



AZIMUT EXPLORATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal years ended August 31, 2018 and 2017

INDEX

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS	2
CORPORATE PROFILE AND MISSION	2
OVERALL PERFORMANCE	3
EXPLORATION AND EVALUATION ASSETS	3
JAMES BAY REGION	7
NUNAVIK REGION	32
REGIONAL MODELLING AND PROJECT GENERATION	43
PERSPECTIVE	43
SELECTED FINANCIAL INFORMATION	45
RESULTS OF OPERATIONS	45
OTHER INFORMATION	46
CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES	46
QUARTERLY INFORMATION	47
CONTRACTUAL OBLIGATIONS	48
OFF-BALANCE SHEET ARRANGEMENTS	48
CARRYING AMOUNT OF EXPLORATION AND EVALUATION ASSETS	49
RELATED PARTY TRANSACTIONS	49
SUBSEQUENT EVENT	49
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	50
NEW ACCOUNTING STANDARDS OR AMENDMENTS	50
CRITICAL ACCOUNTING POLICIES AND ESTIMATES	50
INFORMATION REGARDING OUTSTANDING SHARES	50
RISK RELATED TO FINANCIAL INSTRUMENTS	50
RISKS AND UNCERTAINTIES	50
OUTLOOK	52
ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE	52
CAUTION REGARDING FORWARD-LOOKING INFORMATION	52
CORPORATE INFORMATION	53

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

This report represents a complementary addition to the annual audited financial statements by providing additional contextual and prospective information on the financial position and operating performance of Azimut Exploration Inc. ("Azimut" or the "Company") for the years ended August 31, 2018 and 2017. This report should be read in conjunction with the Company's annual financial statements for the year ended August 31, 2018 ("Fiscal 2018") and the annual financial statements for the year ended August 31, 2017 ("Fiscal 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

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 December 21, 2018, Azimut holds twenty-nine (29) exploration properties comprising 7,414 claims (28 properties and 7,020 claims as at August 31, 2018). The properties were acquired based on the results of the Company's regional-scale assessments of Quebec's mineral potential. Azimut owns a 100% interest in all but ten (10) of its properties: Eleonore South (26.57%); Wabamisk (49%); and Opinaca A, Opinaca B, Dalmas, Galinée, Munischiwan, Pikwa, Pontois and Desceliers (50% each). The Company's property portfolio comprises the following (Figure 1):

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)
- 1 zinc property (Cawachaga)
- 15 gold or gold-polymetallic properties in other areas (Elmer, Kaanaayaa, Munischiwan, Pikwa, Pontois, Desceliers, Galinée, Dalmas, Orsigny, Sauvolles, Synclinal, Corvet, Duxbury, Kukamas East and Valore)

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)

Jean-Marc Lulin, geologist, president, chief executive officer and director of Azimut, is a qualified person under National Instrument 43-101 and has reviewed the technical disclosures presented in subsequent sections. All claim totals, surface areas and property descriptions are effective as at December 21, 2018.

OVERALL PERFORMANCE

Summary of activities for the current quarter and subsequent activities:

- Azimut and its joint venture partners announced new drilling results for the Eleonore South Property in the James Bay region;
- Azimut and SOQUEM made a major gold-silver-copper discovery on the jointly held Munischiwan Property (James Bay region) with results of up to 100.5 g/t Au in grab samples;
- Azimut and SOQUEM discovered gold-polymetallic mineralization on the jointly held Pikwa Property (James Bay region) within a major target area supported by a geochemical footprint directly on strike from a significant discovery by Midland Exploration Inc.;
- Azimut acquired the Elmer gold-polymetallic property and reported on prospecting results from the preliminary assessment program; the Elmer and Duxbury properties provide a controlling position over a highly prospective 32-km trend in the James Bay region;
- Azimut and SOQUEM discovered gold mineralization on the jointly held Pontois and Galinée properties (James Bay region);
- SOQUEM added the Galinée and Dalmas gold projects (James Bay region) to its Strategic Alliance portfolio with Azimut in the James Bay region.

Highlights for Fiscal 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 Fiscal 2018 with a working capital of \$1.5million¹ (\$2.0 million – Fiscal 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 Fiscal 2018;
- Azimut spent \$5.4 million in exploration and evaluation (“E&E”) expenditures of which \$3.3 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

In Fiscal 2018, the Company incurred E&E expenditures totalling \$2,009,000 (\$1,164,000 – Fiscal 2017). Most of the expenditures were incurred on the Eleonore South, Opinaca D and Chromaska properties in the James Bay region and on the Rex and Rex South properties in Nunavik.

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

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

Property portfolio in Quebec, Canada

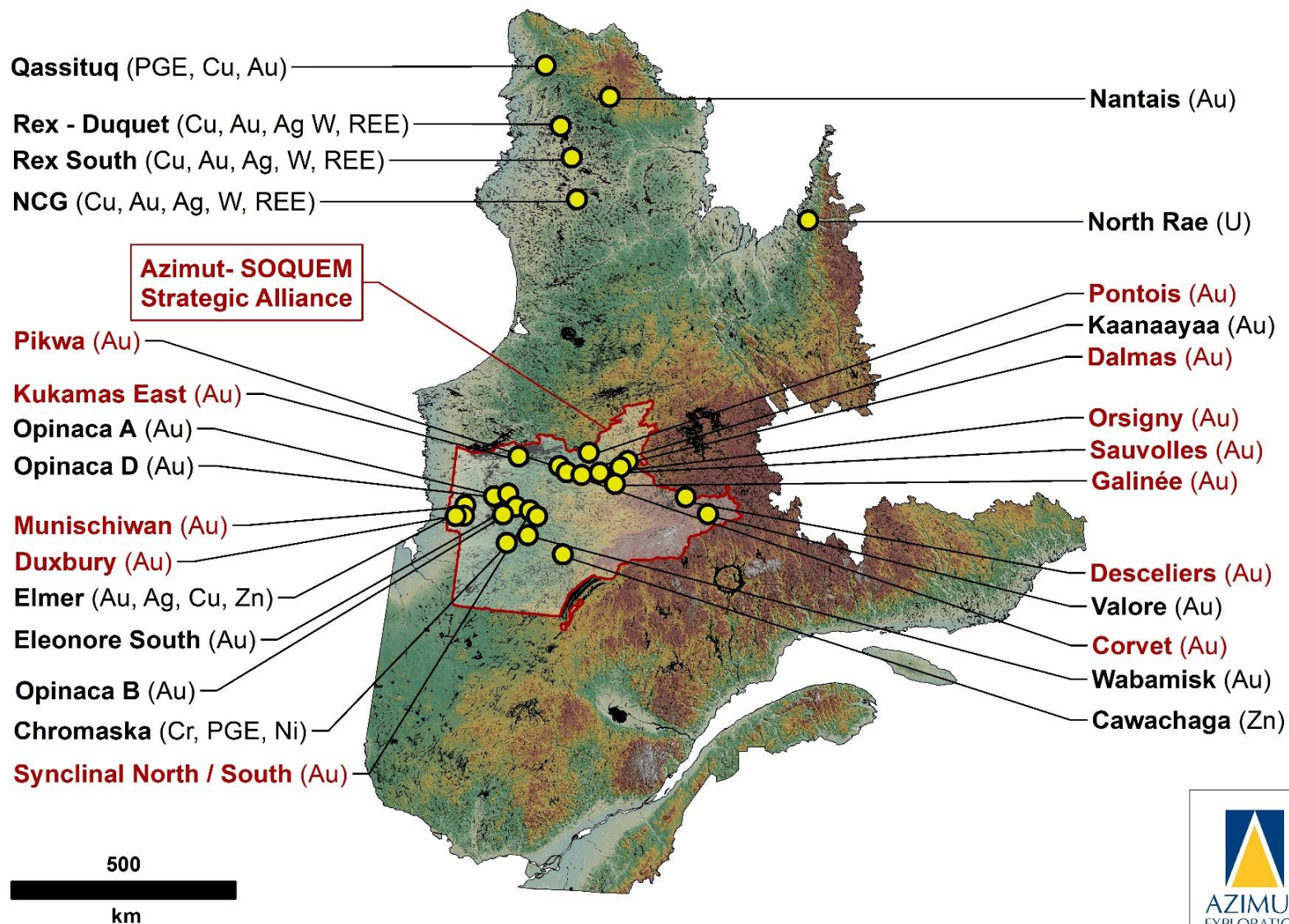


Figure 1: Azimut property location map.

Change in E&E assets 2018

	Acquisition costs		Exploration costs													Net book value as at August 31, 2018 \$
	Net book value as at August 31, 2017 \$	Claims & permits \$	Geochem. surveys \$	Geol. surveys \$	Geoph. surveys \$	Drilling \$	Stripping \$	Admin. & other \$	Camp \$	Depreciation of property and equipment \$	Cost incurred during the period \$	Option payment \$	Proceeds received \$	Credit on duties refundable for loss and refundable tax credit for resources \$	Impairment \$	
Mineral property																
James Bay																
Opinaca A	36,464	18,337	8,322	468	-	-	-	-	-	-	27,127	-	-	-	-	63,591
Opinaca B	3,696	-	-	1,475	-	690	-	-	-	-	2,165	-	-	(631)	-	5,230
Eleonore South	468,673	-	4,461	50,023	7,234	592,067	19,235	(84)	6,496	34,988	714,420	-	-	(112,168)	-	1,070,925
Opinaca D	98,398	7,982	-	156,466	12,135	-	-	-	-	-	176,583	-	-	-	-	274,981
Wabamisk	19,137	-	-	1,185	295	-	-	-	-	-	1,480	-	-	(379)	-	20,238
Valore	53,276	16,036	224	408	-	-	-	-	-	-	16,667	-	-	-	-	69,943
SOQUEM JV	4	-	-	-	-	-	-	-	-	-	4	-	-	-	-	4
Dalmas	10,950	1,633	-	-	-	-	-	-	-	-	1,633	(12,421)	-	-	-	162
Galinée	52,576	35,487	-	-	-	-	-	-	-	-	35,487	(87,900)	-	-	-	163
SOQUEM Alliance	53,827	4,751	-	-	-	-	-	-	-	-	4,751	-	-	-	(28,128)	30,450
SOQUEM Alliance – Others	32,457	26,726	-	27,037	625	-	-	-	-	-	54,388	-	-	-	-	86,845
Total – Gold	829,458	110,952	13,007	237,062	20,289	592,757	19,235	(84)	6,496	34,988	1,034,702	(100,321)	-	(113,178)	(28,128)	1,622,533
Chromaska	172,025	5,038	260	60,593	7,189	569,798	-	-	-	-	642,878	-	-	(622)	-	814,281
Total – Chromium-PGE	172,025	5,038	260	60,593	7,189	569,798	-	-	-	-	642,878	-	-	(622)	-	814,281
Cawachaga	6,729	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,729
Total – Zinc	6,729	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,729
Elmer	-	20,045	-	2,219	-	-	-	-	-	-	22,264	-	-	-	-	22,264
Total – Polymetallic	-	20,045	-	2,219	-	-	-	-	-	-	22,264	-	-	-	-	22,264
Total – James Bay	1,008,212	136,035	13,267	299,874	27,478	1,162,555	19,235	(84)	6,496	34,988	1,699,844	(100,321)	-	(113,800)	(28,128)	2,465,807
Nunavik																
Rex	1,013,647	95,129	845	3,688	-	-	-	-	-	2,636	102,298	-	-	(335)	-	1,115,610
Duquet	4,056	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,056
Rex South	400,000	129,442	520	6,006	-	-	-	-	-	3,085	139,053	-	(16,000)	(594)	-	522,459
NCG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Qassituq	-	4,371	-	65	-	-	-	-	-	-	4,436	-	-	(28)	-	4,408
Total – Polymetallic	1,417,703	228,942	1,365	9,759	-	-	-	-	-	5,721	245,787	-	(16,000)	(957)	-	1,646,533
Nantais	96,756	21,771	520	27,937	13,502	-	-	-	-	-	63,730	-	-	(147)	-	160,339
Total – Gold	96,756	21,771	520	27,937	13,502	-	-	-	-	-	63,730	-	-	(147)	-	160,339
North Rae	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total – Uranium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total – Nunavik	1,514,459	250,713	1,885	37,697	13,502	-	-	-	-	5,721	309,518	-	(16,000)	(1,104)	-	1,806,872
Total – E&E assets	2,522,671	386,748	15,152	337,571	40,980	1,162,555	19,235	(84)	6,496	40,709	2,009,361	(100,321)	(16,000)	(114,905)	(28,128)	4,272,679

Change in E&E assets 2017

	Acquisition costs		Exploration costs										
	Net book value as at August 31, 2016 \$	Claims and permits \$	Geochemical surveys \$	Geological surveys \$	Geophysical surveys \$	Drilling \$	Admin. & other \$	Depreciation of property & equipment \$	Cost incurred during the period \$	Credit on duties refundable for loss and refundable tax credit for resources \$	Impairment \$	Net book value as at August 31, 2017 \$	
Mineral property													
James Bay													
Opinaca A	17,248	9,217	5,779	11,426	-	-	540	-	26,962	(7,746)	-	36,464	
Opinaca B	1,413	195	-	3,706	-	-	-	-	3,901	(1,618)	-	3,696	
Eleonore South	87,997	14,527	8,685	74,423	9,244	557,876	(454)	-	664,302	(283,626)	-	468,672	
Opinaca D	70,894	14,176	15,059	8,593	-	-	-	-	37,828	(10,324)	-	98,398	
Wabamisk	18,716	97	-	575	-	-	-	-	672	(251)	-	19,137	
Valore	-	17,142	62,310	1,814	-	-	-	-	81,266	(27,990)	-	53,276	
SOQUEM JV	-	4	-	-	-	-	-	-	4	-	-	4	
SOQUEM Alliance	-	117,353	-	-	-	-	-	-	117,353	-	-	117,353	
SOQUEM Alliance - Others	-	32,394	114	-	-	-	-	-	32,512	(50)	-	32,457	
Total – Gold	196,268	205,105	91,947	100,537	9,244	557,876	86	-	964,796	(331,605)	-	829,458	
Chromaska	77,152	7,151	-	73,055	64,117	-	-	-	144,323	(49,450)	-	172,025	
Total – Chromium-PGE	77,152	7,151	-	73,055	64,117	-	-	-	144,323	(49,450)	-	172,025	
Cawachaga	-	6,729	-	-	-	-	-	-	6,729	-	-	6,729	
Total – Zinc	-	6,729	-	-	-	-	-	-	6,729	-	-	6,729	
Total – James Bay	273,420	218,985	91,947	173,592	73,361	557,876	86	-	1,115,848	(381,055)	-	1,008,213	
Nunavik													
Rex	2,162,354	220	-	2,825	-	-	-	6,542	9,587	(1,233)	(1,157,061)	1,013,647	
Duquet	751	3,305	-	-	-	-	-	-	3,305	-	-	4,056	
Rex South	565,190	19,086	-	6,072	-	-	-	3,180	28,338	(2,650)	(190,878)	400,000	
NCG	-	118	-	-	-	-	-	-	118	-	(118)	-	
Qassituq	36,928	1,750	-	-	-	-	-	-	1,750	-	(38,678)	-	
Total – Polymetallic	2,765,223	24,479	-	8,897	-	-	-	9,722	43,098	(3,883)	(1,386,735)	1,417,703	
Nantais	187,243	1,497	-	2,999	-	-	-	-	4,496	(1,309)	(93,674)	96,756	
Total – Gold	187,243	1,497	-	2,999	-	-	-	-	4,496	(1,309)	(93,674)	96,756	
North Rae	-	246	-	-	-	-	-	-	246	-	(246)	-	
Total – Uranium	-	246	-	-	-	-	-	-	246	-	(246)	-	
Total – Nunavik	2,952,466	26,222	-	11,896	-	-	-	9,722	47,840	(5,192)	(1,480,655)	1,514,459	
Total – E&E assets	3,225,886	245,207	91,947	185,488	73,361	557,876	86	9,722	1,163,688	(386,247)	(1,480,655)	2,522,671	

JAMES BAY REGION

Since Azimut performed its initial mineral potential modelling across the Eeyou Istchee James Bay Territory (the “James Bay region”) in 2003, it has become one of the most active regions for gold exploration in Canada and remains a strategic priority for the Company. Azimut’s current holdings in the James Bay region comprise 20 gold or gold-polymetallic properties, a chromium-PGE property and a zinc property (Figure 2). 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
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Eastmain River Area – Chromium-PGE

Chromaska	100% Azimut
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Azimut-SOQUEM Strategic Alliance – Gold or Gold-Polymetallic

Dalmas	Agreement with SOQUEM Inc. (“SOQUEM”)
Desceliers	Agreement with SOQUEM
Galinée	Agreement with SOQUEM
Munischewan	Agreement with SOQUEM
Pikwa	Agreement with SOQUEM
Pontois	Agreement with SOQUEM
Corvet	100% Azimut; offered to SOQUEM
Duxbury	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

Cawachaga (Zinc)	100% Azimut
Elmer (Gold, Silver, Copper, Zinc)	100% Azimut
Kaanaayaa (Gold)	100% Azimut
Valore (Gold)	100% Azimut

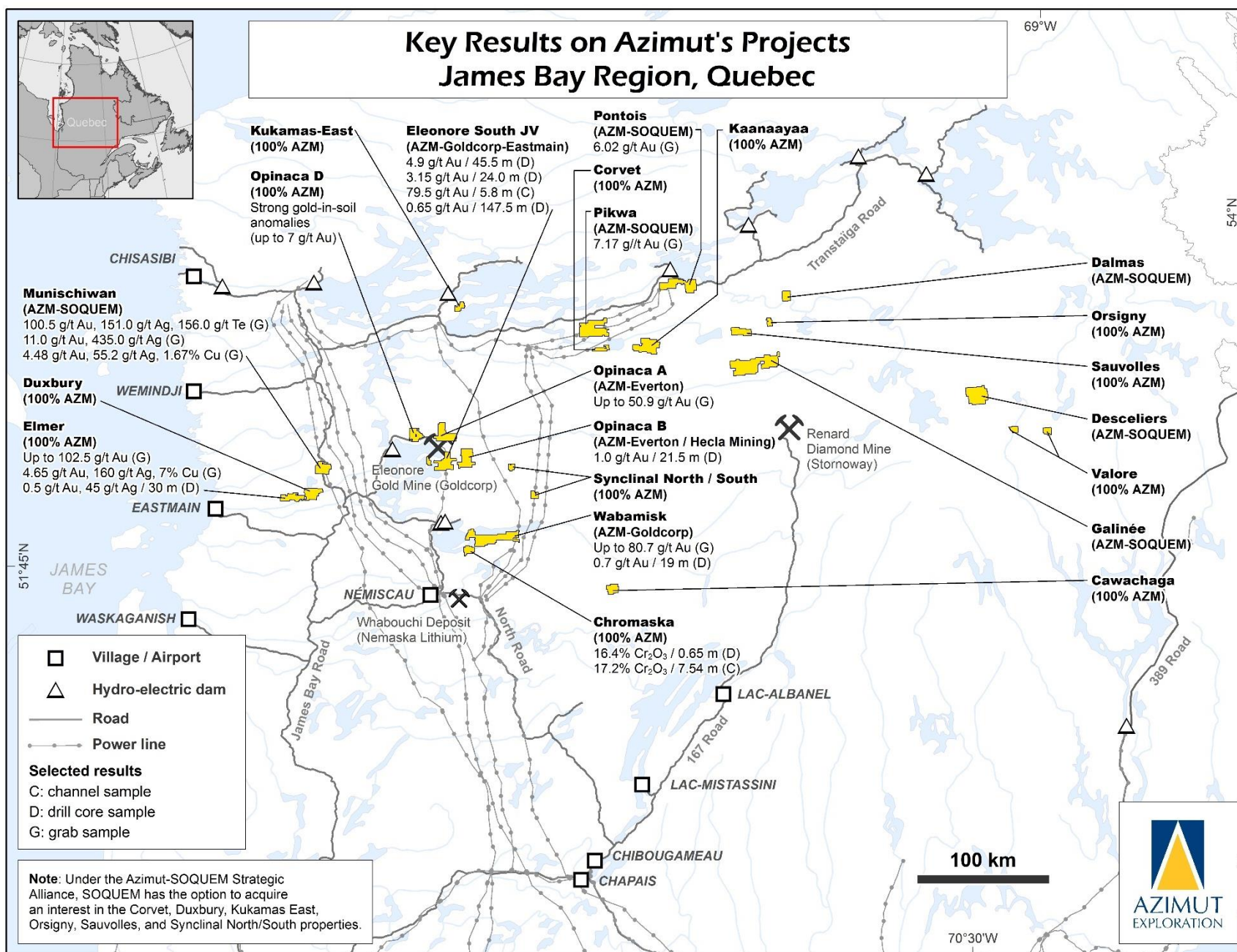


Figure 2: Azimut's exploration properties in the James Bay region, Northern Québec.

ELEONORE CAMP – GOLD

In 2004, Virginia Mines Inc. discovered the Roberto gold deposit (Eleonore mine) on the Opinaca Reservoir (Figures 2 and 3), a distance of 320 kilometres from Matagami and 176 kilometres from the town of Eastmain. 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 and production was 305,000 ounces in 2017. The main horizon remains open down dip where it has been drill-tested 200 metres below the current mineral reserves, and exploration continues to test for extensions and structural repetitions (Goldcorp website).

Goldcorp's 43-101 compliant mineral reserve and resource statement, as of June 30, 2018, announced proven and probable reserves of 17.78 Mt at 5.69 g/t Au for 3.25 Moz of gold, measured and indicated resources of 3.17 Mt at 5.03 g/t Au for 0.51 Moz of gold, and inferred resources of 3.19 Mt at 5.76 g/t Au for 0.59 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 3). Several exploration targets on the Eleonore gold mine property are in close proximity to Azimut's project boundaries, and positive new results have recently been obtained on another adjacent property (see below for details).

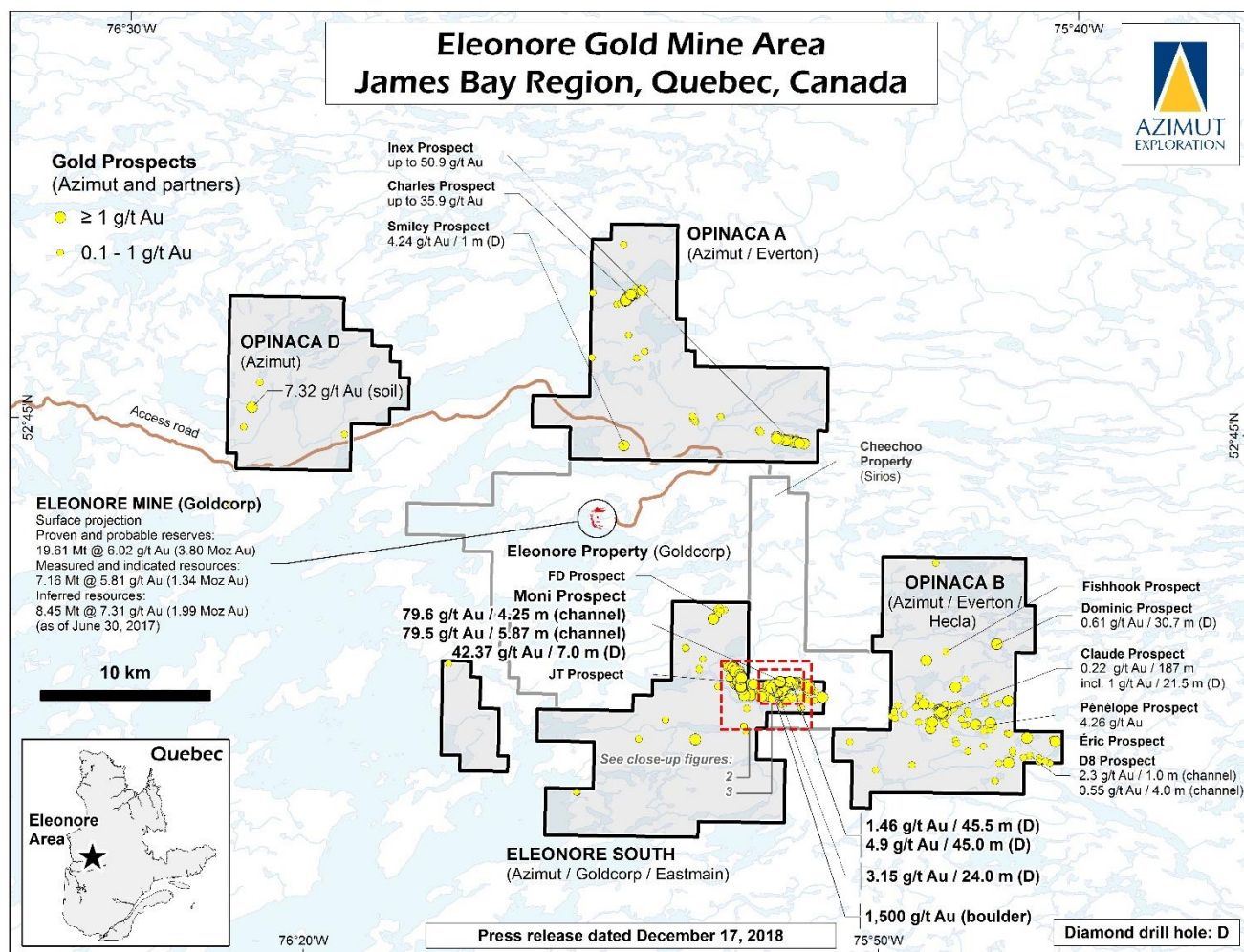


Figure 3: Azimut's gold properties in the Eleonore Gold Camp, James Bay region, Northern Québec.

Opinaca A Property

The Opinaca A Property (247 claims, 128.7 km²) is adjacent to Goldcorp's Eleonore mine property (see Figure 3). 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-party 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.

Gold potential and exploration programs

A 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 (Figures 3 and 4). 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).

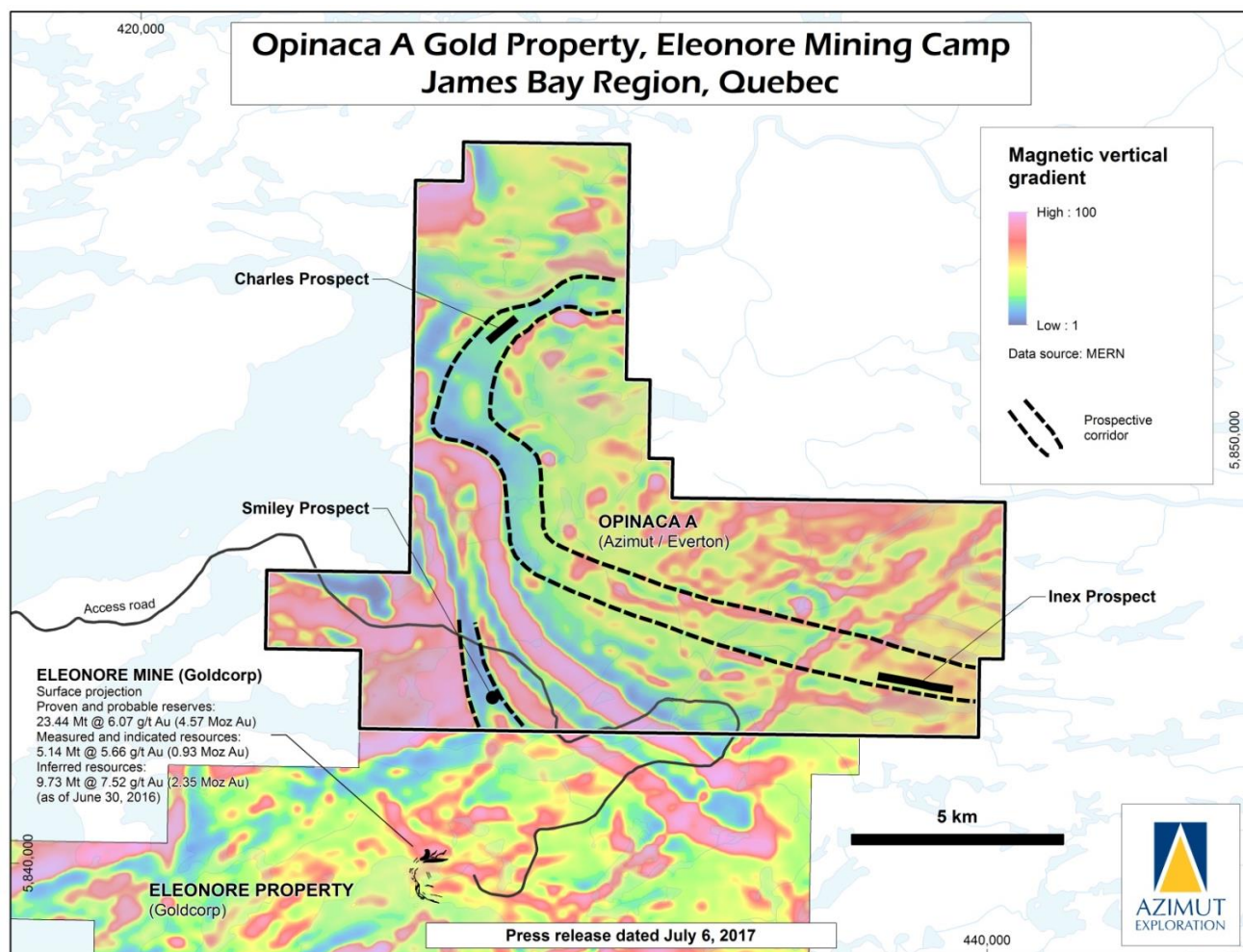


Figure 4: Map of magnetic vertical gradient showing prospective trends on the Opinaca A Property and the location of prospects (see Figure 2 in press release of July 6, 2017 for drill results).

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 Fiscal 2018, Azimut incurred \$18,000 (\$9,000 – Fiscal 2017) in claim renewal expenditures and \$9,000 (\$18,000 – Fiscal 2017) in exploration work for the collection of 122 soil samples.

Opinaca B Property

The Opinaca B Property (248 claims, 129.7 km²) lies 8 kilometres east of the Eleonore Mine Property (Goldcorp) and is adjacent to the Cheechoo Gold Project (Sirios Resources Inc.: “Sirios”) (see Figure 3). In 2010, Everton earned its 50% interest in the property, and Hecla signed a three-party 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 has received cash payments of \$290,000 on the first option and will receive \$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 (Sirios press release of March 29, 2016).

In 2018, Hecla funded a heliborne magnetic survey totalling 1,495 line-km on the property, as well as a soil geochemical survey totalling 483 samples.

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 (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 August 31, 2018, Hecla had made cumulative cash payments of \$580,000 (\$580,000 – Fiscal 2017) and had incurred a total of \$6.0 million in work expenditures. Azimut has received \$290,000 (\$290,000 – Fiscal 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 km²) is located in a highly prospective part of the Eleonore mining camp, about 10 kilometres south of Goldcorp's Eleonore gold mine (see Figure 3). The Property 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 km²) 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.).

Gold mineralization

Since 2016, surface exploration work and diamond drilling (100 holes for more than 22,100 m) have revealed a large tonalite-hosted gold-bearing system in the eastern part of the property with the following key features (see press releases of July 18, September 11 and December 17, 2018):

- A gold corridor at least 2 kilometres long by 600 to 700 metres wide within the Cheechoo tonalite intrusion and up to its contact with the surrounding metasedimentary rocks; mineralization extends towards the Sirius discovery on the adjacent Cheechoo Property to the northeast (details below) and is open to the southwest (Figure 5);
- Consistent anomalous gold values (>0.5 g/t Au) within the corridor, which is characterized by several networks of quartz veins and veinlets, strong sodic alteration, very low sulphide concentrations ($<0.5\%$) and frequent native gold grains;
- Two higher-grade trends within the mineralized envelope (Figure 6):
 - **Contact Trend:** Mineralized and altered envelope of variable thickness in tonalite, ranging from several tens of metres to over 100 m thick in core length with continuous intervals of anomalous gold values. This trend is characterized by clusters of quartz-albite-biotite stockwork accompanied by arsenopyrite, pyrrhotite, pyrite, scheelite and native gold. Evidence of foliation and folding within the intrusive, and injection and subsequent deformation of mafic dykes described as lamprophyres.
 - **Moni Trend:** System of pegmatitic quartz-feldspar veins and quartz-dominant veins with interstitial feldspar, carrying native gold and very low sulphide contents.
- Mineralization at an additional gold prospect to the west – the JT Prospect (see Figure 5) – occurs in the metasedimentary sequence near the intrusive-metasedimentary contact. Previous drill results indicate that the Cheechoo tonalite is also mineralized in this area. This may indicate a potential extension of the Contact Trend to form a semi-ring shape approximately 5.5 km long.

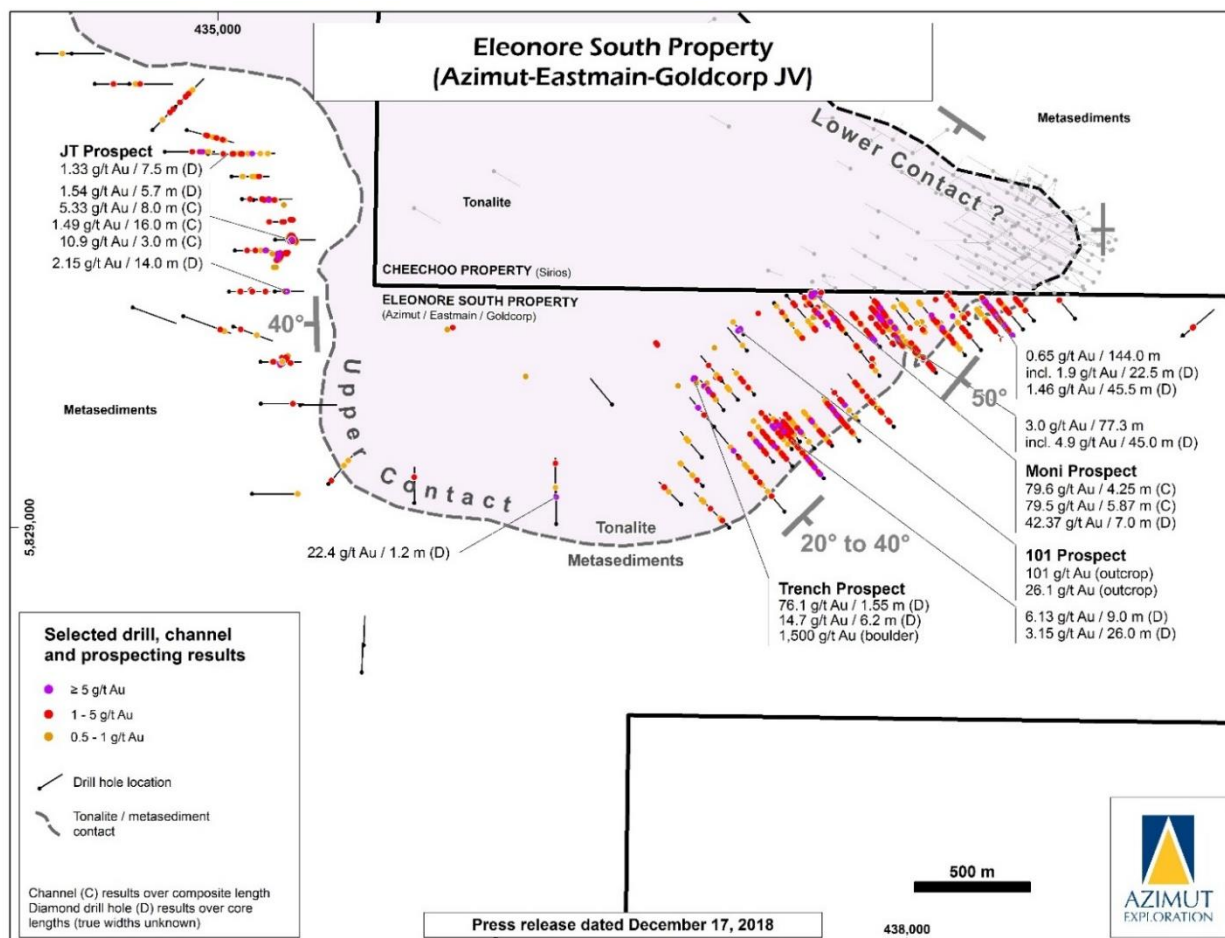


Figure 5: Map of the tonalite-metasedimentary contact on the Eleonore South Property showing selected drill, channel and prospecting results on the Moni and Contact trends (right) and the JT Prospect (left).

Recent joint exploration programs

The property has been the subject of two major exploration programs from 2016 to 2018 totalling \$5.9 million, and a new \$2.5 million program that was recently completed. Figures 5 and 6 show the highlights of the drilling, prospecting and channeling results from these programs (see below for details).

The Fall 2018 program included the following:

- 2,000 metres of mechanized trenching to expose gold mineralization and alteration in the tonalite intrusion and along the intrusion-metasediment contact (1,250 m of trenching), and to expose the southwestern extensions of the high-grade Moni Prospect (750 m of trenching);
- 7,000 metres of diamond drilling with the following objectives (see results under “Contact Trend” below):
 - Establish the continuity of significant previous drilling results in the intrusions;
 - Expand exploration along the intrusion-metasediment contact;
 - Assess the gold potential of the tonalite below the sediment-hosted JT Prospect, along the western edge of the intrusion (the western end of the Contact Trend); and
 - Assess the extensions of the Moni Trend and the high-grade Moni Prospect based on the results of the trenching program.

Results are pending for 10 holes from the Fall 2018 program that targeted the potential westward extension of the Moni and Contact trends.

The 2016–2017 and 2017–2018 programs comprised 76 diamond drill holes for 15,134 metres, along with detailed prospecting, stripping, channel sampling, lake-bottom sediment geochemistry and a high-definition heliborne

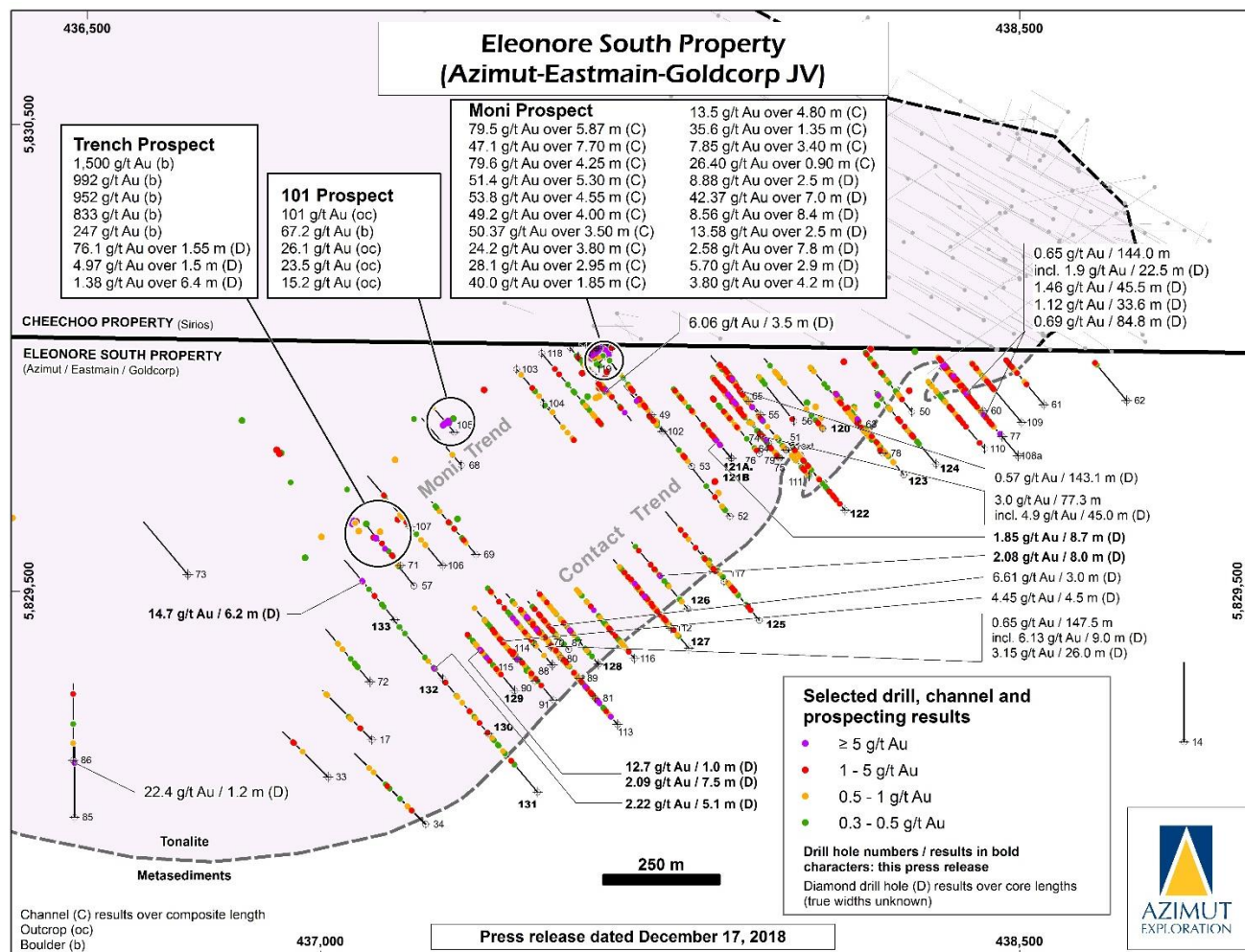


Figure 6: Details of the Moni and Contact trends showing selected drill, channel and prospecting results.

magnetic survey (980 line-km at 25-m line spacing) (press releases of June 16, 2016; August 9, 2017; February 27, July 18 and September 11, 2018).

Moni Trend

The 1.8-km-long northeast-striking Moni Trend is about 500 metres from the metasedimentary contact and includes the Moni, 101 and Trench prospects. The Moni Trend has 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 vein systems within the Moni Trend remain open at depth and laterally.

Moni Prospect

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

- The 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), as well as 18 of the last 32 drill holes and several previous holes;
- The tonalite is pervasively altered (albite, silica) and displays a network of regularly spaced quartz veins and veinlets of variable widths, with feldspathic selvages (sheeted veins); and
- 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.

Closely spaced drill holes on the Moni Prospect reveal a pegmatitic vein with good geometric continuity. Gold values obtained generally relate to the presence of native gold. The information obtained from these drill holes suggests that other Moni-type gold-bearing veins may show similar continuity.

The best drill intercepts 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), which correlate well with high-grade channel results. The following highlights from Phase 2 of the 2017-2018 program was reported in the press release of July 18, 2018. Figure 7 shows a surface projection of selected drill holes on the Moni Prospect.

Hole ES18-92a:	5.7 g/t Au over 2.9 m	
Hole ES18-93:	3.8 g/t Au over 4.2 m	including 20.1 g/t Au over 0.7 m
Hole ES18-95:	13.58 g/t Au over 2.5 m	including 33.0 g/t Au over 1.0 m
Hole ES18-98:	8.56 g/t Au over 8.4 m	including 71.4 g/t Au over 1.0 m and 18.01 g/t Au over 3.9 m
Hole ES18-99:	2.58 g/t Au over 7.8 m	including 17.4 g/t Au over 0.9 m
Hole ES18-100:	42.37 g/t Au over 7.0 m	including 294.0 g/t Au over 1.0 m
Hole ES18-101:	6.06 g/t Au over 3.5 m	including 13.6 g/t Au over 1.5 m
Hole ES18-102:	1.68 g/t Au over 5.0 m 15.7 g/t Au over 0.6 m	
Hole ES18-118:	0.64 g/t Au over 25.1 m	
Hole ES18-119:	10.4 g/t Au over 1.5 m	

In 2017, a vein in a newly exposed area was sampled in 17 channels, most of which were cut perpendicular to vein strike (press release of October 17, 2017). The resulting 82 channel samples had a cumulative length of 64.95 metres and an average sample weight of 3.75 kilograms. The best composite grades 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 shown in Figure 8 and highlights are

listed below (from northeast to southwest). True width appears to range from 70% to 100% of apparent surface width. Gold values are uncut.

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 abovementioned vein, 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

101 Prospect

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. In 2017, a prospecting program yielded high-grade grab samples from the 101 Prospect (press release of November 16, 2017). The four (4) listed below had grades above 15.0 g/t Au. Grab samples are selective by nature and unlikely to represent average grades.

<u>Grade</u>	<u>Sample type</u>	<u>Sample number</u>
15,2 g/t Au	Subcrop	S657630
26,1 g/t Au	Outcrop	S657631
23,5 g/t Au	Outcrop	S657633
67,2 g/t Au	Boulder	S657638

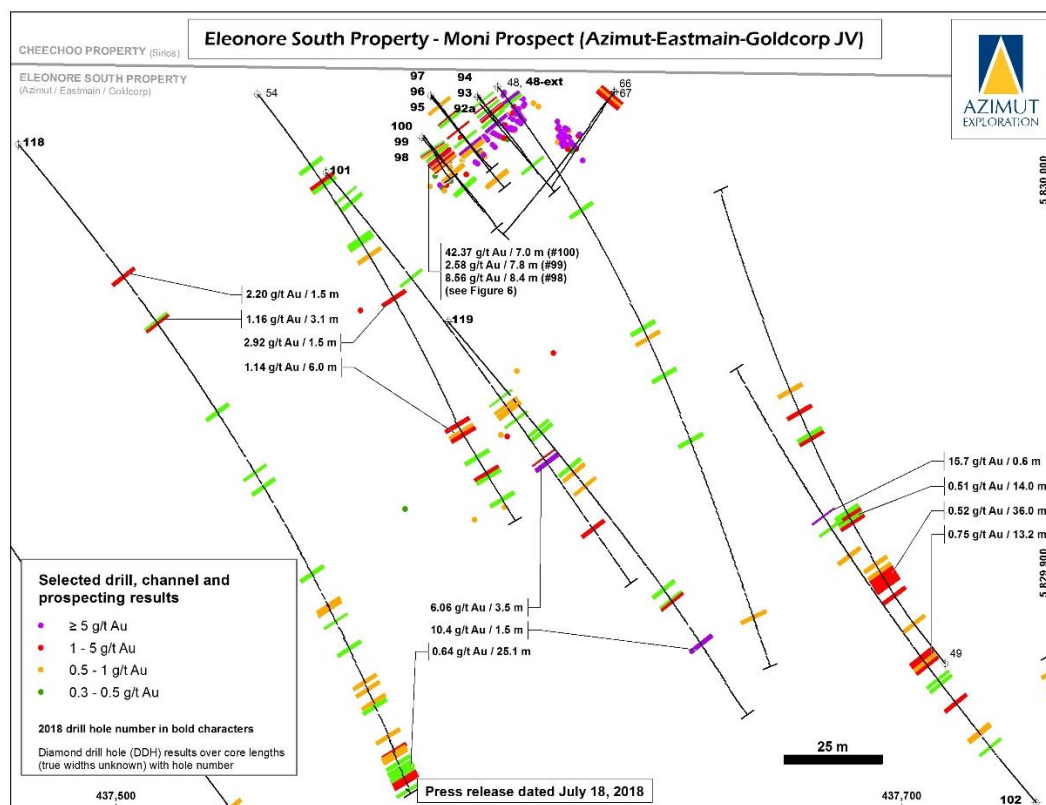


Figure 7: Selected drill, channel and prospecting results on the Moni Prospect.

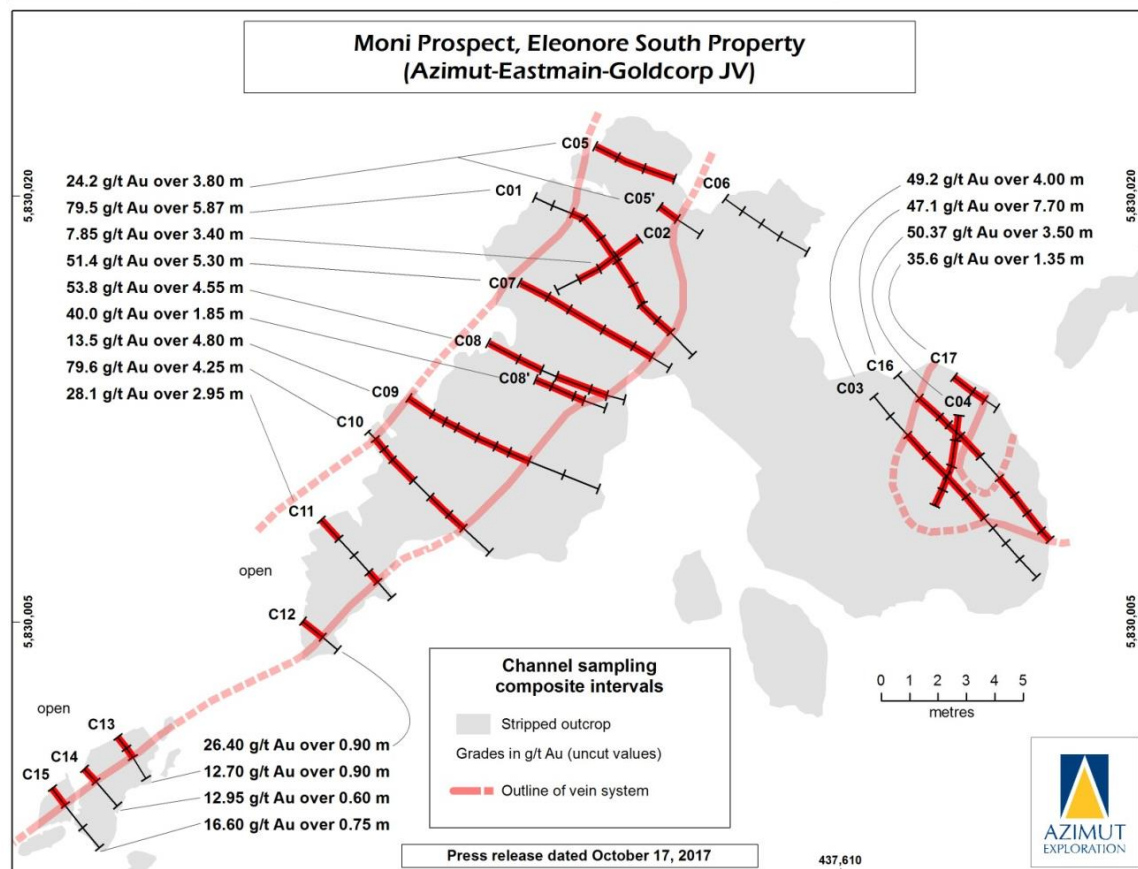
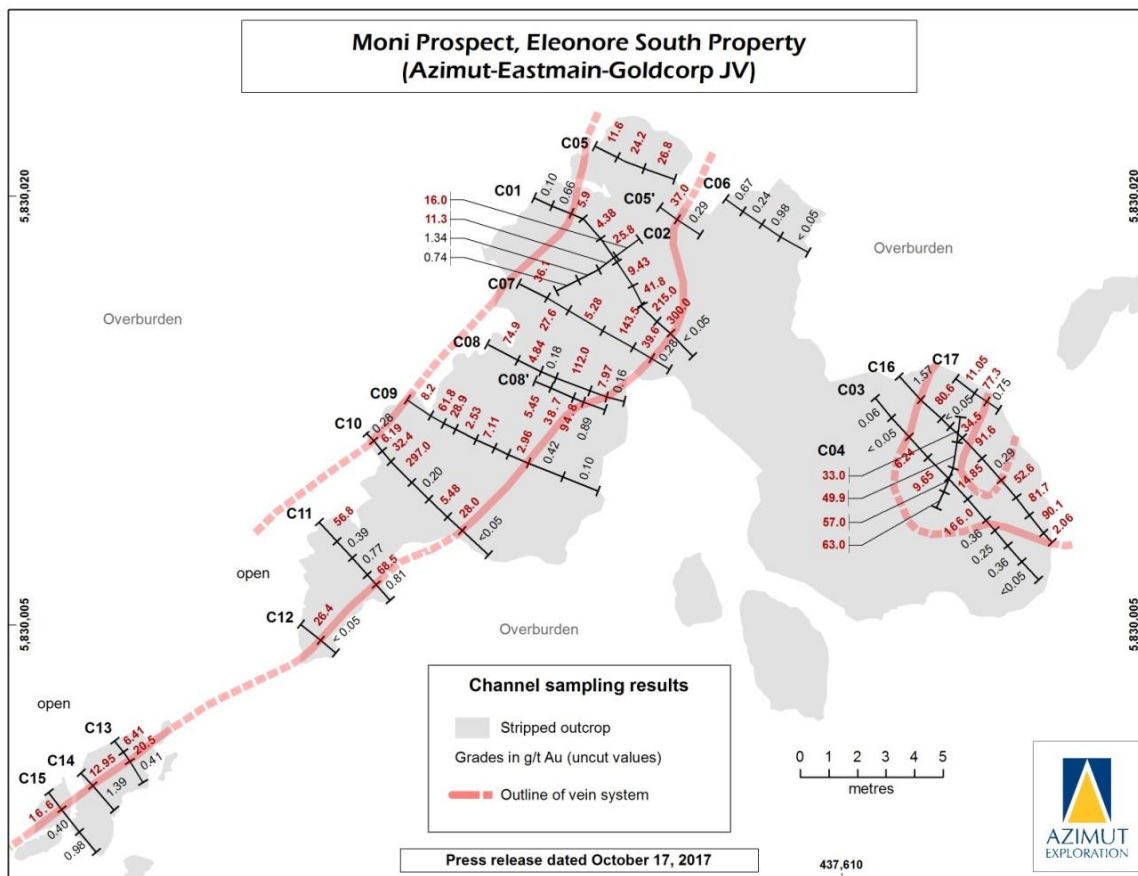


Figure 8: Maps of the Moni Prospect showing individual channel sample results (top) and composite intervals (bottom).

Trench Prospect

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. In 2017, a prospecting program yielded high-grade grab samples from the Trench Prospect (press release of November 16, 2017). The four (4) listed below had grades above 15.0 g/t Au.

<u>Grade</u>	<u>Location</u>	<u>Sample type</u>	<u>Sample number</u>
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

Contact Trend

The Contact Trend has been drilled by 50 holes for more than 13,090 metres of core. Drilling confirms the presence of consistent gold mineralization along a zone at least 1.4 kilometres long and 150 to 300 metres wide, adjacent to the contact with the surrounding metasedimentary rocks. Results show reasonably good geometric continuity to the gold mineralization and zones remain open down dip and along strike. Recently announced highlights and observations from the Fall 2018 program (press release of December 17, 2018) are presented below.

Holes **ES18-120** to **ES18-124** tested the extensions of mineralization previously encountered in a cluster of drill holes, including ES17-74 (0.56 g/t Au over 54.0 m from 190.5 m to 244.5 m).

- Hole ES18-120 was collared 100 m northeast of hole ES16-51 (0.6 g/t Au over 79.1 m from 170 m to 250.1 m) to test the lateral extension of mineralization in that hole, returning an interval averaging 0.40 g/t Au over 34.5 m from 220.5 m to 255.0 m.
- Hole ES18-121a was collared 100 m southwest of hole ES17-74 and intersected several near-surface mineralized intervals starting at 57.3 m (1.85 g/t Au over 8.7 m), 78.6 m (3.83 g/t Au over 3.9 m) and 90.0 m (2.84 g/t Au over 3.9 m); however, the results did not replicate the deeper interval seen in ES17-74.
- Hole ES18-122 was collared 100 m southeast along section of Hole ES18-111 (1.4 g/t Au over 9.4 m from 267.3 m to 276.6 m) and returned numerous mineralized intervals, including 0.81 g/t Au over 25.15 m from 57.9 m to 83.0 m.
- Hole ES18-123 was collared 85 m southeast along section from hole ES17-78 (0.51 g/t Au over 17.1 m from 212.5 m to 229.5 m) and returned several anomalous intervals including 0.47 g/t Au over 59.0 m from 119.0 m to 178.0 m.
- Hole ES18-124 was drilled between holes ES18-123 and ES18-108a (1.1 g/t Au over 33.6 m from 208.0 m to 241.5 m). This hole returned 0.74 g/t Au over 17.4 from 116.6 m to 134.0 m and 0.50 g/t Au over 13.4 m from 185.1 m to 198.5 m.

Holes **ES18-125** to **ES18-129** were drilled along a northeast trend, testing 100 m to the southwest and 200 m to the northeast along the Contact Trend, starting from the centre of a cluster of previous holes drilled around ES17-80 and ES17-88.

- Hole ES18-125 was collared 100 m to the southeast of hole ES18-117 (0.48 g/t Au over 15.4 m from 44.7 m to 60.1 m). This hole returned 0.48 g/t over 19.0 m from 123.0 m to 142.0 m.
- Hole ES18-126 was drilled 50 m northeast of hole ES18-112 (0.70 g/t Au over 43.4 m from 108.2 m to 151.6 m), returning two notable intervals of 2.08 g/t Au over 8.0 m from 141.0 m to 149.0 m and 0.51 g/t Au over 10.5 m from 167.5 m to 178.0 m.
- Hole ES18-127 was drilled on section to the southeast of ES18-112 and returned two intervals of 0.59 g/t Au over 16.5 m from 120.9 m to 137.4 m, and 0.69 g/t Au over 25.0 m from 266.7 m to 291.7 m.

- Hole ES18-128 was drilled 50 m northeast of ES17-89 (1.04 g/t Au over 6.2 m from 74.8 m to 81.0 m and 0.57 g/t Au over 19.5 m from 164.5 m to 184 m) returning 1.0 g/t Au over 10.5 m from 139.5 m to 150 m, and 0.44 g/t Au over 11.3 m from 180 m to 191.3 m.
- Hole ES18-129 was drilled 50 m southwest of hole ES17-90 (0.5 g/t Au over 123.5 m from 92.0 m to 215.5 m). This hole intersected several gold intervals, including: 0.50 g/t Au over 6.4 m from 94.5 m to 100.9 m, 0.79 g/t Au over 5.5 m from 129.0 m to 134.5 m, 1.51 g/t Au over 10.0 m from 143.5 m to 153.5 m (incl. 12.7 g/t Au over 1.0 m), and 2.09 g/t Au over 7.5 m from 173.0 m to 180.5 m (incl. 8.02 g/t Au over 1.5 m).

Holes **ES18-130** to **ES18-133** were drilled as a fence section located 100 m to 150 m southwest of the cluster of drill holes around ES17-80 and ES17-88.

- Holes ES18-130 and ES18-131 intersected short intervals of anomalous gold mineralization. Hole ES18-132 intersected 2.22 g/t Au over 5.1 m from 43.9 m to 49 m including 13.0 g/t Au over 0.8 m.
- Hole ES18-133 intersected 2.82 g/t Au over 3.0 m from 103.0 m to 106.0 m, and 14.7 g/t Au over 6.2 m including 80.4 g/t Au over 1.0 m. This intersection contains visible gold in tonalite but is spatially closely related to an actinolite schist, interpreted as an altered and foliated lamprophyre dyke. A similar interval is cut by hole ES16-57 located 80 m to the NE of hole ES18-133. This intersection assayed 76.1 g/t Au over 1.55 m in tonalite, spatially related in similar fashion to an adjacent lamprophyre dyke.

Earlier this year, three clusters of drill holes from Phase 2 of the 2017-2018 program yielded the following results from northeast to southwest (press release of July 18, 2018):

- 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); and
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); and
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.

JT Prospect

The JT Prospect is located 2.5 km to 3 km to the west of the Contact and Moni trends. This gold-bearing zone was explored by drilling programs from 2008 to 2010 that targeted sedimentary sequences. These sequences display comparable characteristics with the stratigraphy hosting the Eleonore gold mine located 12 km to the northwest. Gold was identified in the metasedimentary rocks above the tonalite-metasedimentary contact. Results from some historical drill holes indicate that the Cheechoo tonalite is also mineralized in this area, including hole ES08-12 which returned 2.15 g/t Au over 14.0 m in the intrusion.

Gold intersections in tonalite at the JT Prospect near the intrusive-metasedimentary contact may be an extension of the Contact Trend to form a semi-ring shape approximately 5.5 km long. The Cheechoo tonalite below the JT Prospect will be drill-tested in the coming months.

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.

The 2.61 billion-year-old Cheechoo tonalite, late in the geological sequence, is interpreted to be a mushroom-shaped intrusion with a roughly tabular top 450 m to 500 m thick, with a shallow to moderate dip to the south along its southern contact and a moderate dip to the west along its western contact (JT Prospect area). The current interpretation suggests the intrusion has not been overturned. The Contact Trend is interpreted as a decompression stockwork zone close to the top of the intrusion.

Discovery on adjacent property

The continuation of the Eleonore South mineralized system onto the adjacent Cheechoo Property is strongly supported by results released by Sirios. Some of the Cheechoo holes were collared as close as 12 metres from the Eleonore South boundary, and results included the following: 15.61 g/t Au over 9.70 m and 15.04 g/t Au over 12.35 m in hole CH-15-20, 12.08 g/t Au over 20.30 m in hole CH-16-52, 11.9 g/t Au over 13.5 m in hole CH-17-95 and 6.4 g/t Au over 12.4 m in hole CH-18-176 (Sirios press releases of December 1, 2015; June 8, 2016; May 9, 2017; September 25, 2018).

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 90th 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 9).

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 was operator of the cumulative \$5.9 million work program until June 2018. Each of the joint venture participants elected to contribute their proportionate share of ownership in the work program. For Fiscal 2018, the cumulative cost incurred under the work programs amounted to \$5.83 million to cover exploration work (prospecting, geophysical interpretation and drilling) and building the exploration camp. The allocation of expenditures was as follows: Azimut \$1.55 million, Goldcorp \$2.14 million and Eastmain Resources \$2.14 million.

Opinaca D Property

The Opinaca D Property (136 claims in 1 block, 70.9 km²) lies about 8 kilometres northwest of Goldcorp's Eleonore Property (see Figures 2 and 3).

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. In 2018, 339 rock grab samples were collected during a prospecting program.

For Fiscal 2018, Azimut incurred \$8,000 (\$14,000 – Fiscal 2017) in claim renewals and \$169,000 (\$24,000 – Fiscal 2017) in exploration work for prospecting and geophysical data interpretation.

EASTMAIN RIVER AREA

The Eastmain River area is 290 kilometres north of Chibougamau and about 80 kilometres southeast of the Opinaca Reservoir. The area is notable for the Eau Claire (Clearwater) gold deposit belonging to Eastmain Resources Inc. and the Whabouchi deposit of Nemaska Lithium Inc. The 43-101 compliant estimate for the Eau Claire deposit comprises an open pit component (measured and indicated resources of 1.210 Mt at 5.86 g/t Au for 228,000 oz Au, and inferred resources of 43,000 t at 5.06 g/t Au for 7,000 oz Au) and an underground component (measured and indicated resources of 3.084 Mt at 6.3 g/t Au for 625,000 oz Au, and inferred resources of 2.339 Mt at 6.56 g/t Au for 493,000 oz Au) (disclosed August 23, 2018). Azimut has two projects in the area: Wabamisk and Chromaska.

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 km². 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 (Figure 2) 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. conducted 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).

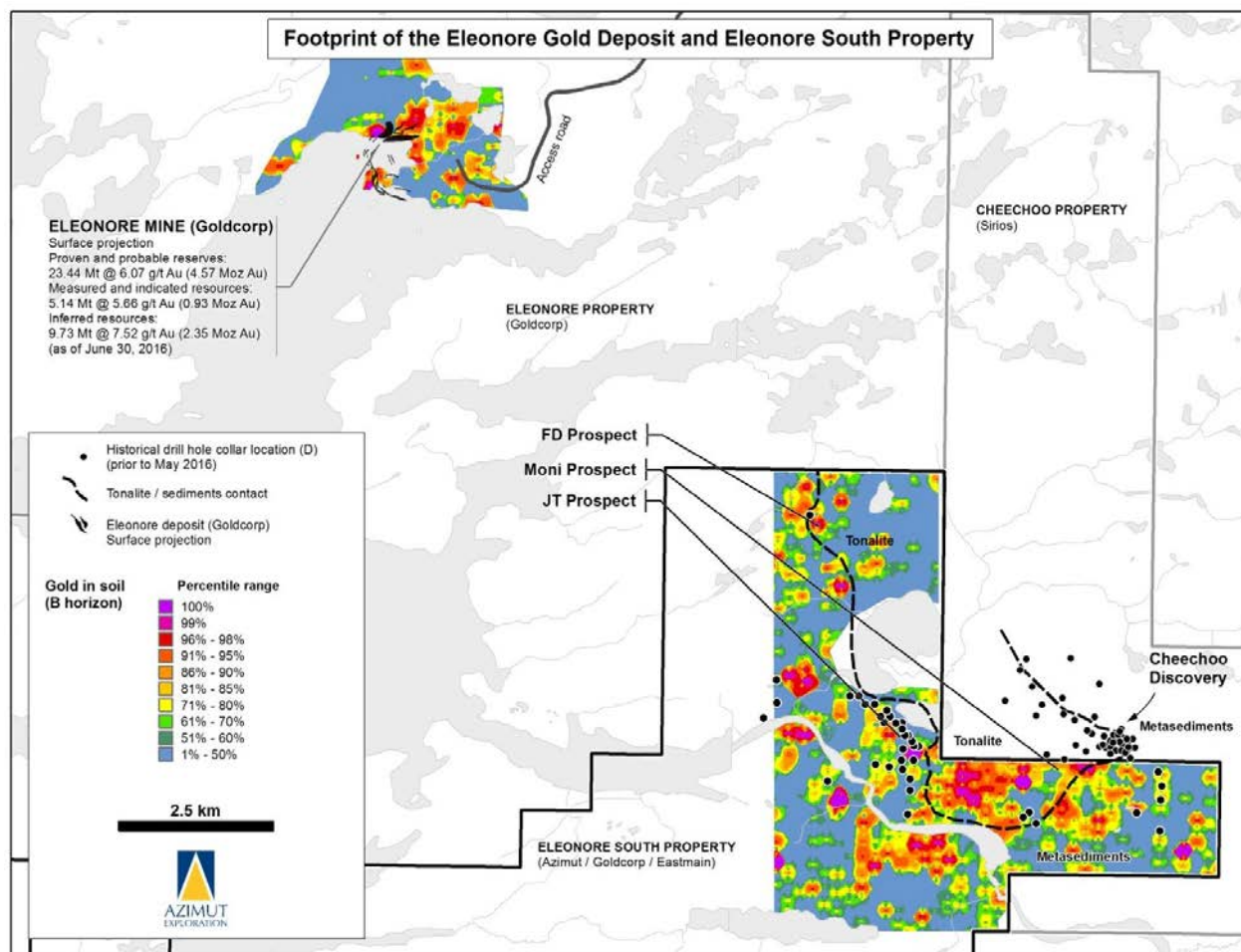


Figure 9: Map comparing the gold-in-soil footprints of Azimut's Eleonore South Property and the neighbouring Eleonore gold mine (Goldcorp).

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 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 km²) (formerly the “Eastmain West Property”) is located in a highly accessible region with major infrastructure (permanent roads, power lines, airports; Figure 2), 35 kilometres north of the Whabouchi mining project (Nemaska Lithium Inc.) and the nearby community of Nemiscau.

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

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% Cr₂O₃ and inferred resources of 26.8 Mt at 29.3% Cr₂O₃; 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.

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 Cr₂O₃ content of 44.5% and Cr/Fe ratios ranging from 1.63 to 2.4 (press release of January 19, 2017).

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. An additional phase of work (3 holes totalling 370.5 m and channel sampling) has been completed 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% Cr₂O₃ 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% Cr₂O₃ over 3.55 m. Channel lengths were limited by thick overburden and a creek.

Salient results are as follows:

- 17.21% Cr₂O₃ over 7.54 m, including 33.2% Cr₂O₃ 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% Cr₂O₃ over 1.55 m;
- 5.13% Cr₂O₃ over 22.49 m, including 23.1% Cr₂O₃ over 0.55 m, 19.57% Cr₂O₃ and 0.20 g/t PGE over 2.60 m (Sledgehammer Prospect, channel 1);
- 8.59% Cr₂O₃ over 6.54 m, including 17% Cr₂O₃ and 0.22 g/t PGE over 1.18 m, 22.5% Cr₂O₃ and 0.14 g/t PGE over 0.98 m (Sledgehammer Prospect, channel 2).

For Fiscal 2018, Azimut incurred \$5,000 in claim renewal expenditures (\$7,000 – Fiscal 2017) and \$638,000 (\$137,000 – Fiscal 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-km² 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

Six targets have been converted into properties under the Alliance: Munischiwan, Pikwa, Pontois, Desceliers, Dalmas and Galinée (see Figure 2), herein referred to as the “SOQUEM JV Properties”. Held 50% by each partner, the properties were acquired by map designation and now comprise a total of 2,376 claims covering 1,223.2 km². 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.

With the exception of Desceliers, all the SOQUEM JV Properties are in the Archean La Grande Subprovince of the Superior Province and straddle significant strike lengths of prospective volcano-sedimentary belts (5 to 30 km) as well as their faulted contacts with the surrounding intrusive rocks, namely tonalite-granodiorite complexes. The Desceliers Property is underlain by Archean rocks of the Opinaca Subprovince.

Recent and upcoming exploration programs

Azimut was manager of the \$1.5 million 2018 program, funded by SOQUEM (press release of June 6, 2018). The bulk of the budget (\$1,058,000) was dedicated to follow-up work on the prospects discovered on the four original Alliance JV Properties (Munichiwan, Pikwa, Pontois and Desceliers) during the 2017 program (see property descriptions for details, and to conduct reconnaissance exploration on the wholly owned Corvet Property (see “Other Properties” for details). The work included prospecting on all five properties, as well as mechanized stripping on Munichiwan and a heliborne geophysical survey on Desceliers. The second component of the 2018 program, with a budget of \$464,000, consisted of exploration work on recently defined targets on the Galinée and Dalmas properties, which were wholly owned by Azimut at the time. Based on the encouraging results of 2018, SOQUEM decided to add Galinée and Dalmas to the SOQUEM JV Properties portfolio under the terms of the Alliance (press release of October 3, 2018).

Property descriptions

The **Munichiwan Property** (167 claims, 87.6 km²) 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. In a press release on October 25, 2018, Azimut announced that it had discovered a major gold-copper-silver prospect on this jointly owned property. The mineralized area is 600 metres long by 100 to 150 metres wide (the “**InSight Prospect**”, formerly named “Maschakw”), dips about 30° east, and is open in all directions. Mineralization is mostly composed of disseminated chalcopyrite, or quartz veins and veinlets, hosted in foliated metasediments with strong biotite alteration. An additional gold showing 600 metres to the south (2.42 g/t Au) may represent the extension of the Prospect, bringing the minimum prospective strike to 1,200 metres. There were no known showings on the Property before the current exploration initiative.

Grab samples from outcrops returned the following grades (press releases of October 25 and December 5, 2018) (Figure 10):

100.5 g/t Au, 151.0 g/t Ag, 156.0 g/t Te, 0.14% Cu
4.89 g/t Au, 196.0 g/t Ag, 0.30% Cu
2.28 g/t Au, 4.65 g/t Ag, 0.29% Cu
1.92 g/t Au, 38.4 g/t Ag, 14.3 g/t Te, 0.63% Cu
1.86 g/t Au, 5.48 g/t Ag, 2.99 g/t Te
1.64 g/t Au, 29.8 g/t Ag, 0.84% Cu
1.35 g/t Au, 3.46 g/t Ag, 0.28% Cu
11.0 g/t Au, 435.0 g/t Ag, 0.38% Cu
5.89 g/t Au, 13.5 g/t Ag, 0.05% Cu
4.48 g/t Au, 55.2 g/t Ag, 1.67% Cu
4.14 g/t Au, 37.4 g/t Ag, 1.40% Cu
3.34 g/t Au, 5.84 g/t Ag, 0.18% Cu
3.02 g/t Au, 35.3 g/t Ag, 1.29% Cu
2.24 g/t Au, 28.6 g/t Ag, 0.76% Cu
2.01 g/t Au, 32.1 g/t Ag, 0.36% Cu
1.95 g/t Au, 29.6 g/t Ag, 1.26% Cu
1.53 g/t Au, 67.2 g/t Ag, 0.90% Cu

This prospecting program followed an 838 line-kilometre heliborne Mag-VTEMTMPlus survey completed in spring of 2017, which was flown over the property at 100-m spacing (press release of November 2, 2017), in addition to a reconnaissance program (249 grab samples) later that year, which collectively led to the discovery of new prospects.

The next step will be to carry out a ground-based geophysical survey (IP) this winter over the surface discovery to define drilling targets.

The **Pikwa Property** (701 claims, 359.4 km²) is located 40 kilometres east of the LG-3 hydroelectric infrastructure and 2 kilometres south of the Trans-Taiga Road, a major gravel highway. The property is adjacent to the Mythril Property where Midland Exploration Inc. (“Midland”) has discovered a significant mineralized zone (Figure 11). The results announced by Midland appear to be directly on strike with the main target zone on Pikwa, which is characterized by a regional arsenic-bismuth-copper anomaly in lake-bottom sediments and a 20-kilometre-long magnetic high (Figure 11). Azimut previously identified gold, copper, cobalt and molybdenum mineralization along this magnetic high.

The project-scale geochemical footprint is defined by the results of a regional lake-bottom sediment survey conducted by the government, followed by a property-wide survey (211 samples) carried out by Azimut and SOQUEM in 2016. Following this initial survey, two prospecting phases were conducted in 2017 and 2018, with the collection of 232 and 307 rock grab samples, respectively. Highlights are as follows (press releases of November 6 and November 27, 2018):

- Spatially correlated arsenic and bismuth anomalies identified by the regional survey, with peak values of 22 ppm As and 0.67 ppm Bi. Arsenic and bismuth are classical pathfinder elements for gold mineralization;
- A 38-kilometre-long copper anomaly identified by the regional survey, now largely covered by the Property, with a peak value of 136 ppm Cu. The core of the anomaly correlates well with the As and Bi footprints;
- Peak values obtained during the recent detailed property-wide survey were comparable to those of the regional survey and further defined the target zone; and
- Azimut’s prospecting results correlate well with the As-Bi-Cu lake-bottom sediment footprint.

The strong project-scale As-Bi-Cu footprint underscores the significant exploration potential of large areas on the Property for which there is little information.

The multi-property reconnaissance program of 2017 and 2018 produced 539 grab samples on Pikwa. Salient discoveries were as follows:

- A new gold prospect (the “**Hyperion Prospect**”) returned up to 7.17 g/t Au from an outcrop. Gold mineralization is associated with disseminated to semi-massive arsenopyrite and is accompanied by highly anomalous cobalt (up to 0.22% Co), silver (up to 3.69 g/t Ag) and tellurium (up to 4.37 g/t Te).
- Another area 4 km to the east displays high background gold values (up to 0.9 g/t Au) with anomalous bismuth (up to 217 g/t Bi) and molybdenum (up to 0.106% Mo); and
- Several angular boulders with chalcopyrite in the northeastern part of the property were also sampled. The best result is 2.95% Cu, 0.22 g/t Au, 7.58 g/t Te and 1.68 g/t Ag.

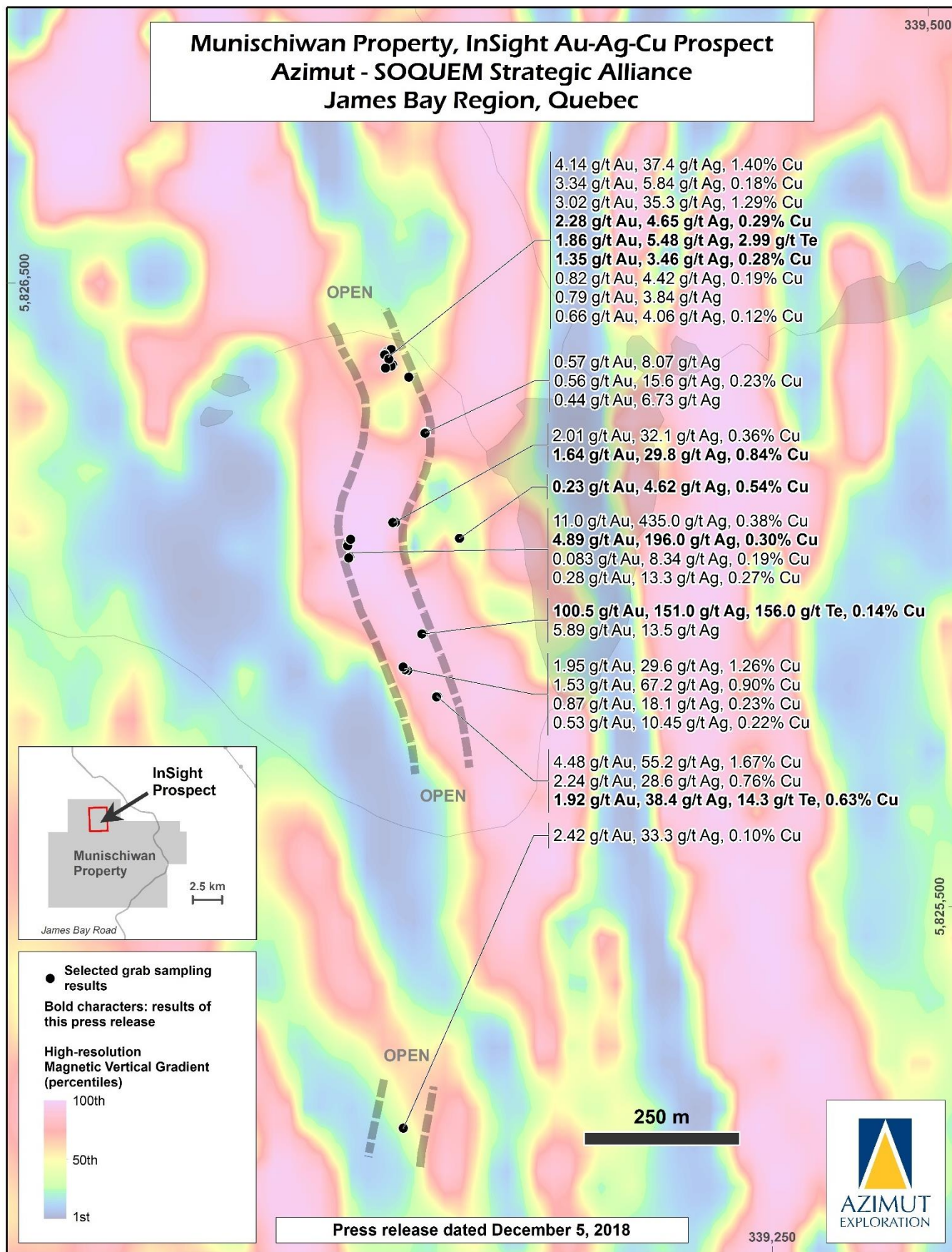


Figure 10: Map showing selected grab sample results from the InSight Prospect, Munischiwan Property.

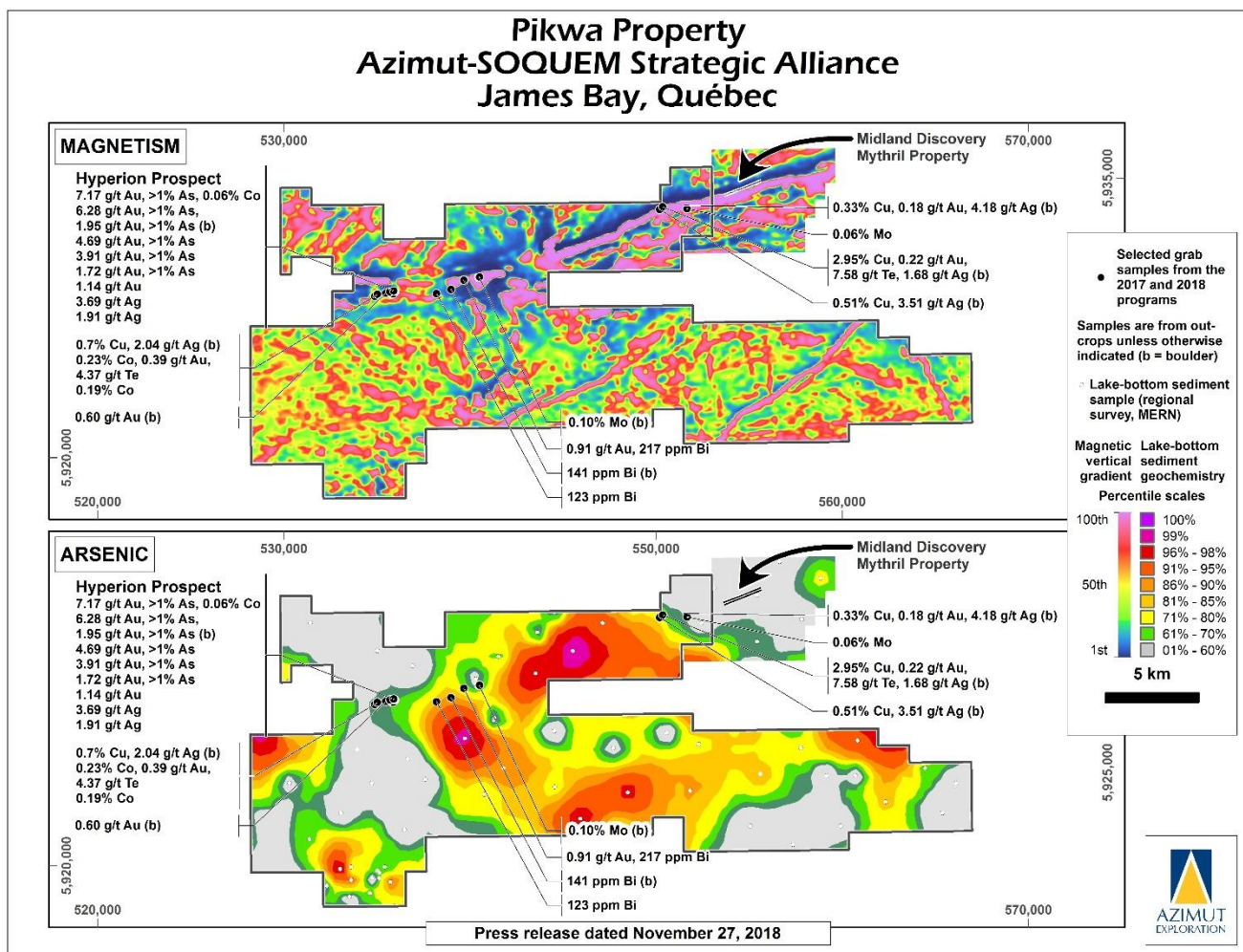


Figure 11: Selected grab samples from the 2017 and 2018 programs on the Pikwa Property superimposed on background maps of magnetism and arsenic values in lake-bottom sediments. The discovery on the adjacent Mythril Property (Midland Exploration) is indicated with an arrow.

The **Pontois Property** (399 claims in 1 claim block, 203.2 km²) lies immediately south of the LG-4 hydroelectric dam and is crossed by the Trans-Taiga Road. The gold 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.

The Company's exploration program in 2018 followed up on the results from 2017 (225 grab samples; press release of June 6, 2018). There were no known showings on the Property before the current exploration initiative. The best gold results in 2018 (press release of Nov. 8, 2018) were 6.02 g/t Au, 2.56 g/t Au and 0.90 g/t Au in grab samples from outcrops. Other values included silver (up to 2.61 g/t Ag) and tellurium (up to 23.7 g/t Te). Significant copper values (up to 0.18% Cu) were obtained 2.0 kilometres from the prospect, along the same geological trend. Gold is hosted in mafic metavolcanics and intrusive dykes with quartz veins, near a sheared contact with metasediments. The intrusive facies contains disseminated fine pyrite. This 40-metre by 20-metre sector is open along strike in both directions.

The **Galinée Property** (658 claims, 339.6 km²) is located about 50 kilometres north-north-west of the Renard mine (Stornoway Diamond Corp.) and 60 kilometres south of the Trans-Taiga Road. The 36-kilometre-long gold property is underlain by the La Grande Subprovince, about 15 kilometres north of the contact with the Opinaca Subprovince. There were no known showings on the Property before the current exploration initiative.

In 2017, a lake-bottom sediment survey identified a main 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.), associated with other geochemical gold pathfinders (As, Bi, Sb) (press release of May 31, 2018). Three additional multi-kilometre attractive targets were defined laterally by strong combined arsenic, antimony, bismuth and/or tungsten anomalies.

In 2018, the Company's exploration program produced the following highlights (press release of November 13, 2018):

- Discovery by prospecting of a subcropping gold-bearing zone with 26 grab samples delivering values above 0.1 g/t Au, including six (6) samples returning values from 0.53 g/t Au to 0.84 g/t Au and one sample returning 2.17 g/t Au.
- Mineralized facies are hosted in a tonalite intrusion containing disseminated to semi-massive arsenopyrite with quartz veins and veinlets, accompanied by some pyrite and pyrrhotite and by chlorite alteration.
- The 130-metre by 30-metre zone, located in the eastern part of the property, trends NE-SW and is open along strike in both directions.
- About 5 kilometres to the west, till sampling identified a gold grain dispersion train, including one sample returning 52 delicate gold grains, interpreted as deriving from a proximal source.
- About 25 kilometres to the west, another 4-kilometre-long target area returned anomalous gold counts in till samples. Some samples included coarse gold, and overall, the results confirm the unusual cluster of previously reported high gold values – up to 1.89 g/t Au – in lake sediments.

The **Dalmas Property** (88 claims, 45.0 km²) is situated 25 kilometres south of the Trans-Taiga Road. 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. In 2018, an initial prospecting phase has been conducted with the collection of 156 rock grab samples.

The **Desceliers Property** (363 claims, 188.4 km²) is located 175 kilometres east of provincial highway 167 that leads to the Renard mine (Stornoway) in the eastern part of the James Bay region. 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 results 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:
 - o 0.33 g/t Au, 493 ppm Cu
 - o 0.2 g/t Au, 1.03 g/t Ag, 173 ppm Co, 562 ppm Cu, 0.14% Zn
 - o 5.90 g/t Ag, >1% As, 287 ppm Cu
 - o 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:
 - o >500 ppm REE, >500 ppm Y, 377 ppm Zr, >1% P, 619 ppm Mo, 0.32% Pb
 - o 140 ppm Cu, 235 ppm Y, >500 ppm Zr

In 2018, an heliborne magnetic, electromagnetic (DIGHEM) and spectrometric survey was completed for a total of 1,017 line-km, followed by a short prospecting program with the collection of 60 rock grab samples.

OTHER PROPERTIES IN THE JAMES BAY REGION

Ten (10) wholly owned properties— Elmer, Kaanaayaa, Orsigny, Sauvolles, Synclinal, Corvet, Duxbury, Kukamas East, Valore and Cawachaga—were acquired by map designation and comprise a total of 1,237 claims covering 644.3 km² (see Figure 2).

Six (6) of these properties (all except Elmer, Kaanaayaa, Valore and Cawachaga) cover targets identified under the Strategic Alliance with SOQUEM and are herein referred to as the “SOQUEM Alliance Properties”. SOQUEM has the option to partner on these properties under 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; and
- At this 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 2018, Azimut carried out exploration on the Corvet Property as part of a larger program funded by SOQUEM and managed by Azimut (see “SOQUEM JV Properties” for details). In 2017, SOQUEM funded a \$247,000 exploration program (managed and carried out by Azimut) that included work on Sauvolles, Orsigny, Synclinal and Corvet. The work program comprised (press releases of November 2, 2017 and May 31, 2018):

- A comprehensive 614-sample lake-bottom sediment geochemical survey in mid-2017 on Sauvolles, Orsigny and Synclinal (North and South blocks); and
- A reconnaissance prospecting program yielding 54 rock samples on Corvet.

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.

Property descriptions and salient results

The **Elmer Property** (190 claims, 100.1 km²) is a highly accessible gold-polymetallic (Au-Ag-Cu-Zn) project situated 40 kilometres west of the James Bay Road, a major paved highway, and 60 kilometres east of the municipality of Eastmain.

Historical exploration uncovered many high-grade gold-silver-copper-zinc prospects, including many significant targets that remain untested by drilling. Mineralization is concentrated along the Elmer Trend, a 32-kilometre-long highly prospective corridor covered by the Elmer and Duxbury properties (Figure 12). In 2018, the best grab sample grades from Azimut's preliminary assessment (46 samples) was 77.8 g/t Au and 167.0 g/t Ag at the Gabbro Zone. The Company's preliminary observations of gold mineralization are presented below, along with highlights of the results to date (press release of November 20, 2018):

Gabbro Zone: hematized and boudinaged quartz veins with traces of pyrite hosted in sheared gabbro; 11 samples including 4 samples with grades above 1.0 g/t Au:

7.98 g/t Au, 18.43 g/t Ag over 0.55 m (channel)
77.8 g/t Au, 167.0 g/t Ag (grab)
60.4 g/t Au, 122.0 g/t Ag (grab)
6.11 g/t Au, 9.49 g/t Ag (grab)

Patwon Zone: quartz veins and quartz-ankerite stockwork with pyrite in the wall rock, hosted in sheared mafic metavolcanics; 28 samples including 15 samples with grades above 1.0 g/t Au:

2.90 g/t Au over 3.50 m (channel)
5.29 g/t Au over 0.60 m (channel)
54.6 g/t Au, 6.44 g/t Ag (grab)
5.61 g/t Au, 14.25 g/t Ag (grab)
4.57 g/t Au (grab)
2.94 g/t Au (grab)

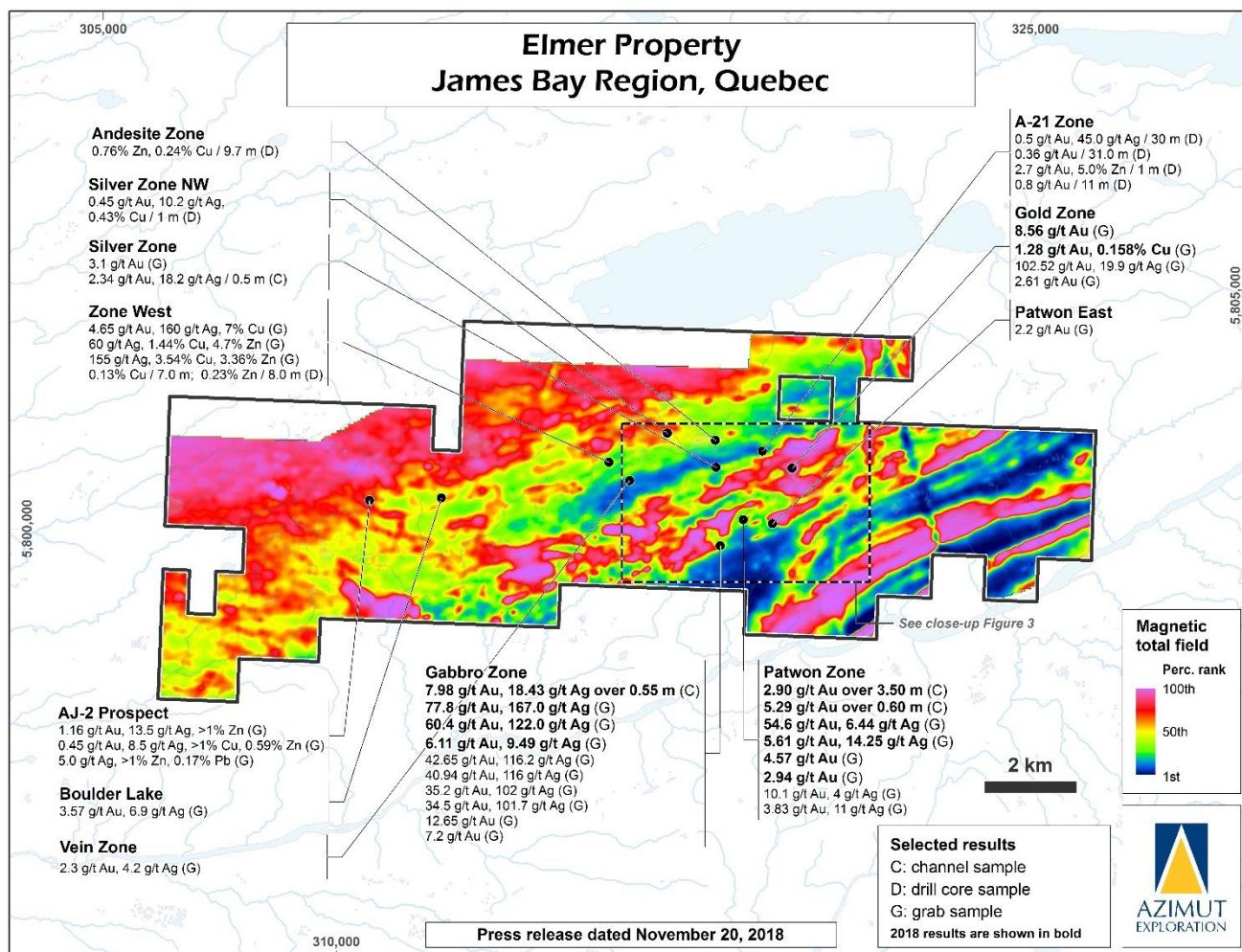


Figure 12: Magnetic map of the Elmer Property showing the location of prospects and selected historical and recent results.

Gold Zone: quartz-ankerite veins with pyrite, pyrrhotite and chalcopyrite hosted in sericitized mafic metavolcanics; seven (7) samples including two (2) samples with grades above 1.0 g/t Au:

8.56 g/t Au (grab)
1.28 g/t Au, 0.158% Cu (grab)

Azimut is systematically reviewing and reprocessing the large historical database for the property, and its short-term objective is to build a robust exploration model for the Elmer Trend. The geological setting and mineralized context share strong similarities with the Windfall Project in the Abitibi region (Osisko Mining Inc.). Other exploration companies have also compared features of the Elmer Trend to the Hemlo and Bousquet-Doyon mining camps. Azimut is planning a 2019 program that will include systematic prospecting, channel sampling and mechanized stripping.

The **Duxbury Property** (181 claims, 95.3 km²) is a highly accessible project adjacent to the Elmer Property. It is 5 kilometres west of the James Bay Road and about 70 kilometres east of the Cree community of Eastmain. The property is characterized by a well-defined As-Bi-Sb footprint in lake-bottom sediments that continues westward onto the adjacent Elmer Property. A grab sample yielded a grade of 1.9 g/t Ag and 0.58% Cu. Gold showings are known along strike both to the east and west of the property, including some high-grade prospects (e.g., 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 in the La Grande Subprovince. In 2018, 77 rock grab samples were collected during an initial prospecting program.

The **Orsigny Property** (11 claims, 5.6 km²), 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** (74 claims, 38.0 km²), 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 km²) 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. In 2018, 32 rock grab samples were collected during reconnaissance prospecting.

The **Kaanaayaa Property** (318 claims, 163.5 km²), a newly acquired gold property is situated 35 kilometres south of the Trans Taiga Road and a Hydro-Québec powerline and 42 kilometres south of the LG-4 airport, just east of the Pikwa and Corvet properties. Kaanaayaa was acquired for its favourable geological, structural and geochemical context (contact between the La Grande and Opatica subprovinces, near Osisko's Marco Gold Zone, and a strong regional Bi (As, Cu) anomaly in lake-bottom sediments). The next step will consist of a detailed lake-bottom sediment survey followed by a prospecting program.

The **Corvet Property** (80 claims, 41.1 km²), just south of the Pikwa Property, is situated 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 Radisson. The project displays a strong spatial association between Ag-As-Bi-Cu-Sb in lake-bottom sediments. 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 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. In 2018, 123 additional rock grab samples were collected during a new prospecting phase.

The **Kukamas East Property** (70 claims, 35.8 km²) 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** (108 claims in 2 claim blocks, 56.4 km²) is located 185 kilometres east of the Renard mine, in the eastern part of the James Bay region. The property is in an area of poor geological coverage in the Opatica Subprovince and has seen very little 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 km²) 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

Management believes Nunavik (the region in Northern Quebec above the 55th parallel) has significant potential for large-scale deposits of copper, gold, silver, tungsten, rare earth elements ("REE") and uranium. The results of Azimut's 640,000-km² mineral potential assessment generated many quality exploration targets in Nunavik, several of them very large. The types of data used in the targeting process included multi-element lake-bottom sediment

geochemistry, geophysics, geology and remote sensing. The Company's current land position comprises six (6) properties covering polymetallic or gold-only projects, and one (1) uranium property.

NUNAVIK – POLYMETALLIC

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

The Rex, Duquet, Rex South and NCG properties (collectively 2,120 claims; 915.8 km²) provide a commanding position over what the Company calls the **Rex Trend** (Figure 13), a strong 300-kilometre-long copper anomaly in lake-bottom sediments coupled with a strong 100-kilometre-long REE anomaly (press releases of March 31 and July 22, 2011). Management considers the Rex Trend to be a new mineral province with the potential to host large-scale deposits, including iron oxide copper-gold ("IOCG") deposits, intrusion-related polymetallic deposits and sediment-hosted gold deposits. The Rex Trend shares similarities with the Carajás Mineral Province in Brazil (press release of April 4, 2012).

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

Rex Property (copper-gold-REE)

The wholly-owned 80-kilometre-long polymetallic Rex Property (806 claims; 344.1 km²) occupies the northern segment of the 300-kilometre Rex Trend, which is also covered by the Duquet, Rex South and NCG properties (Figures 13 and 14). 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 14).

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 RC) 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 RC) revealed a strong alteration system 150 metres wide, containing anomalous copper, cobalt, tungsten, molybdenum, barium, manganese, phosphorous and iron values (press release of February 9, 2012).

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

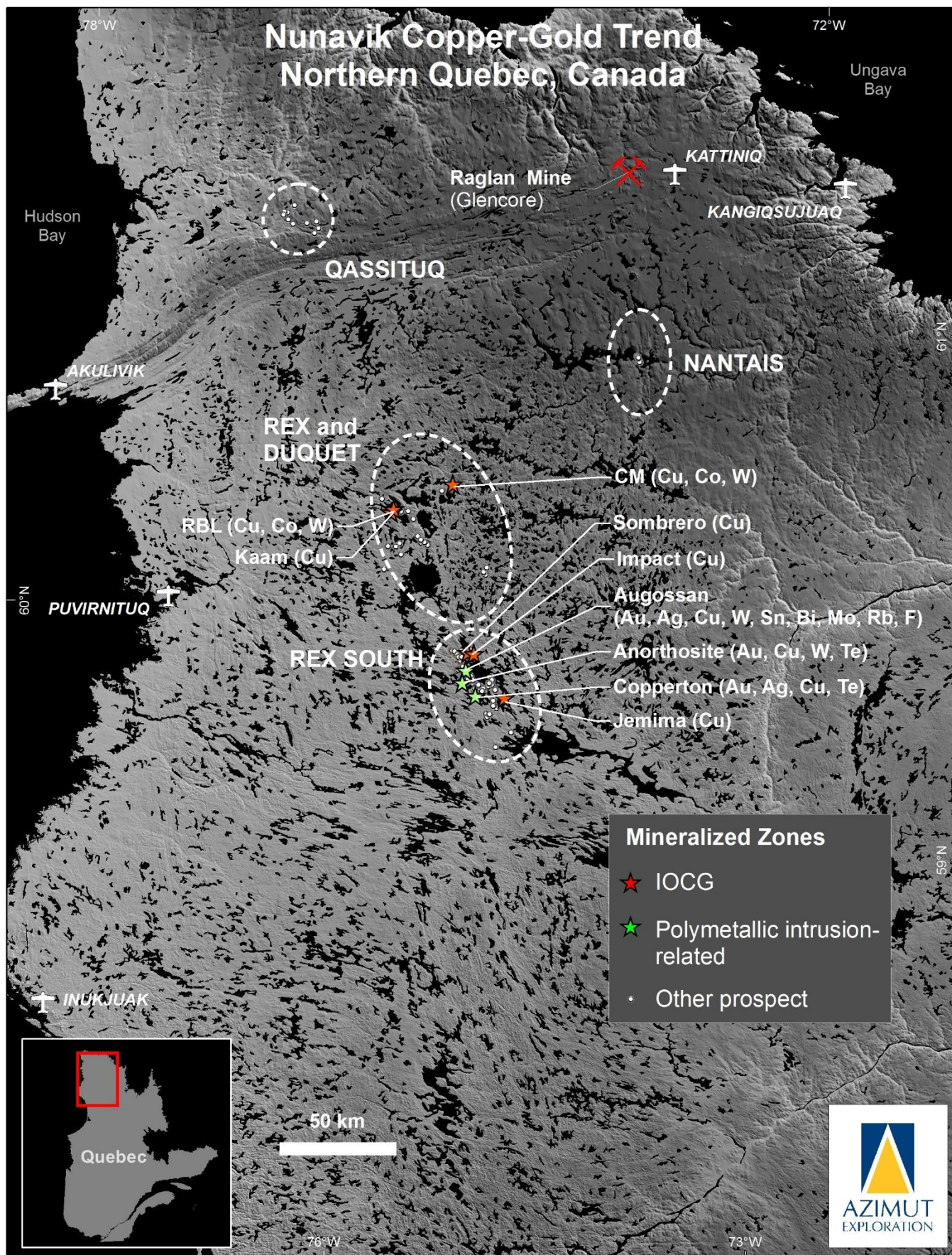


Figure 13: Location of Azimut's wholly-owned properties in Nunavik. The Rex Trend comprises the Rex, Duquet, Rex South and NCG properties.

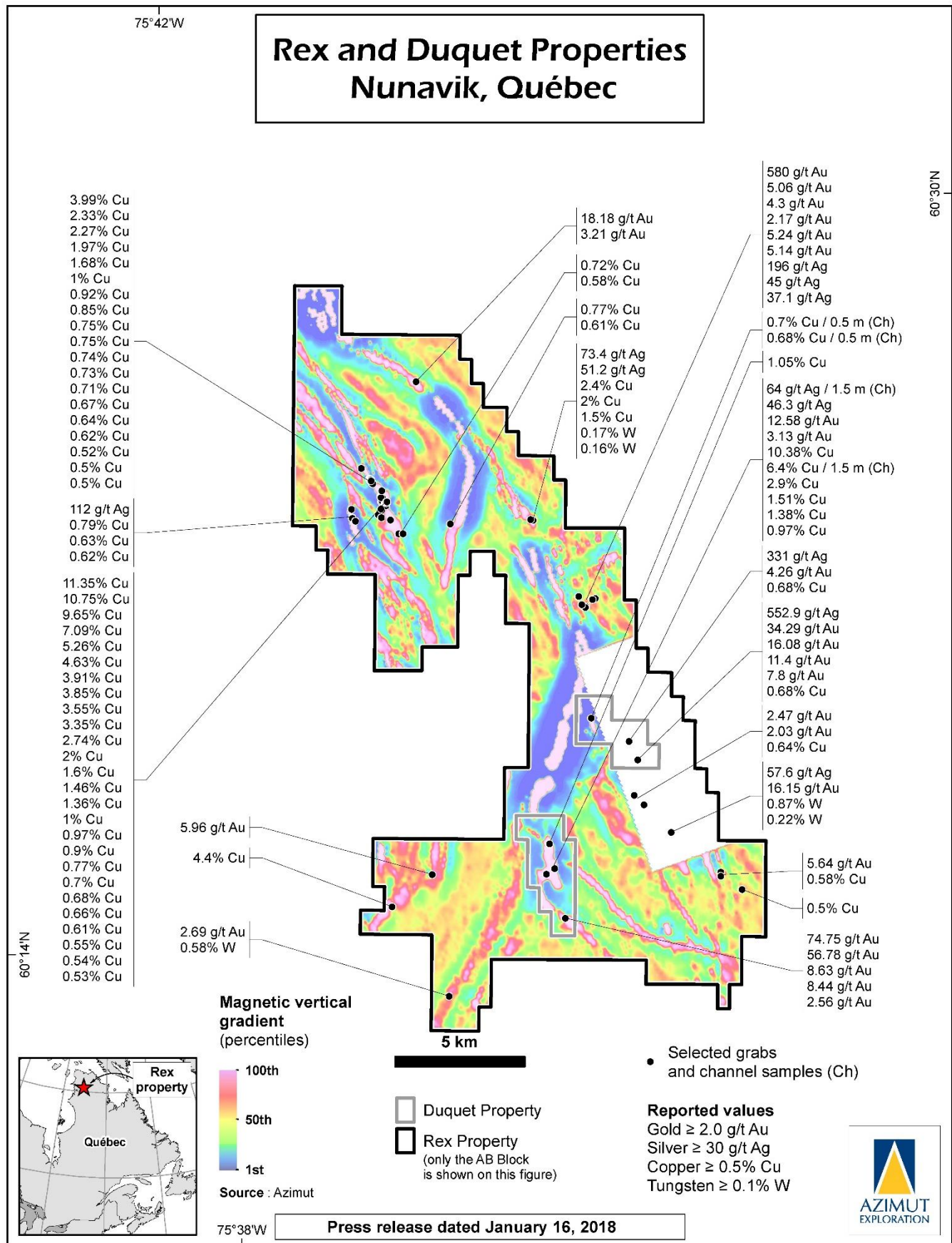


Figure 14: Rex and Duquet properties. Note: this figure shows only the AB Block of the Rex Property.

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 RC 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 Fiscal 2018, Azimut incurred \$95,000 (\$200 – Fiscal 2017) in claim renewals and \$8,000 (\$8,000 – Fiscal 2017) in exploration work for technical evaluation and data interpretation. Azimut might pursue its assessment of the Rex project in 2019 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 km²; 2 blocks; see Figures 13 and 14) 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 14), 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 Fiscal 2018, Azimut did not incur any claim renewal expenditures (\$3,000 – Fiscal 2017) or exploration expenditures (\$Nil – Fiscal 2017).

Rex South Property (copper-gold- tungsten)

The wholly-owned polymetallic Rex South Property (1,283 claims, 558.4 km²) occupies the middle segment of the 300-kilometre Rex Trend (see Figure 13).

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

Mineralized zones

The above work yielded more than 30 new mineralized zones and prospects on Rex South (Figure 15). The most important are discussed below.

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

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

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

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

The results for the 788 grab samples collected 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% Cu, up to 0.17% Mo (molybdenum) and up to 0.422 g/t Re (rhenium).

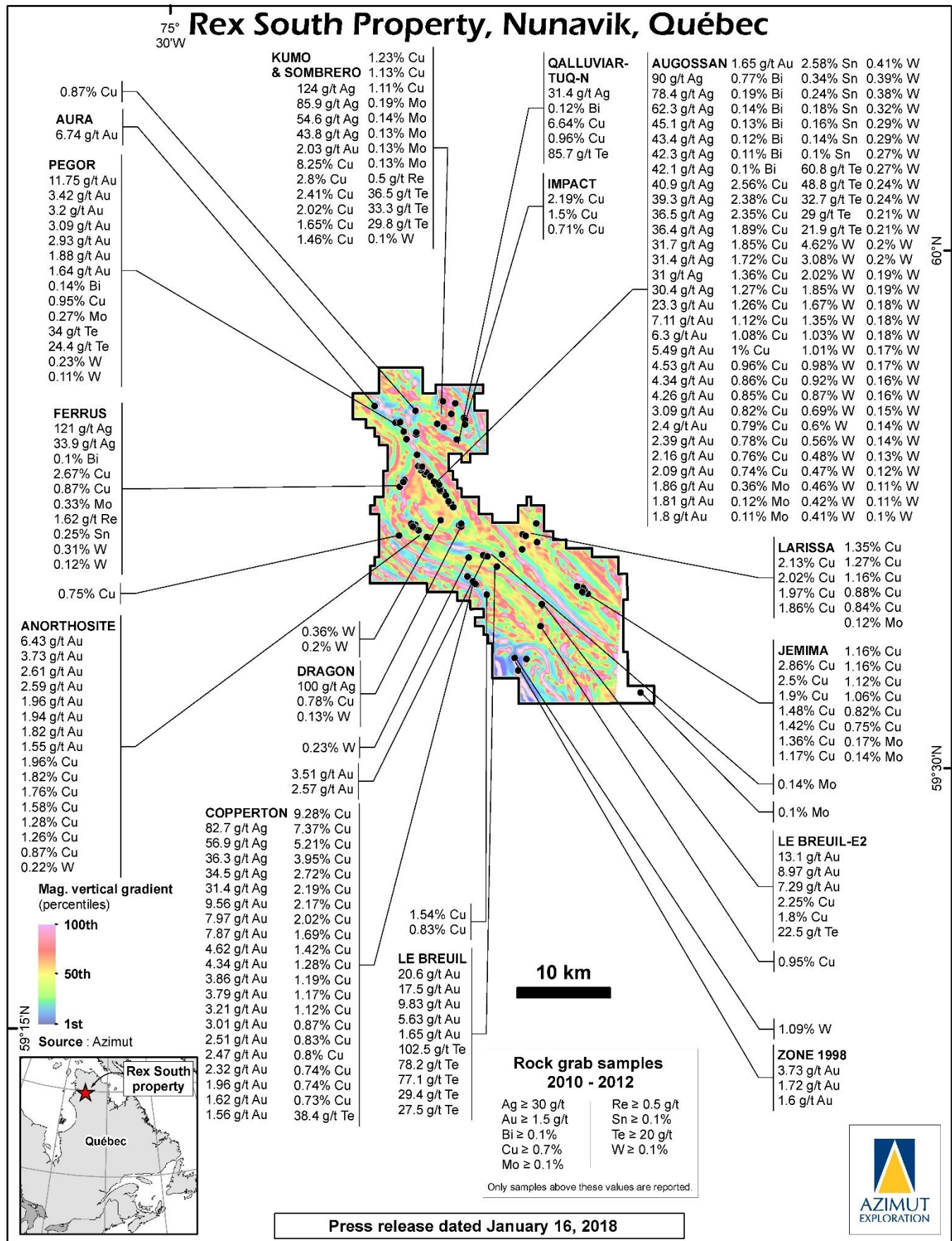


Figure 15: Main mineralized zones on the Rex South polymetallic (Cu-Au-W) property.

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 Fiscal 2018, Azimut incurred \$129,000 (\$19,000 – Fiscal 2017) in claim renewal expenditures and \$10,000 (\$9,000 – Fiscal 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 2019 on its own if financial conditions are adequate, or through partnership.

NCG Property (copper-gold)

The NCG Property (1 claim; 0.4 km²) is located at the southern end of the Rex Trend. For Fiscal 2018, Azimut did not incur any claim renewal expenditures (\$100 – Fiscal 2017) or exploration expenditures (\$Nil – Fiscal 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 Nunavut 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 km²) lies to the north of the Cape Smith Belt at a distance of 85 kilometres from Salluit, an Inuit village on the Arctic Ocean, and 145 kilometres west of Glencore's world-class Raglan nickel mine (see Figure 13).

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 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 Fiscal 2018, Azimut incurred \$4,000 (\$2,000 – Fiscal 2017) in claim renewals and \$100 (\$Nil – Fiscal 2017) in exploration expenditures. Azimut might pursue its assessment of the Qassituq Property in 2019 on its own if financial conditions are adequate, or through partnership.

NUNAVIK – GOLD

Nantais Property

The wholly-owned Nantais gold property (188 claims; 78.7 km²) lies about 80 kilometres south of Glencore's Raglan nickel mine and 115 kilometres southwest of the Inuit village of Kangiqsujuaq (see Figure 13). Azimut conducted prospecting programs in 2011 and 2012, yielding 152 grab samples and the discovery of two (2) 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 16). To date, mineralization has been recognized along a 3-kilometre prospective trend, open in all directions, which includes three historical prospects. Mineralization is hosted within a steeply dipping north-trending unit of mafic and felsic volcanic rocks belonging to the Nantais Complex of the Minto Block, a geological division of the Archean Superior Province. The results and geological context indicate an excellent potential for gold-rich polymetallic volcanogenic massive sulphide deposits.

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

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

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

- Gold: 31 samples returned grades higher than 0.1 g/t Au, including 14 samples ranging from 1.0 g/t to 26.10 g/t Au;
- Silver: 93 samples returned grades higher than 1.0 g/t Ag, including 15 samples ranging from 10.0 g/t to 99.30 g/t Ag; 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 Fiscal 2018, Azimut incurred \$22,000 (\$1,000 – Fiscal 2017) in claim renewal expenditures and \$42,000 (\$3,000 – Fiscal 2017) in exploration work for technical evaluation and data interpretation.

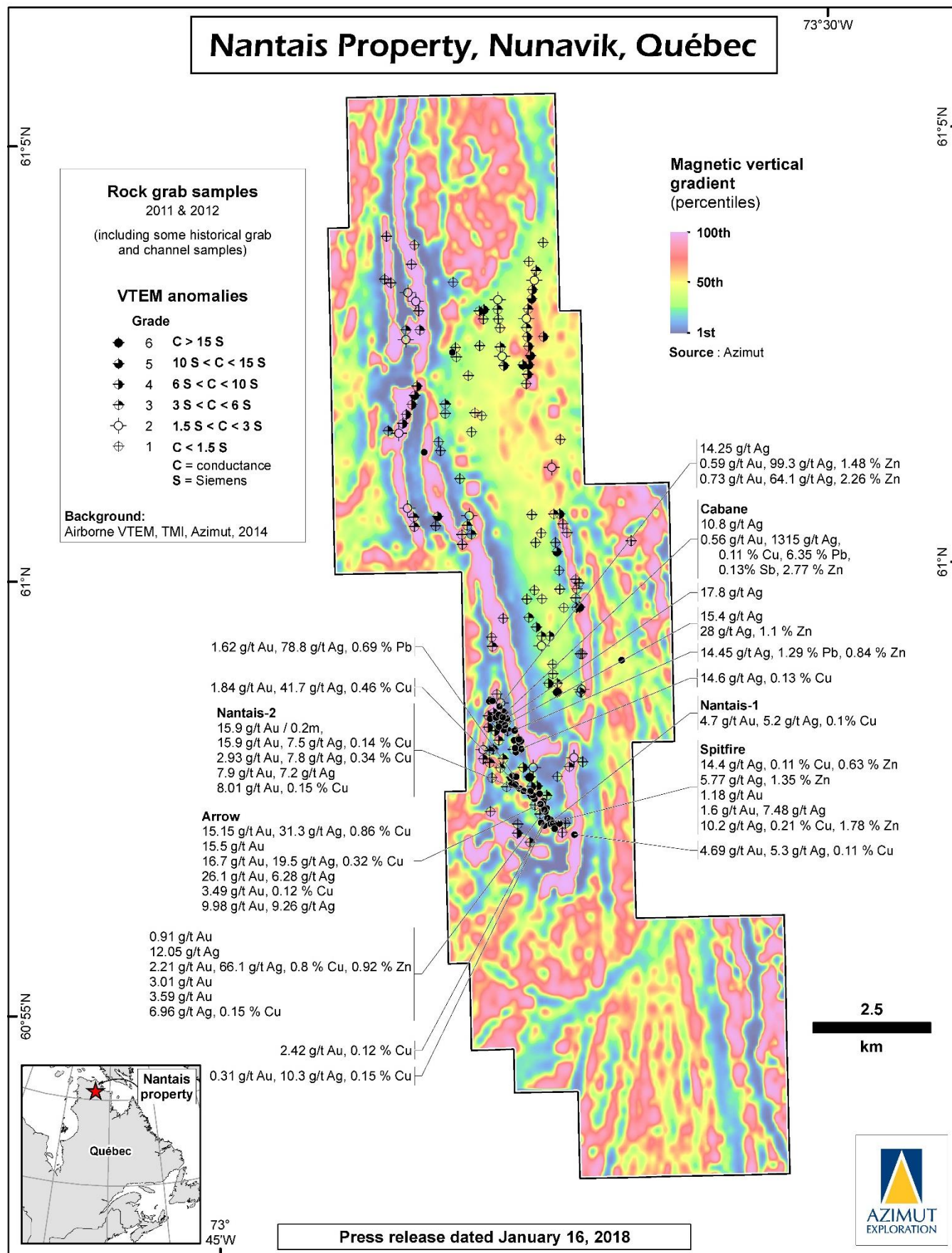


Figure 16: Map of the main mineralized zones (Au, Ag, Cu-Zn) on the Nantais Property.

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, 0.5 km²), is located in a part of the eastern Ungava Bay region that management considers to be a new uranium province in Canada.

For Fiscal 2018, Azimut did not incur any claim renewal expenditures (\$200 – Fiscal 2017) or any exploration expenditures (\$Nil – Fiscal 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.

REGIONAL MODELLING AND PROJECT GENERATION

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

PERSPECTIVE

The following tables present the status of the current work programs on Azimut's key properties and the planned exploration programs for 2019.

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

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

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

JAMES BAY REGION		
Property	Status	2019 planned work programs
Opinaca A (gold)	Targets identified	Drilling stage 50% funding
Opinaca B (gold)	Targets identified	Drilling stage; partner-funded program: Ground geophysics and drilling
Eleonore South (gold)	Targets identified	Drilling stage; program funded by the three-party JV: Prospecting, stripping and drilling
Opinaca D (gold)	Targets identified	Prospecting, stripping
Wabamisk (gold)	Technical assessment underway	Drilling stage Partner-funded program to be defined
Chromaska (chromium, PGE)	Reassessment in progress	To be determined
Munischewan (gold)	Targets identified	Prospecting, stripping, ground geophysics, drilling Partner-funded program
Pikwa (gold)	Targets identified	Prospecting, airborne geophysics, drilling Partner-funded program
Pontois (gold)	Targets identified	Prospecting Partner-funded program
Desceliers (gold-copper)	Targets identified	Prospecting Partner-funded program
Valore (gold)	Technical assessment underway	Reconnaissance stage Program to be defined
Galinée (gold)	Targets identified	Prospecting Partner-funded program
Dalmas (gold)	Targets identified	Prospecting Partner-funded program
Elmer (gold-silver-copper-zinc)	Technical assessment underway	Prospecting, stripping, soil geochemistry
Cawachaga (zinc)	Technical assessment underway	Detailed lake-bottom sediment survey
Kaanaayaa (gold)	Technical assessment underway	Detailed lake-bottom sediment survey

NUNAVIK REGION		
Property	Status	2019 planned work programs
Rex (copper, gold, silver, REE)	Priority targets identified	Programs may include airborne geophysics, prospecting, and drilling. These programs would be carried out within the framework of a new partnership
Rex South (gold, silver, copper, tungsten)	Priority targets identified	
Nantais (gold, silver, copper, zinc)	Priority targets identified	Program may include prospecting, ground geophysics and drilling These programs would be carried out within the framework of a new partnership
Duquet (gold, silver, copper)	Reassessment in progress	To be determined
Qassituq (PGE, copper, gold)	Priority targets identified	To be determined

SELECTED FINANCIAL INFORMATION

	August 31,		
	2018 (\$)	2017 (\$)	2016 (\$)
Revenue			
Management income	172,468	142,309	11,376
Expenses			
G&A	607,749	704,053	353,223
General exploration	87,560	54,692	125,116
Impairment of property and equipment	1,784	-	100,000
Impairment of E&E assets	28,128	1,476,878	-
Interest income, net of finance costs	(27,500)	(14,195)	(14,341)
	697,721	2,221,428	563,998
Other gains	(52,181)	(118,420)	(256,450)
Deferred income tax recovery	(454,147)	-	-
Net loss for the year	18,925	1,960,699	296,172
Basic and diluted loss per share	0.00	0.04	0.01

RESULTS OF OPERATIONS

FISCAL 2018 COMPARED TO FISCAL 2017

Azimut reported a net loss of \$19,000 for Fiscal 2018 compared to \$1,961,000 for Fiscal 2017. The variation is mainly due to recovery in 2018 an amount of \$454,000 (\$Nil in Fiscal 2017) of future income taxes related to the tax deductions that Azimut renounced to the holders of flow-through shares and important variations are detailed below.

Revenues

The Company reported a revenue of \$172,000 (\$142,000 for Fiscal 2017) in management income for the Company's role as operator of its joint venture properties, mainly for the Eleonore South Property (\$97,000) and the SOQUEM Alliance JV Properties (\$75,000).

Operating Expenses

G&A expenses amounted to \$608,000 in Fiscal 2018 compared to \$704,000 in Fiscal 2017. The decrease in Fiscal 2018 is due mainly to the net effect of the following:

- Stock-based compensation costs of \$190,000 for Fiscal 2018 (\$287,000 – Fiscal 2017) representing the fair value of 585,000 stock options granted and vested; this expense did not affect cash.
- An increase in administration and office expenses of \$6,000 due mainly to a higher number of employees (from 6 to 8) and water damage from leaking pipes.
- A decrease in travel and entertainment expenses of \$16,000 because less travelling occurred outside of Quebec to develop new business opportunities.

General exploration expenses were \$88,000 in Fiscal 2018 compared to \$55,000 in Fiscal 2017. The increase is the net result of the cost incurred for ongoing training to maintain and update knowledge skills in exploration and the refundable tax credit for resources and refundable duties credit for loss of \$4,000 (\$11,000 – Fiscal 2017).

There was a charge of \$28,000 in Fiscal 2018 (\$1,477,000 – Fiscal 2017) related to the impairment of E&E assets. Based on an impairment analysis performed in Fiscal 2018, the Company impaired some gold properties in the James Bay region for which claims were not expected to be renewed (compared to Fiscal 2017: \$Nil for James Bay properties and \$1,477,000 in the Nunavik region for polymetallic properties (\$1,387,000) and a gold property (\$94,000) for which no E&E expenses have been budgeted or for which some claims have been abandoned or are not expected to be renewed).

Other gains and losses

The Company reported other gains of \$52,000 for Fiscal 2018 compared to \$118,000 for Fiscal 2017. The changes were primarily attributable to the net effect of the following:

- \$100,000 was received in Fiscal 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 Fiscal 2018.
- A change of \$40,000 (\$18,000 – Fiscal 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

	August 31,		
	2018	2017	2016
Cash and cash equivalents	\$2,487,979	\$4,138,853	\$3,802,175
Total assets	\$7,969,782	\$7,680,499	\$7,520,495
Shareholders' equity	\$5,859,505	\$4,644,683	\$6,278,732
Number of shares outstanding	48,559,496	45,459,496	45,459,496
Number of stock options outstanding	4,095,000	3,390,000	2,655,000
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

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

Financial Position

The Company's working capital was \$1,496,000 as at August 31, 2018, compared to \$2,022,000 as at August 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 August 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 of 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 August 31, 2018, the cash and cash equivalent position decreased by \$1,651,000 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 by cash used in operations of \$341,000 and exploration work of \$2,900,000. Total assets increased by \$290,000

since August 31, 2017, owing mainly to net cash received through flow-through private placement offset by cash used to pay off the August 2017 payables and the operational cost for the period, and to invest in E&E assets. An increase in E&E costs incurred mainly on the Eleonore South, Opinaca D 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 Fiscal 2018, net cash flows used in operating activities totalled \$251,000 compared to \$181,000 in Fiscal 2017. The variation is mainly due to \$100,000 received in Fiscal 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 \$90,000 (\$20,000 – Fiscal 2017). The net change is mainly the result of \$106,000 relating to the tax credits receivable were reclassified from current asset to a non-current asset. The reclassification was caused by delay in receiving the refundable tax credit for resources. The prepaid expenses increased by \$23,000, attributed mainly to a \$16,000 deposit made for business development in New York City and \$4,000 to extend the insurance coverage period from 12 month to 17 months for directors and officers.

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 Fiscal 2018 (\$Nil in Fiscal 2017).

Investing activities

Investing activities consisted mainly of the additions to E&E assets. In Fiscal 2018, net cash flows from investing activities totalled \$2,838,000 compared to \$538,000 in Fiscal 2017. The variation is attributable to the net effect of the following:

- \$2,491,000 in cash calls received from joint venture partners in Fiscal 2018 (\$3,821,000 – Fiscal 2017) for exploration work programs on the Eleonore South Property (\$969,000) and the SOQUEM JV and Alliance properties (\$1,522,000);
- \$100,000 for proceeds received from SOQUEM for converting the Galinée and Dalmas gold properties in James Bay into SOQUEM JV Properties;
- Additions to E&E assets amounting to \$5,500,000 (\$3,194,000 – Fiscal 2017). Significant costs were incurred in the James Bay area on the Eleonore South, Opinaca D, Chromaska, SOQUEM JV and SOQUEM Alliance properties, totalling \$5,138,000. An amount of \$3,309,000 was charged back to the joint venture partners for the exploration work conducted on the joint venture properties (Eleonore South, SOQUEM JV, SOQUEM Alliance). An amount of \$310,000 was incurred in the Nunavik area on the Rex, Rex South and Nantais properties; and
- \$87,000 of the proceeds received from the 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 (expenses)	Net earnings (loss)	Net earnings (loss) per share	
			Basic (\$)	Diluted (\$)
	\$	\$		
31-08-2018	12,801	*979	0.000	0.000
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)

* Due to Deferred income tax recovery.

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

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

Current quarter

For the three months ended August 31, 2018, the Company reported a net income of \$1,000 compared to a net loss of \$1,613,000 for the three months ended August 31, 2017 ("Q4 2017"). The change in 2018 was primarily attributable to the net effect of the following:

- Impairment of E&E assets in 2018 of \$28,000 (\$1,477,000 – Q4 2017) related to gold properties in the James Bay region for which claims were not expected to be renewed (compared to Q4 2017: \$Nil for James Bay properties and \$1,477,000 in the Nunavik region for polymetallic properties (\$1,387,000) and a gold property (\$94,000) for which no E&E expenses have been budgeted or for which some claims have been abandoned or are not expected to be renewed);
- \$56,000 (\$35,000 – Q4 2017) in management income earned for the Company's role as operator of its joint venture properties, mainly for the Eleonore South, SOQUEM JV and SOQUEM Strategic Alliance properties;
- \$122,000 in G&A expenses for the current quarter of 2018 (\$175,000 – Q4 2017). The decrease in 2018 is due mainly to the stock-based compensation costs and travelling cost for business development;
- A change of \$44,000 in the fair value of the Company's investments (\$1,000 – Q4 2017). This change is mainly attributable to the investments in Nemaska Lithium Inc. and Captor Capital Corp. (formerly NWT Uranium Corp); and
- \$153,000 in recovery of future income taxes related to the tax deductions that the Company renounced to the holders of flow-through shares (\$Nil – Q4 2017).

CONTRACTUAL OBLIGATIONS

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

	Less than 1 year \$	1–3 years \$	4–5 years \$	After 5 years \$
Operating Leases	61,377	188,439	58,840	
Asset retirement obligations	-	251,480	-	-
Total contractual obligations	61,377	439,919	58,840	-

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CARRYING AMOUNT OF EXPLORATION AND EVALUATION ASSETS

At the end of each quarter, management reviews the carrying value of its E&E assets to determine whether any write-offs or write-downs are necessary. Based on an impairment analysis performed in Fiscal 2018, the Company recorded a total impairment of \$28,000 for gold properties in the James Bay region for which claims were not expected to be renewed. In Fiscal 2017, the Company recorded a total impairment of \$1,481,000 for properties in the Nunavik region for which no exploration and evaluation expenses had been budgeted or for which some claims had been abandoned or were not expected to be renewed. Among the polymetallic properties, Rex was impaired by \$1,157,000 and Rex South by \$191,000 (however, the Company has the financial ability to keep these properties in good standing and has no intention of abandoning claims), and Qassituq was fully impaired by \$39,000 for lack of an option partner and because the claims are not expected to be renewed. The gold property, Nantais, was impaired by \$94,000 due to weak market conditions and the lack of an option partner. 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

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:

	2018	2017
	\$	\$
Salaries	333,888	286,733
Director fees	15,170	-
Share-based payment	172,400	284,430
	<u>521,458</u>	<u>571,163</u>

An amount for salaries of \$165,000 (\$142,000 – Fiscal 2017) was capitalized to E&E assets in Fiscal 2018.

As at August 31, 2018, accounts payable and accrued liabilities include an amount of \$239,000 owed to key management (\$52,000 at August 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 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.

SUBSEQUENT EVENT

On December 21, the Company completed a non-brokered private placement of \$1,150,000 representing 4,421,153 units at \$0.26 per unit. Each unit is comprised of one (1) common share and one half (½) common share purchase warrant, each full warrant entitling the holder to purchase an additional common share at an exercise price of \$0.35 for a period of 18 months. The placement is subject to acceptance by the TSX Venture Exchange.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A detailed summary of the Company's significant accounting policies is provided in note 2 of the annual financial statements as at August 31, 2018.

NEW ACCOUNTING STANDARDS OR AMENDMENTS

A detailed summary of new accounting standards or amendments adopted in the current year or to be adopted in later years is provided in notes 2 and 3 of the annual financial statements as at August 31, 2018.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A detailed summary of the Company's critical accounting policies and estimates is provided in note 4 of the annual financial statements as at August 31, 2018.

INFORMATION REGARDING OUTSTANDING SHARES

The Company can issue an unlimited number of common shares, without par value. As at December 21, 2018, there were 52,980,649 issued and outstanding shares and no shares were held in escrow. Also, as at December 21, 2018, 2,210,576 warrants were outstanding with an average exercise price of \$0.35, valid until June 21, 2020.

The Company maintained a stock option plan in which a maximum of 3,300,000 stock options may be granted. On September 15, 2016, the Company obtained all regulatory approvals to increase the number of common shares reserved for future issuance under its stock option plan by 1,244,000, for a total of 4,544,000 shares or approximately 9.99% of the Company's 45,449,496 common shares issued and outstanding as at August 29, 2016. All other terms of the stock option plan remain unchanged. The exercise price of the options is set at the closing price of the Company's shares on the TSX Venture Exchange the day before the grant date. The options have a maximum term of ten (10) years following the granting date; the options are granted fully vested, unless otherwise approved by the Board of Directors. As at December 21, 2018, a total of 4,095,000 stock options were outstanding and 4,029,000 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

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, 2018.

RISKS AND UNCERTAINTIES

METAL PRICES

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

INDUSTRY CONDITIONS

Mining and milling operations are subject to government regulations. Operations may be affected to varying degrees by government regulations such as restrictions on production, price controls, tax and mining duty increases, expropriation of property, pollution controls, or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The Company undertakes exploration in areas that are or could be the subject of

native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.

FINANCIAL RISKS

Management believes it has sufficient funds to pay its ongoing G&A expenses, to pursue its budgeted exploration expenditures, and to meet its liabilities, obligations and existing commitments for at least the next twelve (12) months as they fall due. The Company will spend its existing working capital and raise additional funds as needed to continue its exploration program on its properties and its operations beyond August 31, 2018. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms that are acceptable to the Company. The financial risk associated with receivables from partners arises from the possibility that the partners may not be able to repay their debts. These receivables result from option payments and exploration work carried out on properties under option and operated by the Company.

PROPERTY TITLE RISK

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

EQUITY PRICE RISK

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

ENVIRONMENTAL RISK

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

UNINSURED HAZARDS

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

COMPETITION

The mining industry is intensely competitive in all its phases. The Company seeks partners to advance exploration work and continue development of its mineral properties and in so doing must compete with many other companies possessing properties that are considered attractive in terms of potential return and investment cost.

CONFLICTS OF INTEREST

Certain directors, proposed directors and officers of the Company are already or may also become directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director involved in the conflict will disclose his interest

and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the voting directors will primarily consider in addition to economic value, the degree of risk to which the Company may be exposed and its financial position at that time.

KEY EMPLOYEES

Management of the Company relies on a few key officers, the loss of any of whom could have a detrimental effect on its operations. Azimut is beneficiary of a \$1 million life insurance subscribed for Jean-Marc Lulin.

CANADA REVENUE AGENCY AND PROVINCIAL TAX AGENCIES

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

OUTLOOK

In the coming fiscal year, the Company will continue advancing the Eleonore South Property and six (6) other gold properties acquired under the Strategic Alliance with SOQUEM and will conduct technical assessment work on the Elmer property 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

This Management's Discussion and Analysis report is dated December 21, 2018 and was approved by the Board on December 21, 2018. The Company regularly discloses additional information through press releases and its financial statements on the SEDAR website (www.sedar.com).

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

(s) Jean-Marc Lulin

President and CEO

(s) Moniroth Lim

Chief Financial Officer

CORPORATE INFORMATION

Azimut Exploration Inc.

Board of Directors

Angelina Mehta, Eng., MBA, LL.M., Director (Montreal)

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

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

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

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

Michel Brunet, LL.B., Director (Montreal)

⁽¹⁾ Member of the Audit Committee

Management

Jean-Marc Lulin, President and Chief Executive Officer

Moniroth Lim, Chief Financial Officer and Corporate Secretary

Legal Counsel

XploraMines S.A. (Montreal)

Auditors

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

Transfer Agent

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

Listing

TSX Venture

Symbol: AZM

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