



AZIMUT

For immediate release

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Symbol: AZM.TSX Venture

Azimut and Kennecott sign a Strategic Agreement

Azimut Exploration Inc. ("Azimut") announces the signing of a Strategic Agreement with Kennecott Exploration Company ("Kennecott"), a subsidiary of the Rio Tinto Group, a world leader in finding, mining and processing mineral resources. The Letter Agreement outlines the development of an exploration strategy for gold and base metals over a vast region in Quebec.

Salient points of the Letter Agreement, which includes three phases, are:

Phase I: Azimut will deliver to Kennecott a mineral potential assessment study for a territory covering almost 500,000 km² with the objective of identifying major exploration targets. Kennecott will fund this phase by paying \$40,000 CAD to Azimut as follows: \$20,000 upon signing the Letter Agreement and \$20,000 upon delivery of the Target Report. Work commences immediately and will be completed in four months.

Phase II: For targets that require further appraisal, Kennecott will invest \$5,000 to \$30,000 per target during a subsequent one-year assessment period to establish a portfolio of Identified Targets. Azimut will be the Operator.

Phase III: For each Identified Target, Kennecott will have an exclusive right to enter into a Joint Venture with Azimut under the following conditions:

- Kennecott will earn a 60% interest per selected property by investing \$1,000,000 of exploration work over a four-year period or less according to the following exploration expenditures: \$150,000 during the first year and a minimum of \$250,000 per year thereafter. Kennecott will be the Operator.
- Kennecott will pay a \$50,000 bonus to Azimut for each selected property that reaches the drilling stage.
- Upon forming the Joint Venture, Kennecott will have the option to acquire an additional 20% interest, for a total interest of 80%, by delivering a Feasibility Study within a five-year period with a minimal investment of \$100,000 per year.

For each of the Identified Targets, Kennecott will have the exclusive right to enter into a Joint Venture with Azimut for a period of at least two years. If Kennecott has no properties under option, this exclusive right will be converted into a Right of First Refusal for a three-year period.

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At the point in time where the respective interests of Kennecott and Azimut in a given property are either 60/40% or 80/20%, and if one of the parties decides not to contribute to the financing program, that party's interest will be diluted. Upon dilution to 10% or less, the interest will be converted to a NSR at the rate of 2.25% for gold and 1.2% for all other metals. At the decision to mine, 50% of the NSR will be purchasable for \$5,000,000.

Azimut Exploration Inc. is an exploration company developing leading edge, regional-scale targeting methods. Azimut considers initial targeting as the most critical factor in mineral exploration. The Company's exclusive proprietary methodology is designed to target several key mineral deposit types and can be applied at the international scale. Azimut presently has 11 million shares issued.

Contact and information

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