical association between As-Sb-W in lake-bottom sediments. Several gold showings are present near the property (Pankot's Palace: 5.09 g/t Au; Savon: 1.18 g/t Au; and many boulders containing up to 20.0 g/t Au). The property is in the La Grande Subprovince, about 15 kilometres north of the contact with the Opinaca Subprovince.

The property-wide lake-bottom sediment survey of mid-2017 identified a main gold target area characterized by a very unusual cluster of high gold values measuring 8 by 9 kilometres (1,890 ppb Au, 877 ppb Au, 380 ppb Au, 217 ppb Au, etc.), which is associated with other geochemical gold pathfinders (arsenic, bismuth and antimony). Three additional multi-kilometre attractive targets have been defined laterally on the property by strong combined arsenic, antimony, bismuth and/or tungsten anomalies. These targets correlate spatially with an under-explored sheared greenstone belt surrounded by felsic intrusions. Based on these results, Azimut has recently added 174 new map-staked claims (90 km<sup>2</sup>) to the property.

The **Dalmas Property** (88 claims, 45.0 km<sup>2</sup>) is situated 25 kilometres south of the Trans-Taiga Road, a gravel highway, in the eastern part of the James Bay region. The target is characterized by a strong As-Cu-Sb-W geochemical association in lake-bottom sediments in the La Grande Subprovince. This anomaly is underlain by a small metasedimentary belt in contact with intrusive bodies.

The property-wide lake-bottom sediment survey of mid-2017 identified a 7.5 km by 3 km target characterized by a strong footprint of arsenic bismuth, copper and antimony, which correlates spatially with a small under-explored greenstone belt.

The **Orsigny Property** (46 claims, 23.6 km<sup>2</sup>), located 45 kilometres 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 of the La Grande Subprovince has a favourable geological (mafic volcanics, intrusions) and structural context (folding) for gold mineralization.

The **Sauvolles Property** (150 claims, 77.0 km<sup>2</sup>), located 40 kilometres 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 in the La Grande Subprovince, bordered by intrusions. Past exploration is limited on the project, but gold potential is recognized along strike (several prospects with values up to 9.4 g/t Au about 15 km to the northeast).

The **Synclinal Property** (100 claims in 2 blocks [North and South], 52.5 km<sup>2</sup>) is located about 58 kilometres 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.

The **Corvet Property** (72 claims, 37.0 km<sup>2</sup>) is located on the western shore of Lac de la Corvette, 55 kilometres southwest of the La Grande-4 airstrip (next to the Trans-Taiga Road), and 225 kilometres east-southeast of the town of Radisson. The project displays a strong spatial association between Ag-As-Bi-Cu-Sb in lake-bottom sediments. Several gold showings exist in the vicinity of the property (Éch. 231203: 12.01 g/t Au; Eade-6: 11.45 g/t Au; Eade-5: 7.41 g/t Au, 3.08 g/t Au over 1.0 m (trench), 0.69 g/t Au over 1.0 m (drill core); and Eade-Till: 113 gold grains in a till sample. The property is in the Opinaca Subprovince, 6 kilometres south of its contact with the La Grande Subprovince. The presence of numerous gold showings near the subprovince contact justifies the interest in this claim group.

A multi-property reconnaissance program in 2017 produced 225 grab samples on Corvet. The results included anomalous values in gold (0.111 g/t Au), copper (0.12% Cu) and arsenic (668 ppm As) within a 7 kilometre by 1.5 kilometre target area.

The **Duxbury Property** (180 claims, 94.8 km<sup>2</sup>) is a highly accessible project, located 5 kilometres west of the James Bay Road, a paved highway, and about 70 kilometres east of the Cree community of Eastmain. The property is characterized by a well-defined As-Bi-Sb anomaly in lake-bottom sediments in the La Grande Subprovince. Gold showings are known along strike both to the east and west of the property, including some high-grade prospects (e.g., up to 176.6 g/t Au over 0.2 m about 9 kilometres east of the property, and up to 113.4 g/t Au about 7 km to the west). Geological and magnetic data suggest a 10-kilometre-long corridor of prospective stratigraphy on the property.

The **Kukamas East Property** (70 claims, 35.8 km<sup>2</sup>) is 20 kilometres east-northeast of the La Grande-3 airstrip (next to the Trans-Taiga Road), and 115 kilometres east-southeast of the town of Radisson. The project displays a strong Ag-As-Bi-Cu-Sb anomaly in lake-bottom sediments. Several Au-Cu showings are present near the property (Tour Elle: 18.1 g/t Au; Girard-Dupras: 3.6 g/t Au over 1.0 m (channel); La Guiche Zone: 2.72 g/t Au; and Dune Zone: 2.2 g/t Au, 4.3% Cu). The property is in the La Grande Subprovince, 10 kilometres north of the contact with the Opinaca Subprovince, and 12 kilometres south of the contact with the Bienville Subprovince. The main feature of interest is the contact, about 4 to 5 kilometres long, between a tonalitic intrusion and a volcanic-sedimentary belt.

The **Valore Property** (124 claims in 2 claim blocks, 64.8 km<sup>2</sup>) is located 185 kilometres east of the Renard mine, in the Opinaca Subprovince. Most of the claims were formerly owned by Azimut. The property is in an area of poor geological coverage and very limited historical exploration. Azimut identified several strong gold anomalies in lake-bottom samples, including 2.13 g/t Au and 2.12 g/t Au.

The **Cawachaga Property** (105 claims, 56.0 km<sup>2</sup>) is located about 140 kilometres east of the community of Nemaska and 100 kilometres east of the electrical substation of Poste Albanel along the James Bay Road. The property comprises 105 claims covering a strong zinc anomaly in lake-bottom sediments about 8 kilometres across.

## NUNAVIK REGION

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Management believes Nunavik (the region in Northern Quebec above the 55<sup>th</sup> 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-km<sup>2</sup> 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 and began acquiring the most significant targets that same year.

The Rex, Duquet, Rex South and NCG properties (collectively 2,125 claims; 917.9 km<sup>2</sup>) provide a commanding position over what the Company calls the **Rex Trend** (Figure 11), 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 drilling in 82 holes.

### **Rex Property (copper-gold-REE)**

The wholly-owned 80-kilometre-long polymetallic Rex Property (811 claims; 346.2 km<sup>2</sup>) occupies the northern segment of the 300-kilometre Rex Trend, which is also covered by the Duquet, Rex South and NCG properties (Figure 11). 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.

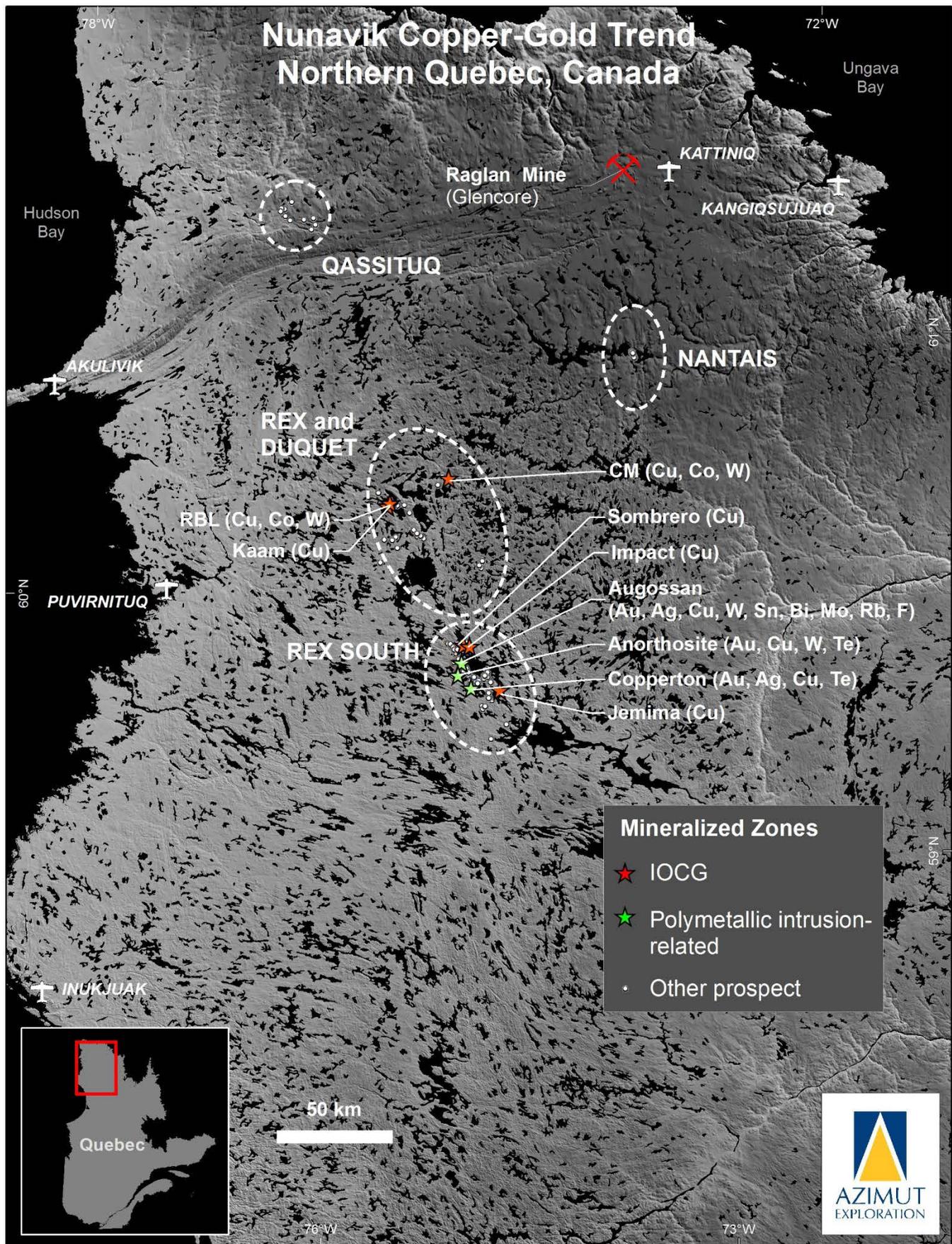
#### ***Mineralized zones***

The two main zones on the Rex Property, RBL and CM, were discovered during Azimut’s initial exploration program in 2010 (Figure 12).

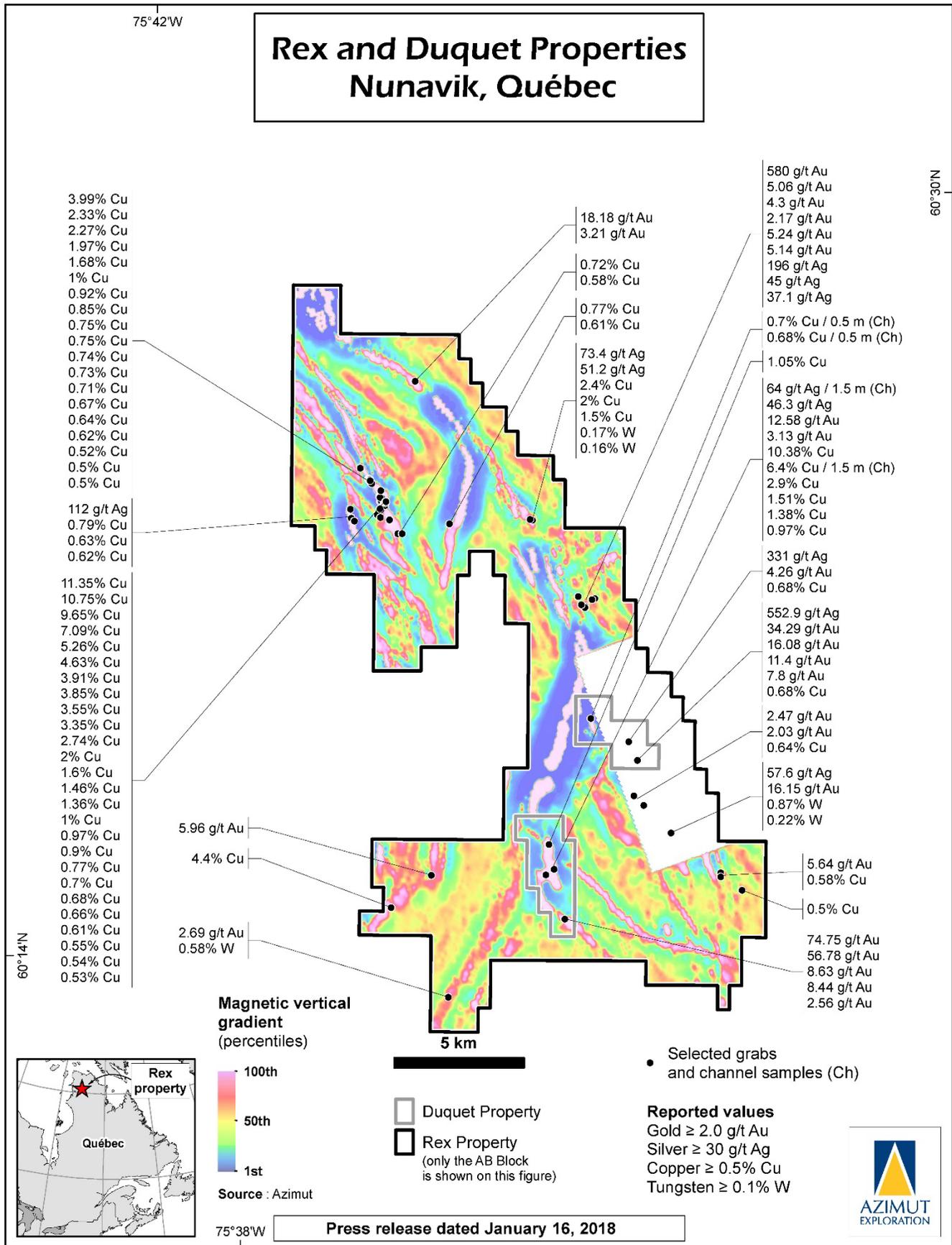
The **RBL Zone** is at least 3 kilometres long by 50 to 200 metres wide, with a maximum grade to date of 11.3% Cu (grab sample). The preliminary 2011 drilling program (1,764 m in 23 short holes: 21 rotary, 2 reverse circulation) yielded the following best grades: 0.34% Cu over 4.58 m, 0.13% Cu over 9.14 m, 0.14% Cu over 13.72 m, 0.64% Cu over 1.52 m and 0.17% Cu over 6.10 m (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 reverse circulation) 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).



**Figure 11:** Location of Azimut's wholly-owned properties in Nunavik. The Rex Trend comprises the Rex, Duquet, Rex South and NCG properties.



**Figure 12:** Rex and Duquet properties. Note: this figure shows only the AB Block of the Rex Property.

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 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 Ministère de l'Énergie et des Ressources Naturelles (the "MERN").

### ***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 reverse circulation holes) from which 1,382 drill samples were sent for analysis. Results were published in the press release of February 9, 2012.

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 conduct reconnaissance prospecting on newly defined targets. A total of 175 rock grab samples were collected on the Rex Property.

For Q3 2018, Azimut incurred \$92,000 (\$200 – Q3 2017) in claim renewals and \$5,000 (\$8,000 – Q3 2017) in exploration work for technical evaluation and data interpretation. Azimut might pursue its assessment of the Rex project in 2018 on its own if financial conditions are adequate, or through partnership.

### **Duquet Property (gold-silver-copper)**

In 2015, Azimut acquired the Duquet Property (30 claims, 12.8 km<sup>2</sup>; 2 blocks; see Figure 11) 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 is entirely positioned within the Rex Property (see Figure 12), 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 m (channel)
- Copper: 10.38% Cu, 2.9% Cu and 1.51% Cu (grabs), and 6.4% Cu over 1.5 m (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.

For Q3 2018, Azimut did not incur any claim renewal expenditures (\$3,000 – Q3 2017) or exploration expenditures (\$Nil – Q3 2017).

### **Rex South Property (copper-gold- tungsten)**

The wholly-owned polymetallic Rex South Property (1,283 claims, 558.4 km<sup>2</sup>) occupies the middle segment of the 300-kilometre Rex Trend (Figure 11).

#### ***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 reverse circulation; 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 13). 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:

| <b>Copper (%)</b> | <b>Tungsten (%)</b> | <b>Gold (g/t)</b> | <b>Silver (g/t)</b> | <b>Sample #</b> |
|-------------------|---------------------|-------------------|---------------------|-----------------|
| 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 in 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 m; 3.15% W over 1 m; and 0.64% W over 3 m. Channels were cut at 90° to the apparent orientation of mineralization.

Drilling highlights from 2011 include the following: 0.14% W over 15.24 m with an interval of 4.20 g/t Ag, 893 ppm Bi, 0.12% W, 0.35% Cu over 7.62 m; 1.28 g/t Au, 8.41 g/t Ag, 0.12% Cu over 6.1 m; 1.10 g/t Au, 2.60 g/t Ag over 9.14 m; 0.56% W, 2.84 g/t Ag, 0.11% Cu over 1.52 m. 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** is 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 Qalluviartuuq 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 northwest and southeast 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, Alemão, 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 Q3 2018, Azimut incurred \$79,000 (\$14,000 – Q3 2017) in claim renewal expenditures and \$7,000 (\$9,000 – Q3 2017) 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 2018 on its own if financial conditions are adequate, or through partnership.

### **NCG Property (copper-gold)**

The NCG Property (1 claim; 0.4 km<sup>2</sup>) is located at the southern end of the Rex Trend. For Q3 2018, Azimut did not incur any claim renewal expenditures (\$Nil – Q3 2017) or exploration expenditures (\$Nil – Q3 2017). The claim is 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 other regional priorities.

### **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 (27 claims, 11.1 km<sup>2</sup>) 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 11).

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 m (Hole H-8-97).

For Q3 2018, Azimut incurred \$4,000 (\$2,000 – Q3 2017) in claim renewals and \$100 (\$Nil – Q3 2018) in exploration expenditures. Azimut might pursue its assessment of the Qassituq Property in 2018 on its own if financial conditions are adequate, or through partnership.

## **NUNAVIK – GOLD**

### **Nantais Property**

The wholly-owned Nantais gold property (248 claims; 103.8 km<sup>2</sup>) lies about 80 kilometres south of Glencore's Raglan nickel mine and 115 kilometres southwest of the Inuit village of Kangiqsujuaq (see Figure 11). 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 14). 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):

| <b>Gold (g/t)</b> | <b>Silver (g/t)</b> | <b>Copper (%)</b> | <b>Sample #</b> |
|-------------------|---------------------|-------------------|-----------------|
| 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; and
- 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).

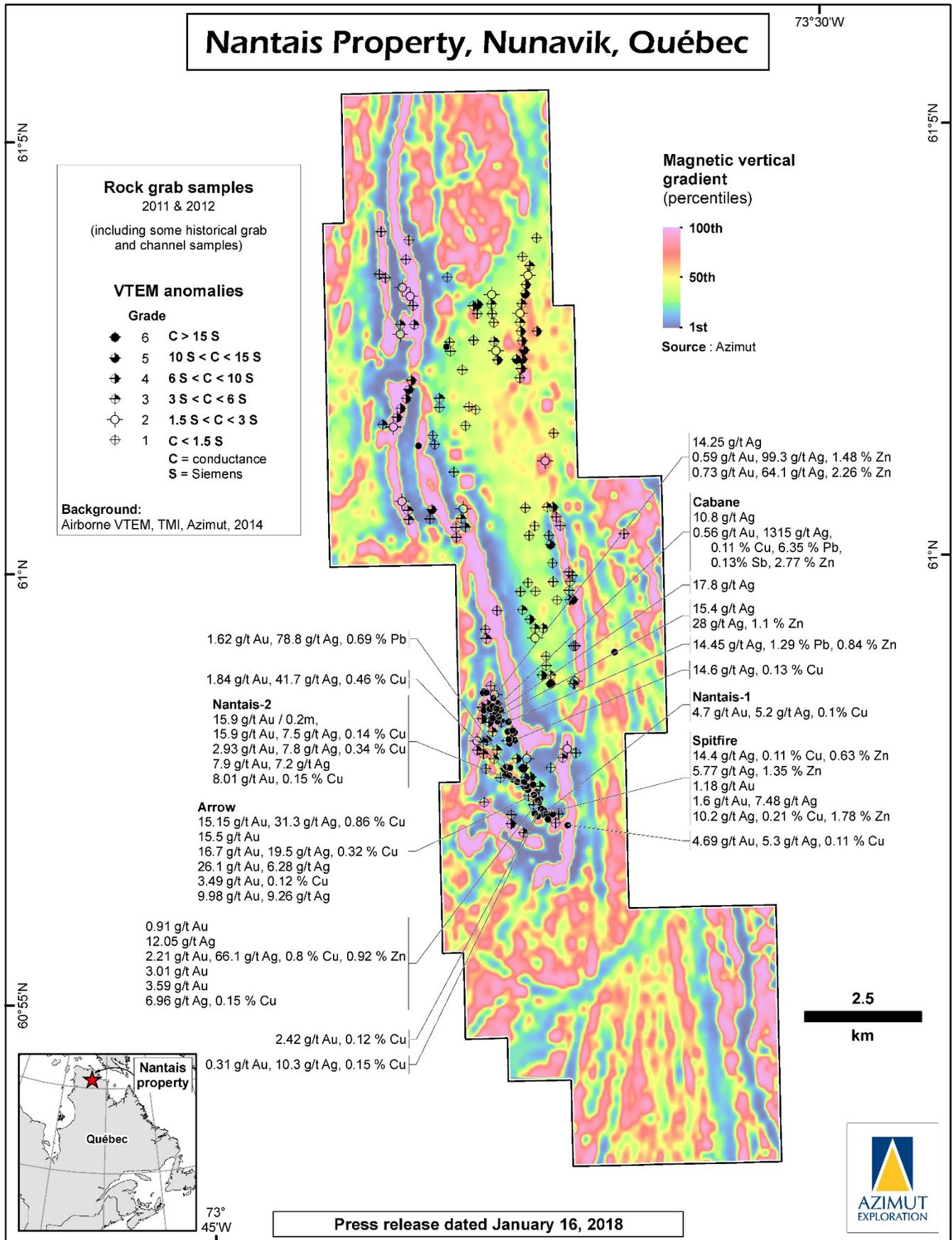
For Q3 2018, Azimut incurred \$22,000 (\$1,000 – Q3 2017) in claim renewal expenditures and \$15,000 (\$3,000 – Q3 2017) in exploration work for technical evaluation and data interpretation.

## **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 (1 claim, 0.45 km<sup>2</sup>), is located in a part of the eastern Ungava Bay region that management considers to be a new uranium province in Canada.

For Q3 2018, Azimut did not incur any claim renewal expenditures (\$200 – Q3 2017) or any exploration expenditures (\$Nil – Q3 2017). The North Rae Property was fully impaired because no E&E expenditures were planned due to the uncertainty surrounding the uranium industry in Quebec.



**Figure 14:** Map of the main mineralized zones (Au, Ag, Cu-Zn) on the Nantais Property.

## REGIONAL MODELLING AND PROJECT GENERATION

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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

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The following tables present the status of the current work programs on Azimut's properties and the planned exploration programs for 2018.

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**

| <b>Property</b>              | <b>Status</b>                 | <b>2018 planned work programs</b>   |
|------------------------------|-------------------------------|---|
| Opinaca A<br>(gold)          | Targets identified            | Drilling stage<br>50% funding: Soil sampling program                                      |
| Opinaca B<br>(gold)          | Targets identified            | Drilling stage<br>Partner-funded program: Ground geophysics and drilling                  |
| Eleonore South<br>(gold)     | Targets identified            | Drilling stage<br>Program funded by the three-way JV: Prospecting, stripping and drilling |
| Opinaca D<br>(gold)          | Targets identified            | Prospecting and till sampling   |
| Wabamisk<br>(gold)           | Technical assessment underway | Drilling stage<br>Partner-funded program to be defined                                    |
| Chromaska<br>(chromium, PGE) | Targets identified            | Prospecting, trenching and drilling   |
| Munischawan<br>(gold)        | Targets identified            | Prospecting, stripping<br>Partner-funded program  |
| Pikwa<br>(gold)              | Targets identified            | Prospecting<br>Partner-funded program   |
| Pontois<br>(gold)            | Targets identified            | Prospecting<br>Partner-funded program   |
| Desceliers<br>(gold-copper)  | Targets identified            | Prospecting, airborne geophysics<br>Partner-funded program                                |
| Valore<br>(gold)             | Technical assessment underway | Reconnaissance stage<br>Program to be defined   |
| Galinée<br>(gold)            | Targets identified            | Reconnaissance stage, prospecting and till sampling<br>Partner-funded program             |
| Dalmas<br>(gold)             | Targets identified            | Reconnaissance stage, prospecting<br>Partner-funded program                               |

**NUNAVIK REGION**

| <b>Property</b>                               | <b>Status</b>               | <b>2018 planned work programs</b>  |
|---|-----------------------------|--|
| Rex<br>(copper, gold, silver, REE)            | Priority targets identified | Programs may include airborne geophysics, prospecting, and drilling.   |
| Rex South<br>(gold, silver, copper, tungsten) | Priority targets identified | These programs would be carried out within the framework of a new partnership  |
| Nantais<br>(gold, silver, copper, zinc)       | Priority targets identified | Program may include prospecting, ground geophysics and drilling<br>These programs would be carried out within the framework of a new partnership |
| Duquet<br>(gold, silver, copper)              | Reassessment in progress    | To be determined   |
| Qassituq<br>(PGE, copper, gold)               | Priority targets identified | To be determined   |

## SELECTED FINANCIAL INFORMATION

|                                       | Three-month period ended |              | Nine-month period ended |              |
|---------------------------------------|--------------------------|--------------|-------------------------|--------------|
|                                       | May 31,                  |              | May 31,                 |              |
|                                       | 2018<br>(\$)             | 2017<br>(\$) | 2018<br>(\$)            | 2017<br>(\$) |
| Revenue                               |                          |              |                         |              |
| Management income                     | 48,926                   | 45,395       | 116,097                 | 107,263      |
| Expenses                              |                          |              |                         |              |
| G&A                                   | 297,273                  | 69,617       | 486,059                 | 529,335      |
| General exploration                   | 55,670                   | 5,125        | 63,956                  | 52,132       |
| Impairment of property and equipment  | -                        | -            | 1,784                   | -            |
| Impairment of E&E assets              | -                        | -            | -                       | 246          |
| Finance costs, net of interest income | (8,208)                  | (4,113)      | (19,310)                | (9,753)      |
|                                       | 344,943                  | 70,629       | 532,489                 | 571,960      |
| Other (gains) and loss                | 107,634                  | (3,008)      | (95,750)                | (117,476)    |
| Recovery of deferred income taxes     | 265,555                  | -            | 300,738                 | -            |
| Net loss for the period               | 137,888                  | 22,226       | 19,904                  | 347,221      |
| Basic and diluted loss per share      | 0.003                    | 0.000        | 0.000                   | 0.008        |

## RESULTS OF OPERATIONS

### Q3 2018 COMPARED TO Q3 2017

Azimut reported a net income of \$20,000 for Q3 2018 compared to a net loss of \$347,000 for Q3 2017. The variations are detailed below.

#### Revenues

The Company reported a revenue of \$116,000 (\$107,000 for Q3 2017) in management income for the Company's role as operator of its joint venture properties, mainly for the Eleonore South Property (\$93,000) and the SOQUEM Alliance JV Properties (\$23,000).

#### Operating Expenses

General and administrative ("G&A") expenses amounted to \$486,000 in Q3 2018 compared to \$529,000 in Q3 2017. The decrease in Q3 2018 is due mainly to the net effect of the following:

- Stock-based compensation costs of \$172,000 for Q3 2018 (\$252,000 – Q3 2017) representing the fair value of 585,000 stock options granted and vested; this expense did not affect cash).
- An increase in salaries of \$20,000 due to higher salaries and bonuses.
- An increase in administration and office expenses of \$9,000 due mainly to increasing the number of employees from 6 to 9, and water damage from leaks pipes.
- An increase in travel and entertainment expenses of \$8,000 to develop new business opportunities

General exploration expenses were \$64,000 in Q3 2018 compared to \$52,000 in Q3 2017. The increase is the net result of the cost incurred for additional training during exploration activities and the stock-based compensation costs related to 94,000 stock options granted and vested in Q3 2018 for \$28,000 in fair value (\$35,000 – Q3 2017; this expense did not affect cash).

## Other gains and losses

The Company reported other gains of \$96,000 for Q3 2018 compared to \$117,000 for Q3 2017. The changes were primarily attributable to the net effect of the following:

- \$100,000 were received in Q3 2017 related to the Target Report which identified gold targets based on a systematic mineral potential analysis of the James Bay region, compared to Nil in Q3-2018.
- A change of \$84,000 (\$17,000 – Q3 2017) in the fair value of the Company's investments, which is mainly attributable to its investment in Nemaska Lithium Inc. and Captor Capital Corp. (formerly NWT Uranium Corp).

## OTHER INFORMATION

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|                                     | May 31,     | August 31,  |
|-------------------------------------|-------------|-------------|
|                                     | 2018        | 2017        |
| Cash and cash equivalents           | \$2,173,226 | \$4,138,853 |
| Total assets                        | \$7,178,175 | \$7,680,499 |
| Shareholders' equity                | \$5,826,525 | \$4,644,683 |
| Number of shares outstanding        | 48,559,496  | 45,459,496  |
| Number of stock options outstanding | 4,135,000   | 3,390,000   |
| Number of warrants outstanding      | 4,489,584   | 4,489,584   |

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

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

### Financial Position

The Company's working capital was \$1,896,000 as at May 31, 2018, compared to \$2,317,000 as at May 31, 2017. 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. To pursue the exploration and evaluation programs and operations of the Company beyond May 31, 2019, it will periodically be necessary to raise additional funds through the issuance of new equity instruments and/or the exercise of stock options and warrants and/or the signing option agreements with partners on its E&E 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 May 31, 2018, the cash and cash equivalent position decreased by \$1,966,000 from August 31, 2017. The variation in the cash position is mainly due to \$1,528,000 net cash received through flow-through private placement offset cash used in operations and exploration work. Total assets were lower than at August 31, 2017, owing mainly to cash used to pay off the August 2017 payables and the operational cost for the period, and an increase in E&E costs incurred mainly on the Eleonore South and Chromaska properties. A decrease in liabilities is largely due to advances received from joint venture partners that were applied to exploration work. The change in equity is mainly due to the private placement of 3,100,000 flow-through shares at \$0.50 per share for aggregate gross proceeds of \$1,550,000.

## Operating activities

For Q3 2018, net cash flows used in operating activities totalled \$363,000 compared to \$264,000 in Q3 2017. The variation is mainly due to \$100,000 received in Q3 2017 from SOQUEM upon delivery of a Target Report identifying major gold targets in the James Bay region.

The net change in non-cash working capital amounted to \$161,000 (\$178,000 – Q3 2017). The net change is mainly the result of an increase in amounts receivable of \$41,000 (commodity taxes receivable) and a decrease in accounts payable of \$116,000.

## Financing activities

The Company completed a non-brokered private placement of 3,100,000 flow-through shares at \$0.50 per share for aggregate gross proceeds of \$1,550,000. No commissions or finder's fees were paid in respect of the offering in Q3 2018 (Nil in Q3 2017).

## Investing activities

Investing activities consisted mainly of the additions to E&E assets. In Q3 2018, net cash flows from investing activities totalled \$3,131,000 compared to \$1,467,000 in Q3 2017. The variation is attributable to the net effect of the following:

- \$969,000 in cash calls received from joint venture partners in Q3 2018 (\$1,115,000 – Q3 2017) for exploration work programs on the Eleonore South Property;
- Additions to E&E assets amounting to \$4,175,000 (\$2,579,000 – Q3 2017). Significant costs were incurred on Eleonore South, Chromaska, SOQUEM JV and SOQUEM Alliance properties. An amount of \$2,317,000 was charged back to the joint venture partners for the exploration work conducted on joint venture properties (Eleonore South, SOQUEM JV, SOQUEM Alliance); and
- \$87,000 of proceeds received from sale of 50,000 shares in Nemaska Lithium Inc.

Advanced exploration on the Company's properties and 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 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 | Income<br>(expenses) | Net earnings<br>(loss) | Net earnings (loss)<br>per share |              |
|---------------|----------------------|------------------------|----------------------------------|--------------|
|               |                      |                        | Basic (\$)                       | Diluted (\$) |
|               | \$                   | \$                     |                                  |              |
| 31-05-2018    | (58,708)             | (137,888)              | (0.003)                          | (0.003)      |
| 28-02-2018    | 101,918              | *20,609                | 0.000                            | 0.000        |
| 31-11-2017    | 168,637              | *97,375                | 0.002                            | 0.002        |
| 31-08-2017    | 35,990               | *** (1,613,478)        | (0.035)                          | (0.035)      |
| 31-05-2017    | 48,403               | (22,226)               | (0.000)                          | (0.000)      |
| 28-02-2017    | 14,809               | (79,394)               | (0.002)                          | (0.002)      |
| 30-11-2016    | 161,527              | *** (245,601)          | (0.005)                          | (0.005)      |
| 31-08-2016    | (58,294)             | ** (308,835)           | (0.008)                          | (0.008)      |

\* Gain arising from changes in fair value on investments.

\*\* 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

For the three months ended May 31, 2018, the Company reported a net income of \$138,000 compared to a net loss of \$22,000 for the three months ended May 31, 2017. The change in 2018 was primarily attributable to the net effect of the following:

- \$297,000 in G&A expenses for the current quarter of 2018, compared to \$70,000 for the same quarter in 2017. The increase in 2018 is mainly due to the stock-based compensation costs of \$172,000 for Q3 2018;
- A change of \$118,000 in the fair value of the Company's investments, compared to \$3,000 for the same quarter in 2017. This change is mainly attributable to its investment in Nemaska Lithium Inc. and Captor Capital Corp. (formerly NWT Uranium Corp); and
- \$266,000 in recovery of future income taxes related to the tax deductions that the Company renounced to the holders of flow-through shares, compared to \$Nil for the same quarter in 2017.

## CONTRACTUAL OBLIGATIONS

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As at May 31, 2018, the Company's contractual obligation payments are as follows:

|                               | <b>Less than<br/>1 year</b> | <b>1–3 years</b> | <b>4–5 years</b> | <b>After 5<br/>years</b> |
|-------------------------------|-----------------------------|------------------|------------------|--------------------------|
|                               | \$                          | \$               | \$               | \$                       |
| Asset retirement obligations  | -                           | 251,480          | -                | -                        |
| Total contractual obligations | -                           | 251,480          | -                | -                        |

## OFF-BALANCE SHEET ARRANGEMENTS

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The Company has no off-balance sheet arrangements.

## CARRYING AMOUNT OF EXPLORATION AND EVALUATION ("E&E") ASSETS

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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 Q3 2018, no impairments were deemed necessary. In Q3 2017, the uranium property, North Rae, was fully impaired by \$200 due to 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

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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 is as follows:

|                     | <b>2018</b>    | <b>2017</b>    |
|---------------------|----------------|----------------|
|                     | \$             | \$             |
| Salaries            | 259,167        | 213,182        |
| Share-based payment | 172,400        | 249,600        |
|                     | <u>431,567</u> | <u>462,782</u> |

An amount for salaries of \$130,000 (\$100,000 – Q3 2017) was capitalized to E&E assets in Q3 2018.

As at May 31, 2018, accounts payable and accrued liabilities include an amount of \$87,000 owed to key management (\$103,000 at May 31, 2017).

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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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A detailed summary of the Company's significant accounting policies is provided in note 2 of the annual financial statements as at August 31, 2017.

## **NEW ACCOUNTING STANDARDS OR AMENDMENTS**

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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, 2017.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

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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, 2017.

## **INFORMATION REGARDING OUTSTANDING SHARES**

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The Company can issue an unlimited number of common shares, without par value. As at July 17, 2018, there were 48,559,496 issued and outstanding shares and no shares were held in escrow. Also, as at July 17, 2018, 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 July 17, 2018, a total of 4,135,000 stock options were outstanding and 4,069,000 vested. Their exercise prices range from \$0.19 to \$1.25 and the expiry dates range from April 13, 2019 to April 13, 2028.

## **RISK RELATED TO FINANCIAL INSTRUMENTS**

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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, 2017.

## **RISKS AND UNCERTAINTIES**

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There have been no significant changes in the risk factors and uncertainties that the Company is facing, as described in the Company's annual financial statements and Management's Discussion and Analysis for the fiscal year ended August 31, 2017.

## **OUTLOOK**

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In the coming fiscal year, the Company will continue advancing the Eleonore South Property and will conduct technical assessment work on seven (7) gold properties acquired under the Strategic Alliance with SOQUEM in the James Bay region. The Company will continue its efforts to find new partners for available properties, and it intends to develop new business opportunities to apply its big data approach to 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**

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This Management's Discussion and Analysis report is dated July 17, 2018 and was approved by the Board on July 25, 2018. The Company regularly discloses additional information through press releases and its financial statements on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

## **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

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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**

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### **Azimut Exploration Inc.**

#### **Board of Directors**

Michel Brunet, LL.B., Director (Montreal)  
Angelina Mehta, Eng., MBA, Director (Montreal)  
Jean-Marc Lulin, P.Geo., PhD, Director (Montreal) <sup>(1)</sup>  
Jean-Charles Potvin, MBA, B.Sc., Director (Toronto) <sup>(1)</sup>  
Louis P. Salley, B.A., LL.B., Director (Vancouver)  
Jacques Simoneau, Eng., PhD, Director (Montreal) <sup>(1)</sup>

<sup>(1)</sup> 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**

AST Trust Company Canada (formerly Canadian Stock Transfer Company Inc.) (Montreal)

#### **Listing**

TSX Venture  
Symbol: AZM

#### **Contact Information**

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