NOTICE TO SHAREHOLDERS

EASTMAIN RESOURCES INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine months ended July 31, 2011
(Unaudited – Prepared by Management)

Responsibility for Interim Consolidated Financial Statements:

The accompanying interim consolidated financial statements for Eastmain Resources Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles and approved by the Audit Committee. The Company's most significant accounting principles are set out in the October 31, 2010 audited financial statements. Only changes in accounting information have been discussed in the current interim consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependant upon future events. Therefore, using careful judgment, estimates and approximations have been made. Recognizing that the Company is responsible for both the integrity and objectivity of the interim consolidated financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Eastmain Resources Inc. have not performed any review of the unaudited interim financial statements for the nine months ended July 31, 2011 and July 31, 2010.

EASTMAIN RESOURCES INC.

INTERIM CONSOLIDATED BALANCE SHEETS
(PREPARED BY MANAGEMENT – UNAUDITED)

	July 31, 2011 (unaudited)	October 31, 2010 (audited)
Assets		
Current assets		
Cash and cash equivalents	$ 14,014,035	$ 14,472,115
Marketable securities maturing in one year (Note 2)	2,257,046	1,721,066
Prepaid and sundry receivables	327,303	950,217
	16,598,384	17,143,398
Marketable securities (Note 2)	1,299,276	1,512,406
Equipment (Note 3)	125,446	94,510
Mineral properties (Note 4)	38,959,850	30,785,659
	$ 56,982,956	$ 49,535,973
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,821,864	$ 1,204,686
Future tax liability	3,158,402	-
	4,980,266	1,204,686
Shareholders' equity		
Capital stock (Note 5)	56,752,924	53,419,042
Warrants (Note 7)	140,676	102,276
Contributed surplus (Note 10)	10,208,716	9,541,856
	67,102,316	63,063,174
Deficit	(14,741,453)	(14,486,397)
Accumulated other comprehensive loss (Note 12)	(358,173)	(245,490)
	52,002,690	48,331,287
	$ 56,982,956	$ 49,535,973

The attached notes form an integral part of these financial statements.

EASTMAIN RESOURCES INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended July 31, 2011	Three Months Ended July 31, 2010	Nine Months Ended July 31, 2011	Nine Months Ended July 31, 2010
EXPENSES				
Amortization	$ 10,132	$ 7,191	$ 25,096	$ 18,112
General and administration	171,872	157,311	580,479	573,186
Professional fees	17,355	24,930	60,177	72,595
Stock option compensation (Note 6)	188,790	213,762	457,640	465,012
Write down of mineral properties	-	976,390	-	976,390
	388,149	1,379,584	1,123,392	2,105,295
Loss for the period before the following:	(388,149)	(1,379,584)	(1,123,392)	(2,105,295)
Gain on the sale of investments	-	-	1,791	-
Interest and other income	60,488	51,952	205,662	176,977
NET LOSS FOR THE PERIOD BEFORE INCOME TAXES	(327,661)	(1,327,632)	(915,939)	(1,928,318)
Future income tax recovery	-	-	660,883	-
NET LOSS FOR THE PERIOD	(327,661)	(1,327,632)	(255,056)	(1,928,318)
DEFICIT, Beginning of period	(14,413,792)	(12,565,394)	(14,486,397)	(11,964,708)
DEFICIT, End of period	$ (14,741,453)	$ (13,893,026)	$ (14,741,453)	$ (13,893,026)
LOSS PER SHARE				
BASIC	$ 0.0	$ (0.02)	$ 0.0	$ (0.02)
DILUTED	$ 0.0	$ (0.02)	$ 0.0	$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
BASIC	93,908,091	88,451,283	93,908,091	88,451,283
DILUTED	93,908,091	88,451,283	93,908,091	88,451,283

The attached notes form an integral part of these financial statements.

EASTMAIN RESOURCES INC.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended July 31, 2011	Three Months Ended July 31, 2010	Nine Months Ended July 31, 2011	Nine Months Ended July 31, 2010
NET LOSS FOR THE PERIOD	$ (327,661)	$ (1,327,632)	$ (255,056)	$ (1,928,318)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain (loss) on available-for-sale financial assets arising during the period (net of income taxes and taxes recovered)	(160,103)	(90,539)	(114,474)	(74,509)
Realized gains transferred to statement of operations	-	-	1,791	-
COMPREHENSIVE LOSS FOR THE PERIOD	$ (487,764)	$ (1,418,171)	$ (367,739)	$ (2,002,827)

INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
AS AT JULY 31, 2011
(PREPARED BY MANAGEMENT – UNAUDITED)

	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Deficit	Total Shareholders' Equity
As at October 31, 2010 (audited)	$ 53,419,042	$ 102,276	$ 9,541,856	$ (245,490)	$ (14,486,397)	$ 48,331,287
Share capital issued	6,940,827	-	-	-	-	6,940,827
Flow-through tax effect	(3,819,285)					(3,819,285)
Stock-based compensation	-	-	917,600	-	-	917,600
Options exercised	250,740	-	(250,740)	-	-	-
Warrants issued	(38,400)	38,400	-	-	-	-
Fair-market-value loss on available-for-sale financial assets	-	-	-	(112,683)	-	(112,683)
Net loss for the period	-	-	-	-	(255,056)	(255,056)
As at July 31, 2011 (unaudited)	$ 56,752,924	$ 140,676	$ 10,208,716	$ (358,173)	$ (14,741,453)	$ 52,002,690

The attached notes form an integral part of these financial statements.

EASTMAIN RESOURCES INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended July 31, 2011	Three Months Ended July 31, 2010	Nine Months Ended July 31, 2011	Nine Months Ended July 31, 2010
Cash provided by (used in)				
OPERATING ACTIVITIES				
Loss for the period	$ (327,661)	$ (1,327,632)	$ (255,056)	$ (1,928,318)
Adjustments not affecting cash:				
Amortization	10,132	7,191	25,096	18,112
Stock option compensation (Note 6)	188,790	213,762	457,640	465,012
Write down of mineral properties	-	976,390	-	976,390
Recovery of future income taxes	-	-	(660,883)	-
Change in non-cash working capital items	507,493	(801,771)	1,240,092	(1,037,654)
	378,754	(932,060)	806,889	(1,506,458)
FINANCING ACTIVITIES				
Proceeds on issue of common shares	-	-	5,181,000	5,415,835
Proceeds on exercise of stock options	-	60,239	453,600	487,640
Share issue costs	-	-	(413,771)	(403,082)
	-	60,239	5,220,829	5,500,393
INVESTING ACTIVITIES				
Mineral properties	(2,802,867)	(1,284,549)	(6,348,269)	(2,834,371)
Government resource credits	82	179,818	354,036	179,818
Purchase of equipment	(28,532)	(18,458)	(56,032)	(41,413)
Purchase of marketable securities	(520,686)	(606,634)	(1,686,238)	(1,388,961)
Net proceeds from the sale and redemptions of marketable securities	508,000	583,000	1,250,705	1,343,323
	(2,844,003)	(1,146,823)	(6,485,798)	(2,741,604)
Change in cash and cash equivalents	(2,465,249)	(2,018,644)	(458,080)	1,252,331
Cash and cash equivalents, beginning of period	16,479,284	15,207,560	14,472,115	11,936,585
Cash and cash equivalents, end of period	$ 14,014,035	$ 13,188,916	$ 14,014,035	$ 13,188,916

The attached notes form an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Eastmain Resources Inc. (the "Company" or "Eastmain") and its wholly-owned subsidiary, Eastmain Mines Inc., are engaged in the acquisition and exploration of resource properties within Canada. The Company is a publicly-held company incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the Toronto Stock Exchange.

The company is in the process of exploring its mineral properties and has not yet determined whether its properties contain reserves that are economically recoverable. The recuperation of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise additional funds to continue operations and 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. To date the Company has not earned significant revenues and is considered a company in the exploration stage. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements and may be non-compliant with regulatory requirements.

These interim unaudited consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes continuity of operations, realization of assets, and the settlement of liabilities in the normal course of business in the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into consideration all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. As at July 31, 2011, the Company had working capital of $14,776,520, net loss of $255,056 and an accumulated deficit of $14,741,453. While the Company has sufficient funds to meet its current commitments, the Company will require additional funding for its operations and exploration of its mineral resource properties. Management is aware in making its assessment, that material uncertainties related to events or conditions may cast a doubt upon the ability to continue as a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business, and at amounts different from those in the accompanying consolidated financial statements.

2. MARKETABLE SECURITIES

a) Marketable Securities

Bonds and other securities are recorded at current market values in accordance with CICA Section 3855 on financial instruments. The Company has classified all of its investments in marketable securities, including the investments below, as available-for-sale in the current year. Investments in bonds bear interest at annual rates ranging from 1.25% to 5.75%, maturing between September 13, 2011 and June 15, 2016. Investments in public companies consist of shares in Dianor Resources Inc., which were acquired in exchange for geological data; shares of Threegold Resources Inc., received as a dividend from Dianor Resources Inc.; shares in Concordia Resources Corp. (formerly Western Uranium Corporation) received in exchange for prospecting permits and mineral claims; and shares in Western Lithium Corporation resulting from a spin-out of Western Uranium Corporation.

Marketable Securities

GIC's and investment grade bonds	$ 2,971,428
Dianor common shares	17,500
Three Gold common shares	235
Concordia Resource Corporation (formerly Western Uranium) common shares	431,469
Concordia Resource Corporation warrants	-
Western Lithium Corporation common shares	135,690
	3,556,322
Less current portion	2,257,046
	$ 1,299,276

b) **Hedging Activities**
The Company does not engage in hedging activities nor does it hold or issue any derivative financial instruments.

3. EQUIPMENT

The equipment is recorded at cost and is comprised as follows:

	Cost	Accumulated Amortization	Net Book Value July 31, 2011
Computer equipment	$ 39,576	$ 30,393	$ 9,183
Field equipment	352,555	236,292	116,263
	$ 392,131	$ 266,685	$ 125,446

4. MINERAL PROPERTIES

The mineral property acquisition costs and exploration expenditures are expensed as incurred. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related costs and expenditures are removed.

The mineral properties are recorded at cost and are comprised as follows:

FOR THE NINE MONTHS ENDED JULY 31, 2011

Project	**Drilling & Assays**	**Technical Surveys**	**Project Acquisition & Maintenance**	**Gross Expenditures**	**Grants**	**2011 Net Expenditures**
Clearwater	$ 3,501,928	$ 770,884	$ 2,785,155	$ 7,057,967	$ (206,369)	$ 6,851,598
Eastmain Mine	747,549	262,533	18,669	1,028,751	(9,977)	1,018,774
Éléonore South	113,784	97,811	5,377	216,972	(10,610)	206,362
Ruby Hill	-	5,877	98,561	104,438	(126,436)	(21,998)
Radisson	-	21,703	19,500	41,203	-	41,203
Reservoir	3,667	-	-	3,667	-	3,667
Other	-	62,214	13,015	75,229	(644)	74,585
Total	$ 4,366,928	$ 1,221,022	$ 2,940,277	$ 8,528,277	$ (354,036)	$ 8,174,191

The following is a summary breakdown of the cumulative expenditures on mineral property acquisition and exploration for the Company's significant projects:

CUMULATIVE EXPENDITURES FOR THE NINE MONTHS ENDED JULY 31, 2011

Project	**Balance October 31, 2010**	**2011 Net Expenditures**	**Write-Downs**	**Balance July 31, 2011**
Clearwater	$ 12,205,603	$ 6,851,598	$ -	$ 19,057,201
Eastmain Mine	8,374,730	1,018,774	-	9,393,504
Éléonore South	4,512,219	206,362	-	4,718,581
Ruby Hill	1,825,476	(21,998)	-	1,803,478
Xstrata JV	1,268,284	-	-	1,268,284
Radisson	490,857	41,203	-	532,060
Reservoir	423,930	3,667	-	427,597
Other	1,684,560	74,585	-	1,759,145
	$ 30,785,659	$ 8,174,191	$ -	$ 38,959,850

As at July 31, 2011, the Company has outstanding refund claims for mining duties and resource investment tax credits from the Ministry of Natural Resources (Québec) and Revenue Québec, with respect to claims filed up to October 31, 2010, amounting to approximately $650,000. Since the amounts have not been confirmed, they have not been included in the financial statements.

5. CAPITAL STOCK

Authorized – unlimited common shares

Issued:

	Shares	Amount
Issued and outstanding, October 31, 2010 (audited)	91,454,933	$ 53,419,042
Private placement (i)	1,819,000	5,002,250
Cost of issue (i)		(375,189)
Issue of warrants – Black-Scholes valuation		(38,400)
Private placement (ii)	65,000	178,750
Cost of issue (ii)		(10,894)
Exercise of stock options	630,000	453,600
Exercise of stock options – Black-Scholes valuation		250,740
Flow-through tax effect (iii)		(3,819,285)
Issue of shares for exploration properties (iv)	1,000,000	1,720,000
Cost of issue (iv)		(27,690)
Issued and outstanding, July 31, 2011 (unaudited)	94,968,933	$ 56,752,924

i) In December 2010, the Company issued 1,819,000 flow-through shares in a private placement at $2.75 per share for gross proceeds of $5,002,250. Issue costs in connection with the private placement were $375,189. A brokerage commission of 6% of gross proceeds was paid and 109,140 broker warrants were issued. Each warrant entitles the holder to purchase one common share at a price of $1.85 until December 7, 2011. The Black-Scholes value associated with these warrants was $38,400.

ii) In December 2010, the Company issued 65,000 flow-through shares in a private placement to directors, officers, employees and service providers at $2.75 per share for gross proceeds of $178,750. Issue costs in connection with this private placement were $10,894.

iii) The Company has adopted EIC-146, whereby 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 has recorded future income taxes recoverable of $3,819,285 of which $660,883 was applicable to income in the current year and $3,158,402 was recorded as future income taxes payable.

iv) 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 $27,690.

6. STOCK OPTIONS

The Company has a stock option plan available to directors, officers, employees and other service providers of the Company. Under the plan, the Company may issue options, up to a maximum of 10% of the common shares outstanding, at prices not less than the market price of the common shares at the close of the trading day on the day immediately preceding the date of the grant. The number of common shares reserved for issuance to any one person may not exceed 5% of the issued and outstanding common shares at the date of such grant. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted. During 2011, all options granted vested at the date they were granted. The Company applies the fair-value method of accounting for all stock-based compensation awards. Accordingly, stock option compensation of $917,600 was recorded; 297,500 being the cost of extending the term from 5 years to 10 years on 250,000 options with 2011 expiry dates and $620,100 being the cost of 900,000 options granted as Director, Officer and Service Provider stock option compensation. $457,640 was apportioned to operating expenses and $459,960 to mineral properties.

For purposes of the options granted or expiry date extended, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model applying the following assumptions:

Dividend yield	$0.0
Expected volatility	36.3% - 54.7%
Risk free interest rate	1.71% - 2.89%
Expected term – years	2.5 - 7.5

6. STOCK OPTIONS (Continued)

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2010 (audited)	4,639,605	$ 0.82
Granted during the period	900,000	$ 1.25
Exercised during the period	(630,000)	$ 0.72
Outstanding, July 31, 2011 (unaudited)	4,909,605	$ 1.09

As at July 31, 2011, the following options were outstanding and exercisable:

Exercise Price Range	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable
$0.51 - $1.00	2,134,605	1.11 years	$0.85	2,134,605
$1.01 - $1.50	2,525,000	8.08 years	$1.25	2,525,000
$1.51 - $2.00	250,000	9.75 years	$1.51	250,000

Stock options outstanding as at July 31, 2011:

Expiry date	Black-Scholes Value ($)	Number of Options	Exercise Price ($)
June, 2012	277,217	863,605	0.78
June, 2012	31,500	100,000	0.77
September, 2013	386,925	825,000	0.96
April, 2014	52,992	96,000	0.96
June, 2014	468,800	800,000	1.25
January, 2016	397,000	250,000	0.72
April, 2020	192,750	250,000	1.35
June, 2020	536,250	750,000	1.27
September, 2020	62,400	75,000	1.46
April, 2021	224,250	250,000	1.51
June, 2021	395,850	650,000	1.15
	3,025,934	4,909,605	1.09

7. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Outstanding, October 31, 2010 (audited)	204,000	$ 1.84
Issued during the period	109,140	$ 1.85
Outstanding, July 31, 2011 (unaudited)	313,140	$ 1.84

Warrants outstanding as at July 31, 2011:

Expiry date	Black-Scholes Value ($)	Number of Warrants	Exercise Price ($)
February, 2012	62,040	120,000	2.00
September, 2012	40,236	84,000	1.60
December, 2011	38,400	109,140	1.85
	140,676	313,140	1.84

8. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to ensure that there are adequate resources to sustain operations and to continue as a going concern; to maintain adequate levels of funding to support acquisition and exploration of mineral properties; to maintain investor and market confidence and to provide returns to shareholders. Funds are primarily secured through equity capital raised by way of private placements. The Board of Directors does not establish quantitative return on capital criteria for management, but relies on the expertise of the Company's management to sustain future development of the business.

Exploration involves a high degree of risk and substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Consequently, management reviews its capital management approach on an ongoing basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations from management, the directors balance overall capital structure through new share issues.

Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Management intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate. Management considers its capital structure to consist of equity attributable to equity holders of the Company, comprising issued share capital, contributed surplus, warrants and accumulated losses.

There were no changes in management's approach to capital management during the quarter ended July 31, 2011. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL RISK FACTORS

The Company's exposure to risk factors and their impact on the Company's financial instruments are summarized below:

a) Fair Value

Fair value represents the amount of which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair-value estimates are based on quoted market values and other valuation methods.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, marketable securities and receivables included in prepaid and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with the Royal Bank of Canada, from which management believes the risk of loss to be minimal. Financial instruments included in prepaid and sundry receivables consist of other receivables. Management believes that the credit risk concentration with respect to financial instruments included in prepaid and sundry receivables is minimal.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2011, the Company had cash and cash equivalents of $14,014,035 to settle current liabilities of $1,821,864. During the nine months ended July 31, 2011, the Company raised net proceeds of $5,220,829 through the issue of common shares, flow-through shares, and through the exercise of stock options. In management's opinion, there are sufficient funds to support the planned exploration program for the foreseeable future. All of the company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms. The Company is also committed to spending $13,401,000 in flow-through expenditures between February 26, 2010 and December 31, 2011, of which $11,968,264 has been spent as at July 31, 2011. If the Company fails to spend the entire amount of these funds in compliance with the Government of Canada's flow-through regulations, it may be subject to litigation from various counterparties. Management believes that the Company will be able to fulfill all of its flow-through commitments within the given time constraints.

d) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

9. FINANCIAL RISK FACTORS (Continued)

Interest Rate Risk
The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade bonds, treasury bills, bankers' acceptances and money market funds. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as at July 31, 2011.

Foreign Currency Risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain administrative expenses in the United States on a cash-call basis using US dollar currency converted from its Canadian dollar bank account held in Canada. Management believes the foreign exchange risk derived from currency conversions is manageable and therefore, does not hedge its foreign exchange risk.

Price Risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity-price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity-price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

Management closely monitors commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

e) Sensitivity Analysis

The Company has designated its cash and cash equivalents and marketable securities as available-for-sale, which is measured at fair value with unrealized gains and losses recorded in other comprehensive income. Financial instruments included in prepaid and sundry receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying- and fair-value amounts of the Company's financial instruments are:

	Assets (Liabilities)	
	Carried at cost ($)	Carried at fair Market value ($)
Cash and cash equivalents	14,006,296	7,739
Marketable securities		3,556,322
Prepaid expenses and sundry receivables	172,992	
Accounts payable and accrued liabilities	(1,821,864)	

Financial instruments included in prepaid and sundry receivables are $172,992. Based on Management's knowledge and experience of the financial markets, the Company believes that the following movements are "reasonably possible" over a twelve-month period:

i) Interest-bearing bank accounts are at a variable rate and investments maturing in less than one year are subject to new interest rates at the time of renewal, and therefore, may be impacted. Current short-term interest rates are less than 2.0%. Sensitivity to a plus or minus 1% (100 basis point) change in current interest rates would affect net loss by plus or minus $167,041.

ii) The Company has investments in public companies. Sensitivity to a plus or minus 50% change in the fair-market value of those securities would affect comprehensive net loss by plus or minus $292,447.

10. SUPPLEMENTARY INFORMATION

As at July 31, 2011 contributed surplus is comprised of the following:

Balance, beginning of period	$ 9,541,856
Options granted	620,100
Option maturity date extended	297,500
Options exercised	(250,740)
Balance, end of period	$ 10,208,716

10. SUPPLEMENTARY INFORMATION (Continued)

Changes in non-cash working capital items:

Prepaid and sundry receivables decrease	$ 622,914
Accounts payable and accrued liabilities increase	617,178
	$ 1,240,092

Composition of cash and cash equivalents:

Cash	$ 13,157,872
Cash equivalents	856,163
	$ 14,014,035

Other financial transactions:

Cash paid for interest	$ nil
Cash paid for income tax	$ nil
Non-cash financing and investing activity issuance of common shares for exploration properties	$ 1,720,000
Receipt of common shares for exploration information	$ nil

11. RELATED PARTY TRANSACTIONS

Management wages paid to a director	$ 165,567
Premises rent paid to a director	$ 9,000
Net accounts payable to a director	$ 9,000
Geological and administrative fees and out-of-pocket expenditures to a private company controlled by the exploration manager	$ 127,634
Net accounts payable to the exploration manager	$ 31,628

The transactions were measured at the amount established and accepted by the parties.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

The balance in accumulated comprehensive loss consists of unrealized gains or losses on available-for-sale investments.

13. RECLASSIFICATION

Certain comparative figures have been changed to conform to the presentation adopted for the current year.

14. SUBSEQUENT EVENT

The company has optioned a 50% interest in the Radisson project to Honey Badger Exploration Inc. for consideration of $50,000 and 5 million shares of Honey Badger, conditional upon the completion of $2.5 million in exploration expenditures and a minimum of 6,000 metres of drilling within three years. Upon acquiring a 50% interest in Radisson, Honey Badger has a one-time, 60-day option to acquire an additional 10% interest in the property by incurring a cash payment of $100,000 and spending an additional $3.0 million in exploration expenditures, including 6,000 metres of drilling, within a period of two years.

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 nine months ended July 31, 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 September 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 significant high-grade gold deposits, located within the James Bay District of Québec – Eau Claire and the Eastmain Mine, which contain 632,000 ounces of gold in Measured and Indicated resources[1),3)] *plus* 1,020,000 ounces of gold in Inferred resources[2)], and 255,750 ounces gold in Historical Measured and Indicated resources[4)] respectively. 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 km^2 within this new and fertile mining district.

In their July 27, 2011 news release, Goldcorp Inc. announced the completion of a design study on its 7,000-tonne per day processing plant at Éléonore. Detailed engineering of the production shaft is also underway. Expected to begin mining in 2014, the Roberto Deposit at Éléonore will be the first gold mine in the district. At anticipated production of 600,000 ounces of gold per year over a 15-year mine life, with life-of-mine costs expected to be less than $400 per ounce, 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

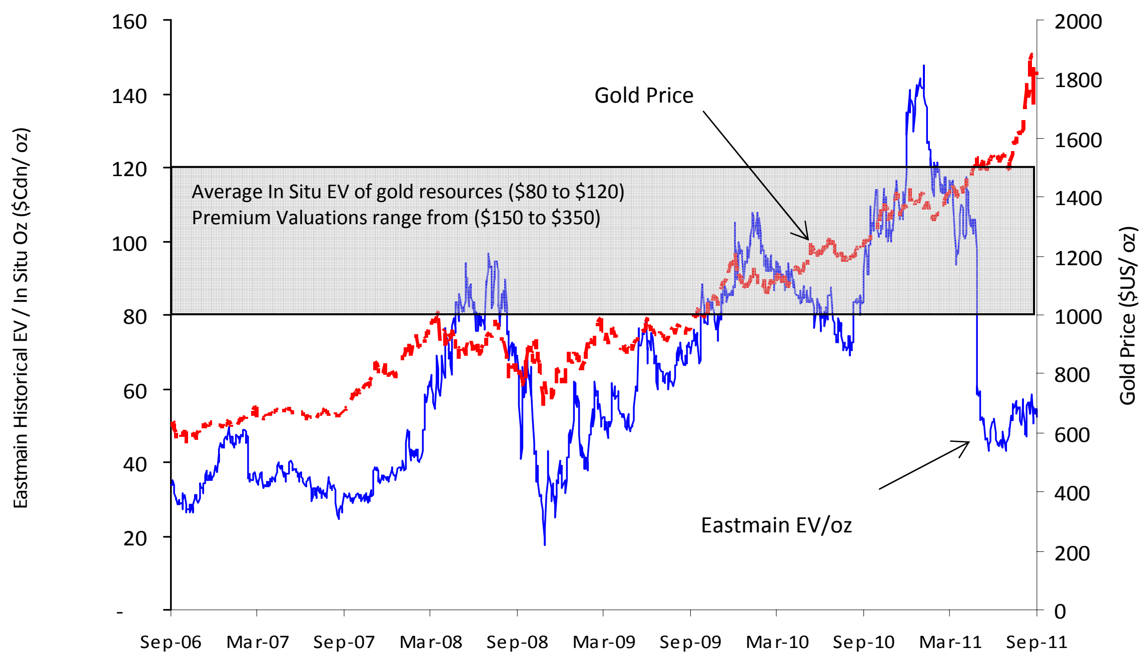
Subsequent to the NI 43-101 resource estimate for the Eau Claire gold deposit, issued in April 2011, the Enterprise Value/Resource Ounce of Gold (EV/oz) for the Corporation corrected sharply as discussed in the last Quarterly Report.

In the opinion of management there has been a significant over-correction in the valuation of resource assets held by the Corporation, relative to those of our peers. Significant exploration advancements, both at Eau Claire and the Eastmain Mine gold deposit during the third quarter, reinforce the compelling, and as yet unrecognized, value of these assets.

Not only is there a major disconnect between shareholder perception and industry standards with respect to Eastmain's current resources, there is also a major disconnect between the value of in-situ resource ounces attributed to exploration companies versus the price of gold. During the third quarter, gold price has risen sharply from US$1500 per ounce to over US$1800 per ounce while the EV/oz value has remained constant for most exploration companies.

Historical Trading Multiples Analysis

Eastmain's 5-Year EV[(1)]/In Situ Ounce of Gold Valuation Multiple



Note: (1) Enterprise Value = Market Capitalization + Net Debt - Cash.

Discovery and resource expansion will be the ultimate value drivers for Eastmain Resources. Major drill campaigns at both the Clearwater and Eastmain Mine projects have been designed to expand our gold deposits.

Exploration within James Bay, Québec also provides some undeniable value-added attributes:

- Mine ready infrastructure with roads, fuel, and low-cost hydro-electric power at our door step;
- Mine friendly jurisdiction – Québec has been ranked top of the class with pro-industry mining laws, stable First Nation relationships and exceptional financial incentives; and
- James Bay, Québec – is a Top 10 mining district highlighted by a complete range of mineral deposits and emerging "world-class" mines.

Results to date for 2011 exploration campaigns have been extremely positive. Drilling and trenching work completed at Clearwater has significantly expanded the footprint of the Eau Claire gold deposit, well outside the limits of the current resource. Mine series rocks have also been intersected outside the known limits of the Eastmain Mine project. The first phase of a corporate strategy to form joint ventures on non-key assets has also been successfully implemented with the option of our Radisson Project.

Update Highlights:

850 West Zone

- Drilling has intersected multiple near-surface, gold-bearing veins (V10, V12, V14, V16, V18) over a large area 300 metres in length to a depth of more than 200 metres. These vein intersections have extremely significant Open Pit and Underground resource potential;
- Visible gold has been observed in multiple drill holes over significant widths;
- Recent assays confirm high-grade gold and tellurium values within these wide intervals;
- New drill discovery called the Sophie Vein contains visible gold at depth, which confirms continued underground potential;
- New trench discovery of the Rebecca Zone across significant widths may also add to open pit resources.

Gap Zone

- Multiple gold-bearing veins have been intersected, at surface and at depth, in the first five drill holes, thereby confirming potential for resource expansion;
- Mat-Sky and Stephanie Veins – two new veins discovered within the Gap Zone, locally contain abundant visible gold and define both near surface and depth potential (respectively) between the 450 (the main body of Eau Claire gold deposit) and 850 West Zones.

Conrad Zone

- New trench discovery of a well-developed 15-metre-wide set of quartz-tourmaline veins located 200 metres north of the previous limit of gold mineralization;
- Conrad zone may represent the surface expression of the T Vein Group; no previous drilling has been competed in this area; channel sampling is underway.

Valli Veins

- New trench discovery of a well-developed vein set located 400 metres south of the previous limit of gold mineralization;
- No previous drilling in this area; channel sampling is underway.

Eastmain Mine Project

- The intersection of altered mine series rocks outside the limit of previous historical resources may have a positive impact on the growth of the Corporation's total gold resources;
- Plan Nord – With the extension of Route 167, the Québec Government’s infrastructure program will significantly enhance the value of our Eastmain Mine project, by providing year-round cost-effective access to the property.

Radisson Project

- The Corporation has received an option payment of $50,000, plus 5 million shares of Honeybadger Exploration Inc. with a proposal to spend $2.5 million in exploration to earn a 50% interest in the Radisson Project.

Exploration Properties – Active Projects

Clearwater Project

The Clearwater Project, located in James Bay, Québec, in close proximity to EM-1, one of Hydro Québec's largest power generating stations, hosts the high-grade Eau Claire gold deposit. An updated NI 43-101 resource estimate reported in the second quarter, 2011 is summarized as follows:

Open Pit Resources

- 2.73 Million tonnes Measured and Indicated gold resources grading 5.72 g/t Au (uncapped) contain 502,000 ounces of gold at exceptionally high grade, well above industry standard; *plus*,
- 1.40 Million tonnes Inferred mineral resources grading 2.83 g/t Au (uncapped) for 127,000 ounces of gold;
- The M&I Open Pit resource grade is 3 to 5 times higher than that of most open pit gold operations in Canada;
- Open Pit resources were confined to the upper 200 metres of the Eau Claire Deposit using a 0.5 g/t Au cut-off grade; and
- Open Pit resources include an average of 3,000 ounces gold per vertical metre.

Underground Resources

- 0.63 Million tonnes Measured and Indicated gold resources grading 6.81 g/t Au (capped & uncapped) contain 130,000 ounces of gold; *plus*,
- 3.93 Million tonnes Inferred resources grading 7.21 g/t Au (uncapped) contain 910,000 ounces of gold;
- Underground resources were calculated based on a 2.5 g/t Au cut-off grade.

Q3 Exploration Highlights

During the 2011 program to date, a total of 12,250 metres of a proposed 25,000-metre program have been completed in 35 drill holes. Both drilling and trenching activities during the 3rd quarter have significantly expanded the limits of known gold mineralization at Eau Claire, especially within the areas of the 850 West and Gap Zones, where visible gold has been intersected in 13 of 35 drill holes. A wealth of new veins and surface zone discoveries, including the Sophie, Stephanie, Mat-Sky and Valli Veins and the Rebecca and Conrad Zones, may substantially add to the continually growing gold resources at Eau Claire.

850 West Zone

At the 850 West Zone, multiple gold-bearing veins have been intersected over an area 300 metres long to a vertical depth of more than 200 metres, outside the limits of the previously defined gold resource. Veins V10 through V18 and the newly discovered Sophie Vein are very comparable to the veins comprising the main Eau Claire deposit. However, these veins strike north-east and have a near vertical dip, whereas veins from the 450 Zone are aligned east-west and dip 45^{o} to the south.

Assay highlights from V12 have confirmed the potential to expand the presently defined gold resource:

Hole ID	Au g/t	Te g/t	Length	Vein ID
ER11-287	6.95	4.69	13.5	V12
incl.	60.5	40.3	1.5	V12
ER11-298	17.9	17.9	12.2	V12
incl.	23.9	23.8	9.1	V12
ER11-303	7.3	8.13	10.5	V12
incl.	23.5	26.7	2.5	V12

A number of V12 intersections contain visible gold. Drill hole ER11-305 cut through a 10.1-metre-wide interval containing 45 clusters of free gold, totalling more than 160 visible grains. Assays are pending for holes 305 and several other holes, including ER11-310, which intersected a 5.9-metre-wide interval of V12 containing 80 grains of visible gold in multiple clusters.

The Sophie Vein was also discovered when Hole ER11-307 intersected a five-metre-wide vein interval containing visible gold, which had never been drilled before.

Gap Zone

Five holes completed during the quarter within the Gap Zone, an unexposed area lying between the 450 and 850 West Zones, have intersected gold-bearing veins and alteration zones at surface and at depth. Two new discoveries in this area include the Mat-Sky and the Stephanie vein sets. The Mat-Sky Vein, found at shallow depths in holes 309, 313, 314, 316 and 319, includes a 5.2-metre-wide interval in hole 314 at a depth of 22.8 metres, containing a couple of grains of visible gold. The Stephanie Vein, discovered in hole 314 at a depth of 293.2 to 296.7 metres, contains more than 30 grains of visible gold and visible tellurides. Hole 309, which also intersected the Stephanie Vein at a depth of 266.7 to 269.2 metres, includes more than 30 grains of visible gold. Drilling, with the objective of growing Open Pit and Underground gold resources, will continue within the Gap Zone during the 4th quarter.

Conrad Zone

Trenching recently exposed the Conrad Zone, a newly discovered vein set located 200 metres northeast of the Eau Claire 450 Zone. The Conrad Zone consists of a 15-metre-wide interval of quartz-tourmaline veins and replacement zones. These veins are aligned parallel to those outlined within the 450 West Zone and may represent the surface expression of the T Vein group. This target has never been drilled before. Channel sampling, which is currently underway, will be followed by drilling.

Valli Veins

A recent trenching discovery referred to as the Valli Veins comprises a well-developed quartz-tourmaline group of veins, located 400 metres south of the 450 West Zone. These veins occur within a swarm of quartz-feldspar porphyry dykes and masses, that may mark structural channel-ways for gold-rich fluids. No previous drilling has tested this area. Channel sampling, currently underway, will be followed by drilling.

Regional exploration, including soil sampling, prospecting, trenching, channel sampling and geological mapping, has been on-going at Clearwater throughout the 2011 field season. A $5-million exploration budget has been allocated to the project for 2011. Two drills and one backhoe will focus on expanding Open Pit and Underground resources. To date, the 2011 program has been extremely successful; numerous new discoveries have been exposed through drilling and trenching and a number of new target areas have resulted from regional mapping and prospecting.

The Company's investment in the Clearwater Project to July 31, 2011 is $19.0 million.

Eastmain Mine Project

A significant drill program is underway at the Eastmain Mine Project with the objective of expanding the A, B and C Zones as well as testing regional targets along the mine trend. 11 drill holes totalling 5,450 metres have been completed to date, during the 2011 program. Significant intervals of mines series rocks and alteration zones have been intersected in at least four drill holes. The program is expected to continue into the fourth quarter.

During the quarter, the Québec Government reaffirmed its commitment to providing infrastructure and development in the north, with its Plan Nord program. This plan includes extending Route 167 north from Temiscamie, Québec to the Renard Diamond deposit, which will provide the Eastmain Mine project with permanent year-round road access to the mining community of Chibougamau.

The Company’s total investment in the Eastmain Mine project to July 31, 2011, is $9.4 million.

É*léonore South Project*

Eastmain, as project manager, has recommended a drill program to continue testing a potential "mine trend” horizon identified through previous work on this joint venture with Goldcorp Inc. and Azimut Exploration Inc. A joint venture meeting, scheduled to approve the recommended program, has been postponed until September. The Company’s investment in the project to July 31, 2011 is $4.7 million.

Radisson Project

The Radisson project, which consists of 207 claims covering 10,698 hectares of highly-prospective Archean-aged rocks of the La Grande volcanic belt, is located within James Bay, Québec, approximately 65 kilometres south of the community of Radisson and about 520 km north-northwest of Matagami.

The project 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. Numerous surface gold showings, coincident with the regional stratigraphic break between two major rock "Supergroups", indicate that Radisson may be prospective for lode gold and / or vein style mineralization similar to that found at Eau Claire, Eastmain Mine and many well-known deposits located within several major Canadian gold camps as well.

The Company's investment in the project to July 31, 2011 is $0.5 million

Subsequent to the quarter, Eastmain optioned its wholly-owned Radisson Project to Honey Badger Exploration Inc. ("HBE"). Under the terms of the Letter Agreement, HBE can earn a 50% interest in the project in exchange for a cash payment of $50,000, the issuance 5,000,000 shares of HBE and by incurring $2.5 million in exploration expenditures, including 6,000 metres of drilling over a three year period. The Company has received the requisite cash and share payments.

Reservoir Project

The Reservoir Project, consists of 156 claims covering approximately 8,098 hectares of prime gold-prospecting territory within 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 kilometric-sized copper-gold occurrence in altered volcanic-sedimentary rocks comparable to those hosting the past producing 10-million-ounce MacIntyre Mine in Timmins, Ontario.

The wholly-owned 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 was allocated for 2011. However, the program has been delayed subject to the availability of drills and technical personnel.

The Company's investment in the project to July 31, 2011 is $0.4 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 Mine property and consists of 88 claims, which cover an area of 4,640.05 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 July 31, 2011 is $1.8 million.

Projects Available for Option or Joint Venture

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), and the mining district of Timmins Ontario. The carrying value of the Company's investment in all other projects to July 31, 2011 is $1.8 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 derived from the investment of funds for the period between the receipt of funds from equity placements and the disbursement of exploration expenditures. Other income is derived from management fees and charges for the use of Company facilities by third parties.

Three months ended July 31, 2011 compared to the three months ended July 31, 2010

Net loss for the quarter ended July 31, 2011 was $327,661, a decrease of $991,971 over the July 31, 2010 quarter-end loss which included a mineral property write down of $973,390.

- Stock option compensation – decrease of $24,972 (11.7%) over the July 31, 2010 quarter end.

Nine months ended July 31, 2011 compared to the nine months ended July 31, 2010

Net loss for the nine months ended July 31, 2011 was $255,056, a decrease of $1,673,262 over the nine months ended July 31, 2010 including the mineral property write down of $973,390.

- 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-though shares. The policies regarding flow-through shares and deferred income taxes are discussed under Share Capital and Income Taxes below.

- Stock option Compensation charged to the statement of operations decreased by $7,372 (1.6%).

In fiscal 2011, the Company extended the term from 5 to 10 years on service provider stock options to help optionees retain an ownership stake in the Company without having to 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. To date, 100,000 fewer service provider options have been granted than in the same period last year (approximate value - $61,000). With the exception of the amounts above, the reduction in the cost of stock option compensation is due primarily to changes in stock price volatility. 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.

Stock Option Compensation

2011 Stock Options	Options Granted	Black-Scholes Value	Operating Statement	Deferred Expenditures
Directors	250,000	$224,250	$224,250	-
Officers	450,000	$274,050	$144,637	$129,413
Service Providers	200,000	$419,300	$ 88,753	$330,547
	900,000	$917,600	$457,640	$459,960
2010 Stock Options				
Directors	250,000	$202,250	$202,250	-
Officers	450,000	$321,750	$169,812	$151,938
Service Providers	300,000	$214,500	$ 92,950	$121,550
	1,000,000	$738,500	$465,012	$459,960

Selected Quarterly Information

	Quarter ended 07/31/2011	Quarter ended 04/30/2011	Quarter ended 01/31/2011	Quarter ended 10/31/2010
Interest / other Income	$ 68,148	$ 68,148	$ 77,026	$ 85,736
Net income (loss)	(327,661)	283,637	(211,032)	(593,371)
Per share basic	$(0.0035)	$0.0030	$(0.0023)	$(0.0067)
Per share diluted	$(0.0035)	$0.0028	$(0.0023)	$(0.0067)
Trading Range of Shares				
High	$1.60	$1.91	$2.17	$1.85
Low	$1.08	$1.35	$1.57	$1.16

	Quarter ended 07/31/2010	Quarter ended 04/30/2010	Quarter ended 01/31/2010	Quarter ended 10/31/2009
Interest / other Income	$ 51,952	$ 97,548	$ 27,477	$ 72,738
Net loss	(1,327,632)	(402,065)	(198,621)	(2,064,055)
Per share basic	$(0.0150)	$(0.0046)	$(0.0022)	$(0.0184)
Per share diluted	$(0.0150)	$(0.0046)	$(0.0022)	$(0.0184)
Trading Range of Shares				
High	$1.44	$1.60	$1.75	$1.50
Low	$1.15	$1.27	$1.24	$1.06

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 the fair-market value of the Company’s marketable securities as at July 31, 2011 was a cumulative unrealized loss of $358,173.

The Q3 2011 comprehensive unrealized loss on marketable securities was $160,103, comprised of a loss on common shares of $148,497 and a loss on bonds of $11,606. The year-to-date 2011 comprehensive unrealized loss on marketable securities is $112,683.

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

Risks and Uncertainties

There have been no changes in the Company’s risks and uncertainties in the nine month period ended July 31, 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 July 31, 2011, the Company had working capital of $14.8 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 July 31, 2011 was $3.6 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 July 31, 2011 were $327,303 including $154,311 for recoverable sales taxes, which are subject to verification and normally refunded within 60 to 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 $172,992.

Accounts payable and accrued liabilities outstanding as at July 31, 2011 were $1,821,864.

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.

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 nine months ended July 31, 2011, the Company received net proceeds of $5.2 million from the issue of shares and $354,036 in government rebates. During the same period, the Company invested $8.5 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. As of July 31, 2011, the Company had spent $11,968,264 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 $352,555 in field equipment. Net book value as at July 31, 2011 was $125,446.

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 $18,900 per month salary and $1,000 per month premises rent paid to the President of the Company. Consulting fees of $630 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 proceeds of $5,339,272, if exercised. The 313,140 common share purchase warrants outstanding, with an average exercise price of $1.84, would generate 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 $375,189, which includes 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. The exercise of 630,000 stock options 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 $27,690.

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 net 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.

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 is 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 for 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 have been completed. The review and approval of the changes implemented will be finalized during the fourth 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 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

The flow-through share program is a unique Canadian income tax incentive which is 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 3855.

Future Outlook

Exploration results from drilling and trenching during the third quarter have been very successful, with many new vein discoveries well outside the known footprint of current Eau Claire gold resources. More new veins signify more potential resources. Eau Claire continues to grow with each phase of drilling.

The 850 West zone has delivered a number of high-grade intersections with continuity and significant thicknesses. Some of the more visually exciting drill intervals are still at the assay lab. Drilling within the Gap Zone has confirmed new gold-bearing veins at surface and at depth. Continued drilling both east, into the Gap Zone, and west of the 850

West Zone will focus on concurrently adding additional ounces to Eau Claire's current open-pit and underground gold resources.

Drilling at the Eastmain Mine property will also continue through the fourth quarter with the objective of delimiting gold resources.

Major institutional shareholders continue to support the efforts of the Corporation; the retail market base however, needs to be acquainted and/ or re-acquainted with the increasingly positive developments at Eastmain's key projects. With an Enterprise Value of $55 per ounce, Eastmain's growing gold assets have been undervalued by 40-80% relative to our peer group. In an effort to unleash this as yet unrecognized value, the Corporation is embarking on a massive marketing campaign, which includes professional marketing services, road-shows and presentations in a host of North American cities for the months of September, October and November. Based on ever-increasing quality ounces at Eau Claire, and continued resource potential at both deposits (Eau Claire and Eastmain Mine) during a rising gold market, tremendous upside opportunity exists for Eastmain Resources.

By all accounts Eau Claire is a clean, high-grade gold deposit with very high gold recoveries and high concentrations of potentially payable by-products, such as tellurium. Test work completed to date indicates that tellurium does not encumber gold recovery. One of the rarest metals on earth, tellurium is used in semi-conductors and ceramics, in the manufacture of solar cells, CD's, DVD's, Blu-ray disks and flash drives and to tint windows for "smart-heating." It is utilized in "phase change" memory chips that can hold large amounts of data in a small space, thereby replacing conventional memory chips. Because tellurium is gas-, pressure-, temperature- and photo-sensitive, it has numerous practical applications. It is also often alloyed with cast iron, copper and stainless steel and added to lead to prevent corrosion, but the demand from new "smart" technology applications in cell phones and computers is likely to put pressure on the world's limited supply, causing an increase in tellurium metal price.

Metallurgical test work completed at SGS Lakefield Research Limited (SGS) in 2009-2010, concluded that the mineralization at Eau Claire is soft with respect to grinding (in a ball mill) and gold recovery by gravity separation plus flotation ranged from 92 to 97%. Three cyanidation tests of gravity tailings, completed by SGS, also yielded excellent gold extractions. The finest grind material (P_{80} = 20 μm, microns) gave a leach gold extraction of 98% which, when included with the gold recovered from gravity separation, gives a combined recovery of 98.8%. Preliminary results for tellurium recovery in rougher flotation ranged from 77 to 87% [news releases Dec 3, 2009, Jan 21, 2010 and National Instrument 43-101 by P&E Mining Consultants Inc. (the "Clearwater Report") June 10, 2011 – SEDAR]. In addition, acid-base accounting and net acid generation tests completed on various feed and tailing streams generated in the metallurgical program, clearly indicated that samples did not generate acid mine drainage.

Successful discovery and growth of an ore deposit is not just a simple matter of adding more drills to a project. Most exploration projects will not become ore deposits, the few that do require a thorough scientific approach, hard work, a few disappointments along the way, perseverance and a good fortune! In the opinion of management our Clearwater Project has an excellent chance of becoming another stand-alone mining operation in the emerging mining district of James Bay, Québec.

Subsequent event

The company has optioned a 50% interest in the Radisson project to Honey Badger Exploration Inc. for consideration of $50,000 and 5 million shares of Honey Badger, conditional upon the completion of $2.5 million in exploration expenditures and a minimum of 6,000 metres of drilling within three years. A second option to acquire an additional 10% interest in the property has also been granted to Honey Badger. Exercise of the second option requires a payment of $50,000 and additional exploration expenditures of $2.5 million, including 6,000 metres of drilling, within a period of two years.

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 July 31, 2011. There were no changes during the three months ended July 31, 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.

Footnotes:

1) *Measured & Indicated Resources (which may potentially be extracted by both open and underground mining methods) of 3,354,000 tonnes containing 632,000 ounces gold @5.86 g/t gold uncapped – Eau Claire NI43-101 NR Apr 26, 2011*

2) Inferred Resources *(which may potentially be extracted by both open and underground mining methods)* of 5,322,000 tonnes containing 1,020,000 ounces gold @ 6.06 g/t gold uncapped – *Eau Claire NI43-101 NR Apr 26, 2011*

3) *Near-surface Open Pit Measured & Indicated Resources for Eau Claire (only that portion of the Eau Claire deposit that could potentially be mined by open-pit methods): 2,729,000 tonnes containing 502,000 ounces @5.72 g/t gold — Eau Claire NI43-101 NR Apr 26, 2011; NR May 19, 2011*

4) *255,750 ounces gold – Measured & Indicated Historical Non-NI43-101 Compliant Resources at Eastmain Mine (Campbell 2004 AR) and should not be relied upon. A qualified person from Eastmain has not done sufficient work to classify the historical estimate as current mineral resources, and therefore the historical estimate should not be treated as current mineral resources.*

CORPORATE INFORMATION

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President, CEO, Director

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Exploration Manager

Jay Goldman, BA, MBA, LLB
Corporate Secretary

Ian J. Bryans, B.A.*
Director

John A. Hansuld, Ph.D.*
Director

David K. Joyce,
Director

William L. Koyle *
Lead Director

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Chief Technical Advisor

Neil Hillhouse, Ph.D.
Special Advisor

Jacques Bonneau, P. Eng., M.Sc.
Special Advisor

Dr. Ted Moses, (former Grand Cree Grand Chief)
Special Advisor

Chad Steward
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SHARES LISTED

Symbol: ER
The Toronto Stock Exchange

SHARE STRUCTURE (as at Sept 14, 2011)

Issued: 94,968,933
Options: 4,909,605 ($4,339,272)
Warrants: 313,140 ($576,309)

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