

AZIMUT EXPLORATION INC.

(An exploration company)

Balance Sheets

	November 30, 2005	August 31, 2005
	\$	\$
	(unaudited)	(audited)
ASSETS		
Current Assets		
Cash and cash equivalent	1 004 107	784 131
Amounts receivable	82 627	224 637
Prepaid expenses	50 021	9 955
	<u>1 136 755</u>	<u>1 018 723</u>
Exploration funds	5 481	81 323
Long-term investments (quoted value \$48,900 ; \$46,500)	41 550	41 550
Mining properties	158 733	138 934
Property, plant and equipment		
(less accumulated amortization of \$3,519 ; \$3,134 as at August 31, 2005)	6 035	6 420
Intangible assets (less accumulated amortization of \$224 ; \$202 as at August 31, 2005)	275	297
	<u>1 348 829</u>	<u>1 287 247</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	214 089	82 922
SHAREHOLDERS' EQUITY		
Convertible debentures	388 200	388 200
Share capital	5 536 140	5 521 425
Stock options	168 862	97 180
Contributed surplus	6 242	--
Deficit	(4 964 704)	(4 802 480)
	<u>1 134 740</u>	<u>1 204 325</u>
	<u>1 348 829</u>	<u>1 287 247</u>

AZIMUT EXPLORATION INC.

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Deficit

For the periods ended November 30, 2005 and 2004 (unaudited)

	2005	2004
	\$	\$
Balance - Beginning of period	4 802 480	4 540 700
Interest on convertible debentures	--	(5 141)
Net loss for the period	162 224	73 368
Balance - End of period	<u>4 964 704</u>	<u>4 608 927</u>

Statements of deferred exploration expenses

For the periods of three (3) months ended November 30, 2005 and 2004 (unaudited)

	2005	2004
	3 months	3 months
	\$	\$
Balance - Beginning of period	<u>138 934</u>	<u>109 369</u>
Expenses incurred during the period		
Claims and permits	10 130	61 005
Salaries	9 586	6 098
Geology	1 169	7 004
Transport	19 388	--
Accommodation	1 111	--
Analysis	229	--
	<u>41 613</u>	<u>74 107</u>
Mining properties written off	(7 300)	--
Credit on duties refundable for losses and refundable tax credit relating to resources	(14 514)	(6 649)
	<u>(21 814)</u>	<u>(6 649)</u>
Balance - End of period	<u>158 733</u>	<u>176 827</u>

AZIMUT EXPLORATION INC.

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Statements of Earnings

For the periods of three months ended November 30, 2005 and 2004 (unaudited)

	2005	2004
	3 months	3 months
	\$	\$
Revenue		
Interest income	4 821	835
Management fees	6 489	--
	<u>11 310</u>	<u>835</u>
Expenses		
Salaries and fringe benefits	46 552	19 059
Professional and maintenance fees	47 796	11 248
Management fees and office expenses	29 852	24 019
Travelling and entertainment	2 355	6 672
Interests and bank charges	119	76
Depreciation of property, plant and equipment	385	155
Amortization of intangible assets	22	32
Write-off of long-term investments	--	600
Search for properties	50 854	23 167
Credit on duties refundable for losses and refundable tax credit relating to resources	(11 701)	(10 825)
Written off properties	7 300	--
	<u>173 534</u>	<u>74 203</u>
Net loss for the period	<u>(162 224)</u>	<u>(73 368)</u>
Basic and diluted net loss per share	<u>(0,011)</u>	<u>(0,006)</u>
Basic and diluted weighted average number of shares outstanding	<u>14 813 170</u>	<u>11 652 683</u>

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Statements of Cash Flows

For the periods of three (3) months ended November 30, 2005 and 2004 (unaudited)

	2005	2004
	3 months	3 months
	\$	\$
Cash flows from operating activities		
Net loss for the period	(162 224)	(73 368)
Items not affecting cash and cash equivalent		
Depreciation of property, plant and equipment	385	155
Amortization of intangible assets	22	32
Writedown of long-term investments	--	600
Cost of mining properties abandoned	7 300	--
Stock options	68 439	3 408
	<u>(86 078)</u>	<u>(69 173)</u>
Change in non-cash working capital items		
Amounts receivable	156 524	311
Prepaid expenses	(40 066)	12 797
Accounts payable and accrued liabilities	131 167	(70 433)
	<u>247 625</u>	<u>(57 325)</u>
	<u>161 547</u>	<u>(126 498)</u>
Cash flows from financing activities		
Variation in exploration funds	75 842	34 432
Issuance of share capital	24 200	78 690
Issuance of warrants	--	18 095
	<u>100 042</u>	<u>131 217</u>
Cash flows from investing activities		
Variation of mining properties	(41 613)	(74 107)
Addition to property, plant and equipment	--	(4 191)
	<u>(41 613)</u>	<u>(78 298)</u>
Net change in cash and cash equivalent	219 976	(73 579)
Cash and cash equivalent - Beginning of period	784 131	227 964
Cash and cash equivalent - End of period	<u>1 004 107</u>	<u>154 385</u>
Additional information		
Interests cashed (net of interest paid)	6 143	722
Shares cancelled and to be issued in consideration of the payment of interest on convertible debentures	--	(5 141)
Credit on duties refundable for losses and refundable tax credit relating to resources applied against mining properties	(14 514)	(6 649)
Shares issued in consideration of the payment of convertible debentures	--	100 000

AZIMUT EXPLORATION INC.

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Notes to Interim Financial Statements (unaudited)

1 Summary of significant accounting policies

Interim financial information

The financial information as at November 30, 2005 and for the periods ended November 30, 2005 and 2004 are unaudited ; however, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These interim financial statements are prepared in accordance with generally accepted accounting principles in Canada and use the same accounting policies and methods used in the preparation of the Company's most recent annual financial statements. All disclosures required for annual financial statements have not been included in these financial statements. These interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

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Notes to Interim Financial Statements (unaudited)**2 Mining properties**

	Undivided participation %	Balance as at Sept. 1, 2005 \$	Costs incurred \$	Written off, credit on duties refundable for losses, refundable tax credit relating to resources \$	Balance as at November 30, 2005 \$
Retty (178 claims)					
Mining property	100	26 912	--	(2839)	24 073
Exploration costs		42 283	--	(4 461)	37 822
		<u>69 195</u>	<u>--</u>	<u>(7 300)</u>	<u>61 895</u>
Comptoir (796 claims)					
Mining property	100	46 750	9 680	--	56 430
Exploration costs		--	22 277	(10 270)	12 007
		<u>46 750</u>	<u>31 957</u>	<u>(10 270)</u>	<u>68 437</u>
Manitou (2376 claims)					
Mining property	100	(47)	--	--	(47)
Exploration costs		432	1 458	(672)	1 218
		<u>385</u>	<u>1 458</u>	<u>(672)</u>	<u>1 171</u>
Opinaca A/A-East (396 claims)					
Mining property	100	157	--	--	157
Exploration costs		(95)	555	(256)	204
		<u>62</u>	<u>555</u>	<u>(256)</u>	<u>361</u>
Opinaca C (166 claims)					
Mining property	100	--	--	--	--
Exploration costs		62	--	--	62
		<u>62</u>	<u>--</u>	<u>--</u>	<u>62</u>
Wabamisk (755 claims)					
Mining property	100	20 980	450	--	21 430
Exploration costs		1 500	7 193	(3 316)	5 377
		<u>22 480</u>	<u>7 643</u>	<u>(3 316)</u>	<u>26 807</u>
		<u>138 934</u>	<u>41 613</u>	<u>(21 814)</u>	<u>158 733</u>

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Notes to Interim Financial Statements (unaudited)

3 Convertible debentures

	2005	2004
	\$	\$
Convertible debentures at the company's option into common shares		
At a conversion price of \$0.425 per share, 12%, interest payable by half-yearly instalments through common shares of the company at the base rate on the date of payment, non-interest bearing if the share is traded at \$0.20 and over for each of the six-month periods, maturing in March 2006.	250 000	250 000
At a conversion price varying from \$0.33 to \$0.44 per share, 12%, interest payable by half-yearly instalments through common shares of the company at the base rate on the date of payment, non-interest bearing if the share is traded at more than \$0.37 for the first/second six-month period, at more than \$0.45 for the third/forth six-month period, at more than \$0.55 for the fifth/sixth six-month period, at more than \$0.65 for the seventh/eighth six-month period and at more than \$0.75 for the ninth/tenth six-month period during the twenty business days preceding the dates of interest instalments, maturing in November 2008.	* 138 200	*138 200
	<u>388 200</u>	<u>388 200</u>

* This convertible debenture has been presented net of the fair value of warrants amounting to \$61,800.

4 Share Capital

Authorized

Unlimited number of commons shares, without par value, voting and participating
14,827,456* shares issued and fully paid

*289,568 shares are subject to escrow and will gradually be released by July 14, 2007.

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Notes to Interim Financial Statements (unaudited)**5 Stock Option Plan**

The following tables present the stock option activity since September 1, 2005 and summarize information about fixed stock options outstanding and exercisable as at November 30 :

	<u>3 months</u>	
	Number	Weighted average exercise price \$
Outstanding - Beginning of period	785 000	0,26
Cancelled	(70 000)	0,17
Exercised	(140 000)	0,17
Granted	150 000	0,86
	<hr/>	
Outstanding and exercisable - End of period	725 000	0,41
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exercise prices	Number	Weighted average remaining contractual life (years)
\$0,16	30 000	1,93
\$0,18	55 000	4,15
\$0,24	110 000	7,68
\$0,30	350 000	3,27
\$0,64	30 000	4,57
\$0,86	150 000	4,79
	<hr/>	
	725 000	
	<hr/> <hr/>	

AZIMUT EXPLORATION INC.

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Notes to Interim Financial Statements (unaudited)

Accounting for the stock-based compensation plan

The fair value of options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3,22 %
Expected volatility	74 %
Dividend yield	Zéro
Weighted average expected life	36 mois
Weighted average fair value of options granted	0,433 \$

The fair value of stock options granted during the year amounts to \$64,950. The entire amount, representing the fair value of options granted, has been included in the statement of earnings under items "Search for properties", "Salaries and fringe benefits" and "Professional and maintenance fees" as well as in "Shareholders' Equity" under the item "Stock options".

6 Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

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CORPORATE INFORMATION

Board of Directors

Jacques Bonneau, Eng., M.Sc., Chairman of the Board (Quebec City)

Jean-Marc Lulin, Ph.D., geologist, Director (Montreal)

Jean-Charles Potvin, B.Sc., M.B.A., Director (Toronto)

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

Management

Jean-Marc Lulin, President and Chief Executive Officer

Gaétan Mercier, Secretary and Treasurer

Legal Counsel

Pothier Valiquette (Montreal)

Auditors

PricewaterhouseCoopers LLP (Quebec)

Transfer Agent

Trust CIBC Mellon Company (Montreal)

Listing

TSX Venture

Symbol: AZM

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