EASTMAIN RESOURCES INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited consolidated financial statements (the “unaudited consolidated financial statements”) of Eastmain Resources Inc. (the “Company” or “Eastmain”) for the six months ended April 30, 2011 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and approved by the Audit Committee. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All statements, other than historical facts, included herein, including without limitation, statements regarding potential mineralization, resources, exploration results and future plans and objectives of the Company are forward-looking statements and involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated. Factors which may cause actual results and events to differ materially from those anticipated include, but are not limited to: actual results of mineral exploration and development; availability of financing; changes in applicable regulations; mineral value; equity market fluctuations; and cost and supply of materials. Other risk factors may include: general business, economic, competitive, political and social uncertainties; reliability of resource estimates; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of Canadian and United States dollars relative to each other; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future prices of gold and other metal prices; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; and the factors discussed in the section entitled “Risk Factors” of the Annual Information Form filed under the Company’s profile on www.sedar.com.

This management’s discussion and analysis is dated June 14, 2011.

Corporate Overview

The Company, incorporated under the laws of Ontario, and its wholly-owned subsidiary, Eastmain Mines Inc. are engaged in the mineral exploration and development of resource properties containing gold, silver, copper, nickel and zinc within Canada. However, the Company’s primary focus is exploration for precious metals in the Eastmain/Opinaca area of James Bay, Québec, a region that is becoming a highly important area for mineral exploration and discovery in North America. Like other major mining districts throughout the Canadian Shield, the James Bay area is laden with a broad range of mineral deposits.

The Company holds 100% interest in two high-grade gold deposits – Eau Claire and the Eastmain Mine within the James Bay district of Québec. The Company also holds approximately 36.5% interest in, and manages exploration of, the Éléonore South project, a mineral exploration joint venture located immediately south of Goldcorp Inc.’s (“Goldcorp”) Éléonore Project (Roberto gold deposit). The Company has a pipeline of high-potential exploration properties covering over 1200 km² within this new and fertile mining district.

In a news release dated January 10, 2011, Goldcorp Inc. announced that the first mine in the district, scheduled to open in late 2014, will be at Éléonore. Upon reaching full production, the Roberto Deposit will be one of the largest, lowest-cost mining operations in Canada.

The Québec government also recently announced its "Plan Nord", an initiative to make the vast James Bay territory more accessible for the development of mining and tourism. Under the initiative, major infrastructure programs will include the vital extension of a permanent road (Route 167) to the Eastmain mine property from the communities of Chibougamau and Mistissini. Construction is scheduled to begin late 2011 and should reach the Eastmain mine property in 2013.

Overall Performance

Share-price performance

Upon release of the updated resource estimate there was a sharp sell-off of Eastmain shares to a share price of $1.10, which reduced the enterprise value (EV) of the Company’s gold resources to levels well below the industry average. A disconnect between shareholder perception and industry standards, with respect to a resource estimation based on viable mining methods at Eau Claire (open pit plus underground) vs previously presented underground resource grades only, coupled with a general marketplace correction, resulted in the Company’s EV being valued at $45 which is equivalent to a gold price of approximately $425 per ounce.
In the opinion of management, there are compelling reasons to indicate that the share price has over-corrected. Based on the size, grade and expansion capacity at both the Eau Claire and Eastmain gold deposits, the current share price does not reflect the asset value of either of these deposits, nor does it reflect Eastmain’s pipeline of other blue-sky top-tier exploration projects. The significance of the latest resource calculation has yet to be fully recognized.

The updated resource estimate at Eau Claire confirmed the following:

- The Eau Claire gold resource increased by 62% over the previous estimate;
- The upper portion of Eau Claire is amenable to extraction by open pit with an exceptionally high grade;
- The measured and indicated grade of the Eau Claire open pit resource is 3 to 5 times higher than that of most open pit gold mining operations in Canada, making it possible to operate at a higher profit margin and low cash costs per Au oz;
- The top 200 metres of the deposit contains a total resource of 600,000 ounces of gold or 3,000 ounces per vertical metre;
- Pit boundaries have yet to be delimited – the deposit is still open near surface. There is significant potential to increase the pit resource;
- Recent drilling at the 850 West Zone has intersected several swarms of quartz-tourmaline veins well outside the limits of the Eau Claire gold resource;
- Previous definition drilling from 2007 to 2009 confirmed the potential of expanding Eau Claire to the north within the T vein swarm;
- An extensive high-grade underground resource has been identified at Eau Claire; the potential limits are wide open.

The most direct means of adding value to the projects is to expand our gold deposits through drilling. The Company is completing the largest drilling campaign at both the Eau Claire and Eastmain gold deposits in the history of these projects.
Exploration Properties – Active projects

**Clearwater Project**

The 200-km² Clearwater Project, located in the mining district of James Bay, Québec, hosts the high-grade Eau Claire gold deposit within the western third of the property. Eau Claire is approximately two kilometres from permanent road access and five kilometres from Hydro Québec's EM-1 hydroelectric facility. An updated NI 43-101 resource estimate announced April 26, 2011 and completed by P&E Mining Consultants Inc., indicates that definition drilling completed between 2007 and 2009 has expanded the Eau Claire Deposit and significantly increased the Measured and Indicated gold resources over those which were previously reported in 2005. Deep drilling in 2006 also positively impacted the inferred gold resource.

30 parallel quartz tourmaline veins and schist zones that comprise the Eau Claire Deposit, contain a combined Measured and Indicated Resource of approximately 3,354,000 tonnes with an average grade of 5.39 grams per tonne gold (g/t) for 582,000 ounces gold. In addition, 5,322,000 tonnes with an average grade of 5.96 g/t gold, classified as Inferred Resources, contain 1,020,000 ounces as summarized in Table 1.

Highlights of the Eau Claire mineral resource estimate include:

- Measured and Indicated Open Pit resources at an average grade of 5.15 grams per tonne gold (5.72 grams per tonne gold uncapped) containing 452,000 ounces gold (502,000 ounces gold uncapped);

- Inferred Open Pit resources at an average grade of 2.56 grams per tonne gold (2.83 grams per tonne gold uncapped) containing 115,000 ounces gold (127,000 ounces gold uncapped);

- Measured and Indicated Underground resources at an average grade of 6.46 grams per tonne gold (capped and uncapped) containing 130,000 ounces gold (capped and uncapped);

- Inferred Underground resources at an average grade of 7.18 grams per tonne gold (7.21 grams per tonne uncapped) containing 905,000 ounces gold (910,000 ounces gold uncapped).

**Table 1  Eau Claire Deposit**

<table>
<thead>
<tr>
<th>Open Pit Resource Estimate**</th>
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<tbody>
<tr>
<td><strong>Pit Cut Off</strong></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Measured (M)</td>
</tr>
<tr>
<td>Indicated (I)</td>
</tr>
<tr>
<td>M &amp; I</td>
</tr>
<tr>
<td>Inferred</td>
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### Underground (UG) Resource Estimate

<table>
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<tr>
<th>2.5 g/t UG Cut Off</th>
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<th>Capped**</th>
<th>Uncapped</th>
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<tbody>
<tr>
<td></td>
<td>Tonnes</td>
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<td>Au g/t</td>
<td>Au oz.</td>
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<tr>
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<tr>
<td>Inferred</td>
<td>3,923,000</td>
<td>7.18</td>
<td>7.21</td>
<td>905,000</td>
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### Open Pit and Underground Resource Estimate

<table>
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<tr>
<th>Total Pit &amp; UG</th>
<th>Capped**</th>
<th>Uncapped</th>
<th>Capped**</th>
<th>Uncapped</th>
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<tbody>
<tr>
<td></td>
<td>Tonnes</td>
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<td>Au oz.</td>
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<tr>
<td>M &amp; I</td>
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<td>5.39</td>
<td>5.86</td>
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<tr>
<td>Inferred</td>
<td>5,322,000</td>
<td>5.96</td>
<td>6.06</td>
<td>1,020,000</td>
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</tbody>
</table>

** Resources were capped at 100 g/t Au

The resource estimate includes mineralization from surface to a drill-tested depth of approximately 900 metres. The deposit remains open beyond this depth. Mineral Resources above an average 220-metre depth from surface are considered to be amenable to open pit extraction, whereas mineral resources below this depth are considered to be amenable to underground extraction. Potential open pit mineral resources are reported at a cut-off of 0.5 grams per tonne gold, whereas potential underground mineral resources are reported at a cut-off of 2.5 grams per tonne gold.

The cut-off derivations also considered open pit and underground estimated operating costs of CDN$3.00/tonne and CDN$70/tonne respectively, processing costs of CDN$15/tonne and G&A costs of CDN$5.00/tonne.

### 850 West Zone

Since the last resource update (April 2011), 20 drill holes have been completed over a strike length of 250 metres in the 850 West Zone. Multiple quartz-tourmaline veins have been intersected and visible gold and tellurides have been observed in four of the 20 drill holes. Previous trenching and drilling confirmed the presence of high-grade, gold-bearing quartz-tourmaline veins within this area.

The current drill program will continue to test the 850 West Zone at 25-metre intervals laterally and vertically to define additional open pit resources with the potential of expanding Eau Claire. The target area is open at both ends and at depth. By the end of fiscal Q3 (July 31, 2011) we expect to complete another 5,000 metres of drilling within the 850 West Zone.

### Gap Zone

Limited previous exploration work showed a "Gap" between the 450 and 850 West Zones. This Gap Zone, which coincides with an interpreted regional geological fold, commonly a favourable location where ore bodies may thicken,
demonstrates a sharp change in the orientation of gold-bearing veins between the two areas. This high-priority target will be drill-tested at 25-metre intervals during the current program.

450 West Zone

The first priority of the 2011 drill program will be to add near-surface, open-pit resources to the deposit. Drilling will subsequently continue testing the outer limits of the deposit vertically below the open pit to expand underground resources and upgrade inferred resources to measured and indicated categories with infill holes. Previous drilling and channel sampling at Eau Claire has shown a positive correlation of higher gold grades within the quartz-tourmaline veins with tighter spaced drilling. The Eau Claire deposit’s main group of veins (P, JQ, R and S) have been exposed at surface within the 450 West Zone. The uppermost portion of the 450 West Zone, which has been drilled at 12.5-metre intervals to approximately 100 metres, contains 150,000 tonnes at an average grade of 24.6 grams gold per tonne using a 4.0 gram per tonne cut-off grade.

Definition drilling completed from 2007 to 2009 led to the discovery of the T Vein group located north of the 450 West Zone. Two fences of drill holes are planned to expand the northern limits of the open pit resource at 25-metre intervals over a strike length of more than 500 metres within the T Vein group.

Clearwater Royalty

The Corporation paid $1 million cash and issued one million shares, to SOQUEM Inc. to purchase the outstanding Net Smelter Return Royalty held against the Clearwater Project. Eastmain now owns 100% of the Eau Claire deposit and the Clearwater Project free and clear of any outstanding royalties or third party property ownership.

A $5-million exploration budget has been allocated to the project for 2011. The program will focus on expanding the open pit and underground resources with two drills. Trenching, geological mapping and prospecting will continue along the key horizon extending east of the Eau Claire deposit for 20 kilometres to generate additional priority targets for drilling.

The Company’s investment in the Clearwater project to April 30, 2011 is $16.7 million.

Eastmain Mine Property

The Eastmain Mine project comprises 152 mineral claims and one mining license located in the Upper Eastmain River Greenstone Belt of James Bay, Québec. The Eastmain Mine project, which hosts the Eastmain gold deposit, a copper-gold-silver, sulphide-rich deposit, consisting of three known zones, “A”, “B” and “C”, is in the target definition and drilling stages of exploration. The Company’s exploration focus at Eastmain is the expansion of known resources and discovery of a second deposit regionally along the mine trend.

A $3-million exploration program, including a 15,000-metre diamond drill program, targeting the extension of known deposit mineralization, has been allocated to the project for 2011. Drilling, which will begin late June, will be augmented with geological mapping and prospecting along the “mine horizon” to the northeast.

Project infrastructure will continue to improve as the “Plan Nord” announced by the Québec government extends Route 167 north to the mine property.

The Company’s total investment in the Eastmain Mine project to April 30, 2011, is $8.8 million.

Éléonore South Joint Venture

The Éléonore South project is an exploration-drilling-stage property, which lies within the Eastmain/Opinaca geologic district of James Bay, Québec. The Éléonore South project is jointly held by Eastmain, Azimut Exploration Inc. and Les Mines Opinaca LTée, a wholly-owned subsidiary of Goldcorp Inc. Located near the Opinaca Reservoir, the property consists of 282 mining claims covering 147 km² along the southern boundary of Les Mines Opinaca’s Éléonore project, 14 km south of the Roberto Gold Deposit and 45 km northwest of Eau Claire.

Exploration to date has defined a kilometre-scale gold-in-soil anomaly extending across the property for more than 10 kilometres. Follow-up prospecting and trenching led to the discovery of a surface prospect containing up to 5.3 g/t gold across 8.0 metres over the JT Target. To date, 47 drill holes totalling 10,406 metres have been completed in three campaigns on the property. Drilling and trenching have outlined a kilometre-long stacked horizon containing anomalous Au-As-Sb mineralization in a geological setting comparable to Goldcorp’s Éléonore project.

In January 2011, Goldcorp announced that it expects to reach initial production at Éléonore by late 2014 and full production, at a rate of 7,000 tonnes per day, by 2017. The project is expected to produce 600,000 ounces of gold.
per year at a cash cost of less than $400 per ounce over a minimum 15-year mine life. Upon full production the Eléonore project will rank amongst one of the most significant ore deposits in Canada.

Given the major developments of the Éléonore project next door, the untapped exploration potential of the Éléonore South property remains extremely significant to the Company.

The Company’s investment in the project to April 30, 2011 is $4.7 million. Exploration expenditures of $1.6 million were shared equally between Eastmain and Les Mines Opinaca in 2010. Eastmain’s share of this program was $800,000. The Éléonore South exploration cost sharing program operates on a fiscal year as determined by committee. The budget for the 2011-2012 exploration program is anticipated to be comparable to the previous campaigns on the joint venture property.

**Reservoir Project**

The Reservoir Project, comprising 156 claims covering approximately 8,098 hectares, is located in the Eastmain-Opinaca district of James Bay, Québec approximately 60 kilometres southwest of Goldcorp’s Roberto deposit and approximately 45 kilometres west of the Eau Claire gold deposit. This property hosts a large copper-gold occurrence in albite altered volcanic-sedimentary rocks comparable to those hosting the past producing 10-million-ounce MacInnisyre Mine in Timmins, Ontario.

The Reservoir project is in the target-definition and early-drilling stage. Previous drilling by the Company includes intervals which assayed up to 8.0 g/t gold, 23.5 g/t silver and 4.21% copper. Surface channel samples included up to 36 g/t gold, 52 g/t silver and 5% copper. A $1-million exploration program including 5,000 metres of drilling has been recommended for 2011.

The Company’s investment in the project to April 30, 2011 is $0.5 million.

**Exploration Properties – Future prospects**

**Ruby Hill Project**

The Ruby Hill Project is located within the Upper Eastmain River Greenstone Belt of James Bay, Québec. The property includes 268 mineral claims divided into two blocks (Ruby Hill East and Ruby Hill West) covering approximately 14,125 hectares. The centre of the Ruby Hill West block is located about 32 kilometres west of the Eastmain Mine Deposit and consists of 180 claims covering an area of 9,485 hectares. The Ruby Hill East block is contiguous with the Eastmain Minc property and consists of 88 claims, which cover an area of 4,640.06 hectares, including key mine horizon stratigraphy.

The Ruby Hill claims exhibit similar geology, alteration and mineralization to the mine property and thus are also highly prospective with respect to economic potential. Additional work is required to evaluate and test the potential of what may be the folded equivalent of Eastmain Mines series rocks at Ruby Hill.

The Company’s investment in the project to April 30, 2011 is $1.8 million.

**Projects Available for Option or Joint Venture**

**Radisson Project**

The Radisson property comprises 207 mineral claims covering approximately 10,608 hectares located within the La Grande Greenstone Belt district of James Bay, Québec and straddles a similarly-aged structural and stratigraphic setting, near a break between complex volcanic and sedimentary rocks, to the setting at Goldcorp’s Roberto Gold deposit. Historic gold discovered within well-developed iron formations on the property suggest that Radisson may also be prospective for Lupin-style (Northwest Territories) gold mineralization.

The Radisson project is in the early exploration stage. Geological mapping, prospecting and soil geochemical sampling completed by the Company at Radisson in 2009 identified highly enriched precious metal values in both rocks and soils. Numerous surface gold showings occur on the property coincident with a regional stratigraphic break between two major rock “Supergroups” as is the case at many major gold camps. The project is available for option or joint venture.

The Company’s investment in the project to April 30, 2011 is $0.5 million.

**Road King Property**

The Road King project is located within the Eastmain/Opinaca district, 85 kilometres west of the Roberto gold deposit. Similar to Roberto, this 108-claim property straddles the major structural and stratigraphic break between the Eastmain greenstone belt and Opinaca sedimentary rocks. The property is also accessible from the LG2 highway. Road King is in the very early stages of exploration. Although the property has been covered by airborne geophysics as well as regional, widely-spaced soil geochemical surveys and minimal prospecting, there has been very limited work on the property and additional exploration is warranted.
Lac Hudson Project

The Lac Hudson project is located immediately south of the Reservoir Project within the central part of the Eastmain River Greenstone Belt, 35 kilometres west of Clearwater. The property consists of 187 claims covering 9,682 hectares underlain by volcanic and sedimentary rocks containing sulphide facies iron formation and chemical exhalatives. Several local concentrations of gold and base metals have been detected in iron formation on the property. Previous drilling intersected up to 15.2 g/t gold and 22.3 g/t silver. This early-stage exploration property is prospective for a sedimentary- or volcanic-hosted gold deposit and additional exploration is warranted.

Lac Elmer Project

The Lac Elmer project is located at the western end of the Eastmain Greenstone Belt approximately 35 kilometres west of the LG2 highway and roughly 80 kilometres west of the Reservoir property. The property consists of 178 claims covering 9,379 hectares. Lac Elmer is in the target definition and drilling stage of exploration.

Lac Elmer is underlain by two structural blocks separated by the Opinaca fault. A felsic to intermediate volcanic rock assemblage in the northern block is characterized by a widespread highly altered mineralized horizon that geologically resembles the multi-million-ounce Hemlo gold mine in Northern Ontario and the La Ronde gold deposit, located in Val d’Or, Québec, while the southern block comprises mafic to intermediate volcanic rocks and iron formations.

The Lac Elmer property hosts a kilometric-size mineralized horizon enriched in silver-gold-copper and zinc. Intensely sericite-silica altered rocks throughout the northern block display several zones of disseminated pyrite enriched in gold (up to 7.0 g/t). Previous exploration detected multi-ounce silver and ounce-level gold assays in surface showings and up to 50 g/t silver and 0.5 g/t gold across 30 metres in drilling within felsic volcanics. Quartz veins in sheared gabbro/mafic volcanic rocks and quartz-ankerite stockwork in biotite-rich diorite returned assays of up to and 42 g/t and 102 g/t gold respectively. Altered, mineralized and folded iron formation also assayed up to 5.0 g/t gold. Auriferous, sericitized intermediate volcanic rocks within the lower sequence locally grade up to 1-2% Cu-Zn. Additional exploration is warranted.

Other Projects

The Other Project category is composed of a collection of properties of geological interest located in the James Bay area of northern Québec (including Road King, Lac Hudson and Lac Elmer), the Timmins district of Ontario and the Bathurst mining region of New Brunswick. The carrying value of the Company’s investment in all other projects to April 30, 2011 is $1.7 million. These projects are available for option or joint venture.

Xstrata Joint Venture “MegaTEM Project” Ontario

The MegaTEM project covers an area of over 14,500 line-kilometres of airborne geophysical surveys, which have generated in excess of 225 top-priority drill targets, within the Abitibi Greenstone belt of Northeastern Ontario and Northwestern Québec. One of the most prolific mineral districts in the world, the Abitibi Belt has accounted for more than $120 billion in past metal production. Over 200 million ounces of gold has been produced from the belt in addition to 8.5 million tonnes of copper, 20 million tonnes of zinc and 900 million ounces of silver. The presence of major felsic volcanic centres, anomalous assays and alteration assemblages intersected in past drilling, and proximity to known base- and precious-metal occurrences suggest that any one of the Company’s selected 225 priority geophysical anomalies has the potential to lead to discovery.

Eastmain is project operator and currently holds a 70% interest in any discovery made from these surveys. Xstrata, who holds the remaining 30% has no back-in rights. MegaTEM is a greenfields project in the preliminary to early stages of exploration. Based on results from deep penetrating geophysical surveys, combined with the knowledge of geologic signatures associated with known ore deposits elsewhere in the Abitibi, the project has the potential to generate a significant discovery. To date however, there has been insufficient exploration work completed to define mineral resources on the MegaTEM Project and it is uncertain if further exploration will result in a target being delineated as a mineral resource. The Company has written-down the carrying value of its investment in this project to $1.3 million. Although no fieldwork is planned for the MegaTEM project this year, primarily due to the Company’s current focus on its 100% owned gold projects in James Bay Québec, further work is warranted.

Results of Operations

The Company does not earn any significant revenue from consolidated operations. Interest is earned from the investment of funds for the period between the receipt of funds from equity placements and the disbursement of Management Discussion and Analysis

Eastmain Resources Inc.
exploration expenditures. Other income is derived from management fees and charges for the use of Company facilities by third parties.

**Three months ended April 30, 2011 compared to the three months ended April 30, 2010**

Net income for the quarter ended April 30, 2011 was $283,637, an increase of $685,702 over the April 30, 2010 quarter end loss.

- Future income tax recovery – increase of $660,883.

The recovery of future income taxes is related to the renunciation of exploration expenditures funded by the sale of flow-through shares. The policies regarding flow-through shares and deferred income taxes are discussed under Share Capital and Income Taxes below.

**Six months ended April 30, 2011 compared to the six months ended April 30, 2010**

Net income for the six months ended April 30, 2011 was $72,605, an increase of $673,291 over the six months ended April 30, 2011.

- Future income tax recovery – increase of $660,883 (see above).
- Stock option Compensation charged to the statement of operations increased by $17,600 or 7%.

In Q1 2011, stock option compensation increased by $44,600. In accordance with the Stock Option Plan, the Company extended the term from 5 to 10 years on service provider stock options to help optionees retain an ownership stake without having to having sell stock. The Black-Scholes value associated with extending 250,000 stock options was $297,500 of which $44,600 was charged to operations and $252,900 was charged to mineral properties. The value of the stock option compensation issued in Q2 2010 was subsequently reduced by $58,500 as a result of a change in the assumptions which reduced the expected term. The Black-Scholes valuation attributes a cost to the Company for issuing stock options as compensation. The factors affecting the cost are the exercise price of the option, dividend rate of the stock, the risk-free interest rate, the expected term of the option and the volatility of the stock’s trading range over the historical period of time compared to the expected term of the option. The Black-Scholes assumptions used in stock option pricing are detailed in Note 6 to the interim consolidated financial statements. The Black-Scholes value attributed to security-based compensation is a non-cash transaction in the Company’s financial statements.

- The 2010 income tax changes to the deferred tax treatment of options, particularly those exercised to hold shares, negatively impacts the Company’s endeavours to encourage the retention of a proprietary interest by favouring the disposal of shares acquired through the exercise of options, in order to pay income taxes on the deemed gain at the time of exercise. To restore the incentive for proprietary interest, the Company has increased the maximum length of the option term to ten years. Management estimates the expected term will be 7.5 years based on its past option exercise experience and estimates regarding maturing exploration projects. The effect of the increase in term on the factors that determine the Black-Scholes value of the options has increased the cost attributed to stock option compensation by approximately 58%.

### Stock Option Compensation

<table>
<thead>
<tr>
<th>2011 Stock Options</th>
<th>Options Granted</th>
<th>Black-Scholes Value</th>
<th>Operating Statement</th>
<th>Deferred Expenditures</th>
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### Selected Quarterly Information

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<th>Quarter ended</th>
<th>Interest / other Income</th>
<th>Net income (loss)</th>
<th>Per share basic</th>
<th>Per share diluted</th>
<th>Trading Range of Shares</th>
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Management Discussion and Analysis

Eastmain Resources Inc.
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<th>Quarter ended 04/30/2010</th>
<th>Quarter ended 01/31/2010</th>
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<td>$27,477</td>
<td>$72,738</td>
<td>$12,241</td>
</tr>
<tr>
<td>Net loss</td>
<td>(402,560)</td>
<td>(198,527)</td>
<td>(2,054,000)</td>
<td>(552,909)</td>
</tr>
<tr>
<td>Per share basic</td>
<td>$(0.0046)</td>
<td>$(0.0022)</td>
<td>$(0.0184)</td>
<td>$(0.0074)</td>
</tr>
<tr>
<td>Per share diluted</td>
<td>$(0.0046)</td>
<td>$(0.0022)</td>
<td>$(0.0184)</td>
<td>$(0.0074)</td>
</tr>
<tr>
<td>Trading Range of Shares</td>
<td>High: $1.60</td>
<td>$1.75</td>
<td>$1.50</td>
<td>$1.35</td>
</tr>
<tr>
<td></td>
<td>Low: $1.27</td>
<td>$1.24</td>
<td>$1.06</td>
<td>$0.89</td>
</tr>
</tbody>
</table>

**Comprehensive Income (Loss)**

 Marketable securities are subject to changes in valuation depending on market fluctuations. The Company has designated all of its financial assets as available-for-sale which is recorded at fair-market value. Unrealized gains or losses arising from the valuation of these financial assets are reported in the balance sheet as "Other Comprehensive Income (Loss)". Realized gains and losses are transferred to the statement of operations.

The difference between the historical cost and their fair-market value of the Company’s marketable securities as at April 30, 2011 was a cumulative unrealized loss of $198,070.

The Q2 2011 comprehensive unrealized net loss was $114,262, comprised of a loss on common shares of $115,837 and a gain on bonds of $1,575. The Q1 2011 comprehensive unrealized net gain was $161,682.

The decrease in the Company’s cumulative comprehensive income loss from October 31, 2010 is a reflection of an improvement in financial markets. Actual gains or losses are recorded upon disposal of the investments.

**Risks and Uncertainties**

There have been no changes in the Company’s risks and uncertainties in the six-month period ended April 30, 2011 from those described in the 2010 audited annual financial statements or the 2010 Annual Information Form, filed under the Company’s profile on www.sedar.com.

**Deferred Mineral Property Costs and Exploration Expenditures**

The cost of exploration and development is recorded on a property-by-property basis and deferred in the Company's accounts, pending recovery, based on the discovery and/or extraction of economically recoverable reserves. When it is determined that there is little prospect of minerals being economically extracted from a property, the deferred costs associated with that property are charged to operations. The Company has a policy, described in Note 2b to the audited consolidated financial statements, whereby the carrying amounts of exploration properties are reviewed for events or changes in circumstances that suggest that the carrying amount may not be recoverable.

**Liquidity**

As at April 30, 2011, the Company had working capital of $17.6 million and no long-term debt. The Company maintains a high liquidity by holding a large cash balance in an interest-bearing bank account. The Company’s investment in bonds and GIC’s at fair-market value as at April 30, 2011 was $3.7 million. Funds on-hand for future exploration costs are invested from time-to-time in money market funds, term deposits, and bonds or certificates of deposit with maturities matching the Company’s cash-flow requirements, which in management’s opinion, yield the greatest return with the least risk. The Company’s policy is to maintain its investment portfolio in very low-risk liquid securities, which are selected and managed under advice from independent professional advisors. Shares in other companies acquired as a result of property transactions are classified as available-for-sale and are also a component of the funds on-hand for exploration. Due to currently low interest rates, funds are being kept in short-term notes and interest-bearing bank accounts.

Accounts receivable April 30, 2011 were $493,196 including $411,002 for recoverable sales taxes, which are subject to verification and normally refunded within 90 days of the claim. Refunds of taxes are not considered a financial instrument since governments are not obligated to make these payments. Other prepaid accounts and accounts receivable were $52,194.

Accounts payable and accrued liabilities outstanding as at April 30, 2011 were $1,480,264 including $1,000,000 which was payable as settlement for the purchase of the Clearwater royalty.

The Company has an estimated $0.7 million in mining duty rebates recoverable from the Province of Québec for qualified expenditures in respect of the fiscal years ended October 31, 2009 and 2010. Since no confirmation of the amounts has been received, the estimated refund has not been recorded in the Company’s financial statements.

**Management Discussion and Analysis**

Eastmain Resources Inc.
The properties held by the Company are not income generating. The Company is reliant on equity markets over the long term to raise capital to fund its exploration activities. In the past, the Company has been successful in raising funds through equity offerings, and while there is no guarantee that this will continue, there is no reason either to believe that this capacity will diminish.

During the six months ended April 30, 2011, the Company received net proceeds of $5.2 million from the issue of shares. During the same period, the Company invested $3.5 million in claim maintenance and exploration of mineral resource properties. The Company’s base operating cost is approximately $65,000 per month. All exploration expenditures to be made by the Company, except the flow-through commitments described below, are discretionary. As such, management believes the Company has sufficient working capital to fund the ongoing overheads and costs of its exploration activities for the foreseeable future.

**Flow-through Commitments**

The Company is committed to spending $13,401,000 in Québec flow-through expenditures by December 31, 2011 in respect of flow-through shares issued in 2010. If the Company fails to spend these funds, in compliance with the Government of Canada’s flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill all flow-through commitments within the given time constraints. To date, the Company has spent $9,195,849 in eligible flow-through expenditures and the remaining 2011 exploration program expenditures will be sufficient to cover the balance of this obligation.

**Capital Resources**

The Company, as typical of junior exploration companies, has only a small investment in capital resources which is comprised of $39,576 in computer equipment and field equipment of $324,023. Net book value as at April 30, 2011 was $107,046.

**Income taxes**

Provincial resource tax credits available to the Company are transferred to the investor upon the issuance of flow-through shares to Québec residents. As a result these flow through shares sell at a premium.

For tax year-ends after December 31, 2005, non-capital losses can be carried forward and used to offset future gains for a period of twenty years, after which they expire (ten years for losses in tax years ending prior to December 31, 2005 and seven years for losses in tax years ending prior to March 22, 2004). To the extent that loss carry-forwards could be used to reduce future tax liabilities, they are a financial resource that can be managed. The Company, by its nature as a mineral exploration business, generates non-capital tax losses, which are not recognized on the income statement because, at this point in time, it is not certain that they will be used to offset tax liabilities within their carry-forward life. Canadian tax legislation allows an enterprise to issue securities to investors, whereby the deductions for tax purposes, relating to resource expenditures, may be claimed by the investors when not claimed by the enterprise. These securities are referred to as flow-through shares. Under recommendation number 146, issued by the Emerging Issues Committee (EIC-146), regarding GAAP for the accounting treatment of flow-through shares, the issuer recognizes part of the proceeds from the sale of flow-through shares as tax credits associated with the expenditures being transferred to the shareholders, records this amount as a future income tax liability and the rest of the net proceeds as shareholders’ equity. As a result, in connection with the renunciation of expenditures associated with the issue of flow-through shares, the Company has recorded future income taxes of $3,158,402 and a current year recovery of future income taxes of $660,883.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Transactions with Related Parties**

Related party transactions include $18,000 per month salary and $1,000 per month premises rent paid to the President of the Company. Consulting fees of $600 per day and out of pocket expenditures are paid to a related service provider.

**Share Capital**

The authorized capital of the Company consists of an unlimited number of common shares of which, as of June 14, 2010, there are 94,968,933 common shares outstanding; 4,909,605 share purchase options; and 313,140 common share purchase warrants outstanding.

The 4,909,605 options outstanding, with a weighted-average exercise price of $1.09, would generate in proceeds of $5,399,272, if exercised. The 313,140 common share purchase warrants outstanding, with an average exercise price of $1.84, would generate in proceeds of $576,218, if exercised.

In December 2010 the Company issued 1,819,000 flow-through shares in a brokered private placement at $2.75 per share for gross proceeds of $5,002,250. Issue costs in connection with the private placement were $375,187, which included legal fees and a brokerage commission of 6% of gross proceeds. In addition, 109,140 broker warrants were...
issued entitling the holder to purchase one common share at a price of $1.85 until December 7, 2011. The Black-Scholes value associated with these broker warrants was $38,400. On December 31, 2010 the Company also completed a non-brokered private placement financing with directors, officers, employees and other service providers of the Company. This issue of 65,000 flow-through common shares at $2.75 per share raised net proceeds of $178,750. Issue costs were $10,894. Other private placements may be completed if market conditions are appropriate. Stock options exercised contributed another $453,600.

The Company recognizes the future tax liability and reduces shareholders’ equity accordingly on the date that the Company renounces the tax credits associated with expenditures from flow-through proceeds. The future income tax liability can be offset against unrecognized future income tax assets, if certain criteria are met. As a result, the Company recorded future income taxes recoverable of $3,819,285 of which $660,883 was applicable to the current year.

In March 2011 the Company purchased the 2% net smelter royalty on the Clearwater property for 1,000,000 common shares valued at $1,720,000 using the five-day volume-weighted average trading price and a cash payment of $1,000,000. Issue costs were $22,690.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company’s estimate of the recoverable value of its mineral properties, related deferred exploration expenditures and stock-based compensation. These critical accounting estimates significantly affect the values attributed to the following line items in the Company’s financial statements: mining properties and deferred exploration expenditures; total assets; shareholders’ equity; stock-based compensation; total expenses; loss for the period; net loss; deficit; and basic and diluted loss per share.

These estimates involve considerable judgment and are, or could be, affected by factors that are out of the Company’s control. Factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock-price volatility. The timing for exercise of options is out of the Company’s control and will depend upon the market value of the Company’s shares and the financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with the Black-Scholes model, however future volatility is uncertain and the model has its limitations. These estimates can have a material impact on the stock-based compensation and hence results of operations. The assumptions used for options issued are detailed in Note 7 to the audited consolidated financial statements and assumptions used for warrants are detailed in Note 8.

The Company’s recorded value of its mineral properties and associated deferred exploration expenses is based on historical costs that may be recovered in the future. The Company’s recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with its properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is exposed to a number of risks and uncertainties, including but not limited to: exploration risk; development risk; commodity-price risk; operating risk; ownership and political risk; currency risk; and environmental risk. The ability of the Company to obtain necessary financing to complete the development of its properties and obtain future profitable production is also uncertain.

Change in Accounting Policy

There have been no changes in accounting policy since October 31, 2010.

Future Accounting Pronouncements

Business Combinations and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1582 “Business Combinations”, Section 1601 “Consolidated Financial Statements” and section 1602 “Non-controlling Interests”. These sections replace the former Handbook Section 1581 “Business Combinations” and Section 1600 “Consolidated Financial Statements” and establish a new section for accounting for non-controlling interest in a subsidiary.

Sections 1582 and 1601 will require not assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are not to be expensed when occurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

Management Discussion and Analysis

Eastmain Resources Inc.
These new sections are not expected to have a material impact on the Company’s financial condition or operating results, as they are not expected to be adopted prior to adoption of IFRS.

International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will issue its first annual and interim consolidated financial statements prepared under IFRS for the fiscal year ended October 31, 2012 and the three months ended January 31, 2012 respectively with IFRS compliant comparative information.

The four phases of the Company’s IFRS transition plan are as follows: scoping and planning (“phase 1”), detailed assessment (“phase 2”), operations implementation (“phase 3”), and post implementation (“phase 4”). Phases 1, 2 and the first stage of phase 3, the design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet November 1, 2011, have been completed. The implementation of changes to the reporting system and processes to support preparation of the IFRS opening balance sheet at November 1, 2011 will be completed and the review and approval of the changes implemented will be finalized during the third quarter of 2011. The second stage of phase 3, the ongoing training for key personnel, identification and documentation of impact and required changes to, and ensuring the effectiveness of the Company’s internal control environment and disclosure controls and procedures is being conducted throughout fiscal 2011. Phase 4 will be carried out throughout fiscal 2012.

Impact of adopting IFRS on the Company’s Financial Statements

The adoption of IFRS will result in some changes to the Company’s accounting policies that are applied in recognition, measurement and disclosure of balances and transactions in its financial statements. The following provides a summary of management’s evaluation to date of the potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of policy areas impacted by IFRS, but rather to address those areas identified by management as having the most potential for significant changes.

Exploration and Evaluation Expenditures

Currently under IFRS, companies deferring exploration and evaluation expenditures, as permitted under Canadian GAAP, will be allowed to continue this practice. They may however, elect to expense exploration expenditures until such time as either reserves are proven or permits to operate a mineral resource property are received and financing to complete the project has been obtained, as is the practice under US GAAP. Those currently treating exploration expenditures as operating expenses or those opting to write-off their deferred exploration expenditures will not be permitted to reverse these deferrals or defer any future exploration expenditures.

Under IFRS, pre-exploration expenditures such as acquisition expenditures, leasing, staking, etc. are expensed. Companies that have elected to use the deferral method will also be allowed to continue the deferral of pre-exploration costs, if such has been their past practice under Canadian GAAP. The Company’s current policy is to defer both exploration and pre-exploration expenditures.

Management believes that the current deferral policy for exploration and evaluation expenditures as well as pre-exploration expenditures will provide the reader of the Company’s financial statements with a better perspective of its financial position, since such deferral reflects the possibility of a future recovery of these expenditures.

Impairment of (Non-financial) Assets

IFRS like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of deferred exploration and evaluation costs. The factors considered under IFRS are similar to Canadian GAAP, but there are some differences. IFRS requires a write down of assets if the higher of the fair market value and the value in use of assets is less than its carrying value. Value is determined using discounted estimated future cash flows. Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. Should the Company elect to continue deferral of its exploration and evaluation expenditures, policies relating to the impairment of deferred exploration costs will need to be changed to reflect these differences and the Company will perform impairment assessments at the transition date in accordance with IFRS.

Share-based Payment

Under certain circumstances, IFRS requires a different measurement than Canadian GAAP of security-based compensation related to stock options. Management does not expect that any changes to its accounting policies in compliance with IFRS on share-based payments will result in any significant change to its financial statements.
Property and Equipment

IFRS guidance related to recognition and measurement of property and equipment contains differences to Canadian GAAP. Management does not expect that any changes to its accounting policies in compliance with IFRS on recognition and measurement of property and equipment will result in any significant change to its financial statements.

Income Taxes

Under certain circumstances, IFRS contains different requirements related to the recognition and measurement of future income taxes. The recognition of future income taxes is affected by the Company’s choice of policies in respect of the deferral of exploration and evaluation expenditures and the treatment of flow-through shares. Policy changes may result in a significant change in the Company’s financial statements.

Flow-through Shares

Flow-through shares are a unique Canadian income tax incentive which are subject to specific guidance under Canadian GAAP; however, there is no equivalent IFRS guidance. In the absence of specific guidance the Company believes that its current approach to accounting for flow-through shares is compliant with IAS 12, Income Taxes.

The International Accounting Standards Board ("IASB") continues to amend and add to current IFRS standards. The Company’s transition plan includes monitoring actual and anticipated changes to IFRS and related rules and regulations and assessing the impact of these changes on the Company and its financial statements, including the dates of when such impacts are effective.

Use of Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance-sheet arrangements and the Company does not hold any asset-backed commercial paper. The principal financial instruments affecting the Company’s financial condition and results of operations currently are its cash and marketable securities portfolio. To minimize risk, the funds are managed by independent financial advisors with ultimate administration by the Company. All of the Company's investment portfolio has been designated as available-for-sale and is recorded at fair-market value, in accordance with CICA Handbook Section 3858.

Future Outlook

The focus of the Company is the exploration and development of its core gold assets located in James Bay, Québec. This region is soon to become Québec's newest mining district, endowed with a vast array of mineral deposits and complimented by essential mine-building infrastructure including roads, power and communications, all of which is supported by provincial financial incentives.

The 2011 exploration budget is the largest and most drill comprehensive in the history of the Company. With 46,000 metres of drilling planned, 80% of our effort will be focused on resource expansion at our two gold deposits. 25,000 metres of drilling is planned for Eau Claire and 15,000 metres at Eastmain mine. Approximately 20% of the budget has been allocated to target generation and discovery of new mineralization on four key projects – Clearwater, Eastmain, Éléonore South and Reservoir.

At Clearwater the top priority is to expand open pit gold resources west and north of the current deposit. With two drills operating 24/7 we anticipate completing 5,000 metres of definition drilling on the 850 West Zone, Gap Zone and T Veins by the end of Q3 2011 (July 31, 2011). Surface exploration, including prospecting and trenching, will initially target the 850 West area and then move outwards along the favourable deposit horizon.

At Eastmain the priority is to test for the depth extension of the A, B and C zones. Drilling will commence in late June to complete a 15,000 metre program over a four to five month period. Geological mapping and target definition will coincide with the drilling program. Work will be centred on the northwest extension of the mine horizon where previous exploration has outlined several highly prospective areas for discovery.

Significant exploration budgets have also been allocated for our 100%-owned Reservoir Project and three-way Éléonore South joint venture. Surface exploration and drilling is expected to begin Q4 2011 (August – September).

Subsequent event

In accordance with the Company’s stock option compensation plan, 650,000 stock options with an exercise price of $1.15 were issued to officers and service providers in June 2011. The value attributed to these options was estimated at $395,850, using the Black-Scholes method with the following assumptions: expected term - 7.5 years, dividend - $0, risk free interest rate - 2.81% and volatility - 46.5%.

Management Discussion and Analysis

Eastmain Resources Inc.
Scientific and Technical Disclosure

All disclosure of a scientific or technical nature herein concerning the currently published Eau Claire resource estimate is based upon the technical report entitled “Eau Claire Gold Deposit, Clearwater Project, James Bay Area, Middle North Quebec” which was prepared by P&E Mining Consultants Inc. (the “Clearwater Report”) as of June 10, 2011. Tracy Armstrong, P.Geo and Antoine Yassa, P.Geo are “qualified persons” within the meaning of National Instrument 43-101 of the Canadian Securities Administrators and have verified the data underlying the statements contained herein concerning the currently published Eau Claire resource estimate. Further information concerning the Clearwater Project is contained in the Clearwater Report available at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide assurance that all relevant information is gathered and reported to senior management, which includes the Company’s President and Chief Executive Officer, Chief Financial Officer and the Corporate Secretary on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company’s certifying officers, being the President and Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company’s disclosure controls and procedures. Based upon the results of that evaluation, the certifying officers have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures effectively provide reasonable assurance that information required to be disclosed in the Company’s annual filings and interim filings, (as such terms are defined in National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings), and reports filed or submitted under Canadian securities laws were recorded, processed, summarized and reported within the time periods specified by those laws. The certifying officers also concluded that material information was accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Internal Controls over Financial Reporting

The Company’s President and Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Company’s internal controls over financial reporting in accordance with National Instrument 52-109 of the Canadian Securities Administrators. These controls were reviewed as at April 30, 2011. There were no changes during the three months ended April 30, 2011, which materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting. The Company’s President and Chief Executive Officer and the Chief Financial Officer are satisfied that these controls and procedures are operating effectively.

Accounting Responsibilities, Procedures and Policies

The Board of Directors, which among other things is responsible for the financial statements of the Company, delegates to management the responsibility for the preparation of the financial statements. Responsibility for their review rests with the Audit Committee. Each year the shareholders appoint independent auditors to audit and report directly to them on the financial statements.

The Audit Committee is appointed by the Board of Directors and all of its members are non-management directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to confirm that all administrative duties and responsibilities are properly discharged. The Audit Committee also reviews the financial statements, Management’s Discussion and Analysis and considers the engagement or reappointment of external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the financial statements for issuance to the shareholders. The external auditors have full and free access to the Audit Committee.

The accounting systems employed by the Company include appropriate controls, checks and balances to provide reasonable assurance that the Company’s assets are safeguarded from loss or unauthorized use as well as facilitating the preparation of comprehensive, timely and accurate financial information. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Management believes that its policies and procedures provide the best controls achievable under the constraints described above.

Use of Accounting Estimates

In preparing the financial statements, great care is taken to use appropriate Canadian generally accepted accounting principles and estimates, considered necessary by management, to present the financial position and results of operations on a fair and consistent basis. The principal accounting policies followed by the Company are summarized in Note 2 to the audited consolidated financial statements.

Additional Information

Additional information relating to the Company, including any published Annual Information Forms, can be found on SEDAR at www.sedar.com.

Management Discussion and Analysis

Eastmain Resources Inc.