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 audited consolidated financial statements (the “consolidated financial statements”) of Eastmain Resources Inc. (the “Company” or “Eastmain”) for the year ended October 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.

DATE
This management’s discussion and analysis is dated January 30, 2012.

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

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

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

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

OVERALL PERFORMANCE
Share-price performance and Global Metal Prices
Although the price of gold increased by 12% in 2011, the junior mining market sector was hit with lower investor confidence and sells-off of up to 50%, leaving many companies, including Eastmain, with enterprise values per resource ounce of gold (EV/oz) at levels comparable to those of April 2011. However, the Company’s fundamentals remain strong. Our prime asset, the Eau Claire gold deposit, grew by over 62% with the April resource calculation. Continued exploration in 2011 also led to the discovery of several new near-surface, high-grade zones with wide intervals of gold mineralization, located well outside the known limits of the existing resource. Many of these zones are expected to add to Eau Claire’s open-pitatable resources.
Institutional interest in Eastmain remains high, with institutions lending support on the open market as well as through private placement proceeds. Subsequent to year-end, management was able to procure a $5.75M placement at an 80% premium to the share price. The Company has sufficient funds to continue with a $10M exploration program for 2012, which will include 50,000 metres of drilling.

During 2011, the Company was also able to acquire all outstanding royalty interests held against its flagship Clearwater property. Now Eastmain will be able to command sliding-scale royalties on any sale of its assets at Clearwater.

Relative to other mining districts, Quebec is still regarded as one of the most mine-friendly places in the world. Clearwater has permanent road access to its doorstep and power nearby, while the initiation of Quebec's "Plan Nord" is expected to provide much welcomed access and infrastructure to our 100%-owned Eastmain Mine property.

As of January 18, 2012, Laurentian Securities, Macquarie Equities Research, Rodman & Renshaw and Casimir Capital are all recommending that their clients buy Eastmain, with a target price ranging from $2.25 to $2.82.

**Historical Trading Multiples Analysis**

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

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**Discovery and resource expansion are the ultimate value drivers for the Corporation. Our near-term priority is to expand the size of the open-pitable resources beyond the limits of the current resource estimate.**

2011 Exploration results were extremely positive.

**2011 Exploration Highlights**

**Clearwater Project**

850 West Zone

- Drilling has intersected multiple gold-tellurium-bearing veins comparable to those found within Eau Claire, over an area 400 metres long to a depth of more than 300 metres;
- The 850 West Zone coincides with a topographic high, with multiple high-grade and wide intervals of gold mineralization located within 200 metres of surface and therefore potentially amenable to open pit extraction;
- Visible gold occurs in over one-third of the drill holes and was discovered within channel samples from trenching; and
- The limits of the 850 West Zone are open laterally to the west, north and at depth.

**Gap Zone**

- Gold mineralization has been intersected both near surface and at depth in several drill holes completed in the "Gap" between the 450 West and 850 West Zones; and
• Drill holes 308, 309 and 314 intersected both high-grade and wide gold-bearing intervals at 200 metres below surface, suggesting that at least locally the 450 West and 850 West Zone are connected at depth.

Other targets

• Regional prospecting and trenching discovered new quartz-tourmaline veins, including the Conrad Zone, Valli Veins, Dobbelsteyn Veins and Pascal target north, south and west of the Eau Claire gold deposit; and

• The Pascal target and Dobbelsteyn veins are 500 metres west and along trend of the 850 West Zone. Rock samples from the Pascal target assayed up to 66.5 g/t Au, representing a priority exploration target.

Eastmain Mine Project

• Several drill holes completed in the A, B and C Zones during the 2011 program intersected gold mineralization within the main mine horizon at depth;

• Plan Nord – The Quebec government has made a commitment to create new infrastructure to develop the north which will enhance the value of our assets in the vicinity of the Eastmain mine and Ruby Hill projects.

Radisson Project

• The Corporation received $50,000 cash and 5 million shares of Honey Badger Exploration Inc. as well as a commitment of $2.5 million in future exploration expenditures to advance the Radisson project.

EXPLORATION PROPERTIES

Clearwater Project

The Clearwater Project, which is located in James Bay, Quebec, in close proximity to the EM-1 power facility and connected to Hydro Quebec's road network, hosts the Eau Claire gold deposit. The most recent NI 43-101 compliant resource update was completed in April 2011, indicating a 62% increase in total gold resources. After assessing the Clearwater data and comparing Eau Claire to hundreds of other deposits, P&E Mining Consultants who completed the NI 43101 compliant resource calculation, suggested the Eau Claire deposit would be amenable to both open pit and underground mining operations. Therefore, through the expertise of P&E the Eau Claire resource calculation was presented as both high-grade open pit and underground resources (Table 1).

Eau Claire Gold Deposit – Resource Estimate

Table 1
Open Pit (Pit) and Underground (UG)Resources

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<thead>
<tr>
<th></th>
<th>0.5 g/t</th>
<th></th>
<th></th>
<th>Capped**</th>
<th>Uncapped</th>
<th>Capped**</th>
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<tr>
<td>Pit Cut Off</td>
<td>Tonnes</td>
<td>Au g/t</td>
<td>Au g/t</td>
<td>Au oz.</td>
<td>Au oz.</td>
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<td>Measured (M)</td>
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<td>6.73</td>
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<td>Indicated (I)</td>
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<td>M &amp; I</td>
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<td>UG Cut Off</td>
<td>Tonnes</td>
<td>Au g/t</td>
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<td>Total Pit &amp; UG</td>
<td>Capped** Tonnes</td>
<td>Au g/t</td>
<td>Uncapped Tonnes</td>
<td>Au g/t</td>
<td>Capped** Au oz.</td>
<td>Uncapped Au oz.</td>
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- Open Pit resources are confined to the upper 200 metres of the Eau Claire Deposit using a 0.5 gram per tonne gold (g/t Au) cut-off grade and based on $1100 gold price;
- Open Pit resources include an average of 3,000 ounces per vertical metre;
- Open Pit resource grades are 3 to 5 times higher than most open pit operations in Canada; and
- Underground resources were calculated based on a 2.5 g/t Au cut-off grade.

**2011 Exploration Highlights**

Subsequent to the resource calculation, drilling in late 2010 detected gold-bearing veins at the 850 West zone in a different orientation than those found within the main Eau Claire (450 West) deposit. Drill holes ER10-266 to ER10-282 (even numbers only) were collared to test the 850 West Zone from north to south, or a 160° rotation, from previous drill holes. Each of these holes intersected gold-bearing quartz-tourmaline vein material near surface with assays up to 6.97 g/t Au and 13.17 g/t Te over 5.0 metres in hole ER10-268.

In 2011 the program continued at the 850 West and Gap Zones with two drill rigs completing 68 holes (26,320 metres) in the area. This program generated significant gold bearing intercepts over a length of 400 metres and from surface to vertical depths of 300 metres. The footprint of the Eau Claire vein system now extends for 2,000 metres in length by more than 300 metres in width and has been tested to a depth of 900 metres below surface. Visible gold was observed in 25 drill holes and one trench during 2011; all well outside the limits of the previous resource estimate.

**Assay Highlights**

- 284 9.25 g/t Au over 4.3 m
- incl. 22.6 g/t Au over 1.5 m
- 287 6.95 g/t Au over 13.5 m
- incl. 60.5 g/t Au over 1.5 m
- 298 17.9 g/t Au over 12.2 m
- incl. 23.9 g/t Au over 9.1 m
- 303 7.30 g/t Au over 10.5 m
- incl. 23.4 g/t Au over 2.5 m
- 305 3.80 g/t Au over 17.0 m
- incl. 19.5 g/t Au over 2.5 m
- 308 5.82 g/t Au over 16.5 m
- incl. 25.1 g/t Au over 3.5 m
- 309 15.5 g/t Au over 3.5 m
- incl. 35.7 g/t Au over 1.5 m
- 310 3.38 g/t Au over 17.0 m
- incl. 35.6 g/t Au over 1.0 m
- 314 19.2 g/t Au over 2.0 m

Drilling between the 450 West and 850 West Zones in the "Gap" area has intersected wide zones of low-grade gold mineralization near surface, as well as several high-grade intervals at depth in holes 308, 309 and 314. These intercepts indicate that the 450 West and 850 West Zones are part of the same mineralizing system and at least locally they are connected at depth. Both the 450 West and the 850 West Zones are extremely enriched gold and tellurium. Not only is the chemical signature of the two areas similar, but the structural style of veining is also mirrored in the two zones, providing further evidence that these two zones represent part of the same substantially robust gold system.
New Discoveries

Several new vein discoveries were made at Clearwater in 2011 through prospecting, trenching and drilling. These discoveries include: the Conrad Zone; MatSky Vein; Stephanie Vein; Sophie Vein; Rebecca Zone; Dobbelsteyn Vein, Valli Veins and Pascal Veins. Both the Dobbelsteyn and Pascal occurrences were found in the late fall through prospecting and are located along trend 500 metres west of the 850 West Zone.

The MatSky Vein detected near surface in multiple drill holes within the Gap Zone contains visible gold. The Stephanie Vein was also intersected in drilling within the Gap Zone at depth. Assays from the Stephanie Vein include up to 15.5 g/t Au and 19.9 g/t Te over 3.5 metres in hole 309 and 19.2 g/t Au and 88.8 g/t Te over 2.0 metres in hole 314.

The Sophie Vein, which contains multiple occurrences of visible gold, was detected in drilling at depths of about 300 metres within the 850 West Zone. The Rebecca Zone, which is also located within the 850 West corridor, is represented by a 10-metre-wide trench section of altered rock and quartz-tourmaline veins containing abundant visible gold.

The Valli Veins consist of a stacked set of laminated quartz-tourmaline veins exposed by trenching 400 metres south of the Eau Claire deposit. And the Conrad Zone occurs immediately north of the Eau Claire deposit and may represent the up-dip equivalent of the T-Veins.

Many of these new discoveries which were found through prospecting and trenching, including the Conrad Zone, Valli Veins, Dobbelsteyn and Pascal targets have not been drill tested. Each of these new zones will be drill-tested in 2012.

2012 Exploration Program

A 40,000-metre $7M drill program has been allocated for the Clearwater Project. The top priority will be to expand and define gold resources amenable to open pit extraction. Prospecting, trenching and drilling will continue along the key horizon extending laterally in both directions from the Eau Claire deposit.

The Company's investment in the Clearwater Project to October 31, 2011 is $21,524,891

Clearwater Royalty

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

Eastmain Mine Property

The Eastmain Mine project comprises 152 mineral claims and one mining license located in the Upper Eastmain River Greenstone Belt of James Bay, Québec. The Eastmain Mine project, which hosts the Eastmain gold deposit, a copper-gold-silver, sulphide-rich deposit, consisting of three high-grade, gold-rich zones known as the, “A”, “B” and “C” Zones, containing historical resources of 255,750 ounces of gold 1, is in the target definition and drilling stages of exploration. The Company’s exploration focus at Eastmain is the expansion of known resources and discovery of a second deposit regionally along the extensive 10 kilometre-long mine trend.

Earlier work by the Company confirmed the A and B Zones, which were thought to extend to 300 metres vertical depth, actually continue laterally and vertically beyond the limits of historical drilling and mine development. The footprint of the Eastmain Mine deposit has been traced for a length of at least 1.8 kilometres and occurs at the break between two volcanic rock formations, where major deformation and mineralizing events deposited significant quantities of gold, silver and copper.

109 historical drill holes within the A and B Zones contain an average grade of 18.9 g/t gold (0.55 ounces per ton), 15.9 g/t silver and 0.24% copper across an average thickness of 3.93 metres. The most significant drill intersection in the deposit to date, contains an average grade of 53.28 g/t Au, 59.2 g/t silver and 0.20% copper across 13.2 metres at a vertical depth of approximately 170 metres within the B Zone (hole 332045).

28 NQ drill holes were completed in 2011 within the A, B and C Zones at the Eastmain Mine property for a total of 13,060 metres, drilled to test extensions of these historic zones. Drill hole EM11-52 intersected two gold-bearing horizons within the A Zone, including a two-metre-wide upper zone grading 5.04 g/t Au and 0.38% copper at a down-hole depth of 424 metres, and a 5.5-metre main zone interval of 5.84 g/t Au and 0.26% copper at a depth of 443 metres. Visible gold was observed in five drill holes during the 2011 drill program. At least one drill hole from each of the three known mineralized zones contains visible gold. Assays are pending.
The Québec government recently reported that a Certificate of Authorization has been granted for the construction of the Route 167 extension highway. Part of Québec’s “Plan Nord”, the Route 167 extension will provide permanent road access from the communities of Chibougamau and Mistissini to the Eastmain Mine property and beyond. This new infrastructure will stimulate exploration in the region and significantly improve project logistics by reducing transportation costs.

A $1-million exploration program, including mapping, prospecting and 3,000 metres of diamond drilling has been allocated for 2012. The focus of the 2012 program will be target definition for future drilling.

The Company’s total investment in the Eastmain Mine project to October 31, 2011, is $10.9 million.

1) 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.

Éléonore South Joint Venture

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

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

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

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

The Éléonore South exploration cost sharing program operates on a fiscal year as determined by committee. In October of 2011, the joint venture partners agreed to a modified interim budget, which would include compilations and 3-D modeling of work completed to date in order to better identify future drill targets. Eastmain has allocated up to $1 million for the property for 2012.

The Company’s investment in the project to October 31, 2011 is $4.8 million

Reservoir Project

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

The Reservoir project is in the target-definition and early-drilling stage. Previous drilling by the Company includes intervals which assayed up to 8.0 g/t gold, 23.5 g/t silver and 4.21% copper. Surface channel samples included up to 36 g/t gold, 52 g/t silver and 5% copper. Although a $1-million exploration program, including 5,000 metres of drilling, was recommended for 2011, work could not be carried out due to the unavailability of drilling rigs and crew. The Company has proposed that the 2011 program and budget be carried over to 2012.

The Company’s investment in the project to October 31, 2011 is $0.4 million.

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 October 31, 2011 is $1.8 million.

**Radisson Project**

The Radisson property comprises 207 mineral claims covering approximately 10,698 hectares located within the La Grande Greenstone Belt district of James Bay, Québec. The property straddles a similarly-aged structural and stratigraphic setting, near a break between complex volcanic and sedimentary rocks, to the setting at Goldcorp’s Roberto Gold deposit. Historic gold discovered within well-developed iron formations on the property suggest that Radisson may also be prospective for Lupin-style (Northwest Territories) gold mineralization.

The Radisson project is in the early exploration stage. Previous work by Eastmain and others has confirmed high potential for gold discovery on the Radisson Project. Work completed by Noranda in the early 1990’s uncovered an eight-kilometre-long, gold-bearing trend with channel samples ranging from 5.4 to 9.8 g/t gold. Other historic work in the project area has delineated a polymetallic gold-silver-copper-lead-zinc occurrence, which contains up to 34 gpt gold and 340 gpt silver.

In August of 2011 Eastmain Resources Inc. signed a Letter of Intent with Honey Badger Exploration Inc. (HBE), granting HBE an option to earn a 50% interest in the Radisson property, in exchange for a cash payment of $50,000, issuance of 5 million common shares of HBE to Eastmain and work expenditure commitments of $2.5 million, including 6,000 metres of drilling, over a three-year period. Upon earning a 50% interest in the property, HBE, as project operator, will have a one-time 60-day option to acquire an additional 10% interest in the project by making two additional cash payments of $50,000 and spending an additional $3.0 million in exploration, including at least a minimum of 6,000 metres more drilling.

To date Honey Badger Exploration Inc. has made its initial cash payment and issued 5 million common shares to Eastmain. HBE’s 2011 exploration program consisted of collecting 4,915 B-horizon soil samples and 323 rock samples over an area of approximately 30.6 square kilometres, and completing roughly 168,575 line kilometres of ground magnetic surveys in preparation for drilling.

The Company’s investment in the project to October 31, 2011 is $0.1 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-sized 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). These projects are available for option or joint venture.

The carrying value of the Company's investment in all other projects to October 31, 2011 is $1.8 million.

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. 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.

The Company has written-down the carrying value of its investment in this project to $0.6 million.

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 October 31, 2011 compared to the three months ended October 31, 2010

Net loss for the quarter ended October 31, 2011 was $742,330, an increase of $148,959 over the three months ended October 31, 2010, or a 25.1% greater loss than 4th quarter 2010.

• General and administrative expenses decreased by $90,133 (35.8%).
• The quarter-end loss included a mineral property write-down of $634,142. $60,961 (8.7%) less than the quarter ended October 31, 2010. (See mineral properties write-down for the year below).

Year ended October 31, 2011 compared to the year ended October 31, 2010

Net loss for the year ended October 31, 2011 was $997,386, a decrease of $1,524,303 over the year ended October 31, 2010, which included a mineral property write-down of $1,671,493.

• General and administrative expenses decreased by $82,941 (10.0%).
• Stock option Compensation charged to the statement of operations increased by $37,878 (9.0%).

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 without having to having sell stock. The Black-Scholes value associated with extending 250,000 stock options was $297,500, of which $44,600 was charged to operations and $252,900 was charged to Management Discussion and Analysis.
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 7 to the audited 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

<table>
<thead>
<tr>
<th>2011 Stock Options</th>
<th>Options Granted</th>
<th>Black-Scholes Value</th>
<th>Operating Expenditures</th>
<th>Deferred Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>250,000</td>
<td>$224,250</td>
<td>$224,250</td>
<td>-</td>
</tr>
<tr>
<td>Officers</td>
<td>450,000</td>
<td>$274,050</td>
<td>$144,637</td>
<td>$129,413</td>
</tr>
<tr>
<td>Service Providers</td>
<td>200,000</td>
<td>$419,300</td>
<td>$88,753</td>
<td>$330,547</td>
</tr>
<tr>
<td></td>
<td>900,000</td>
<td>$917,600</td>
<td>$457,640</td>
<td>$459,960</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2010 Stock Options</th>
<th>Options Granted</th>
<th>Black-Scholes Value</th>
<th>Operating Expenditures</th>
<th>Deferred Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>250,000</td>
<td>$202,250</td>
<td>$202,250</td>
<td>-</td>
</tr>
<tr>
<td>Officers</td>
<td>450,000</td>
<td>$321,750</td>
<td>$169,812</td>
<td>$151,938</td>
</tr>
<tr>
<td>Service Providers</td>
<td>300,000</td>
<td>$214,500</td>
<td>$92,950</td>
<td>$121,550</td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
<td>$738,500</td>
<td>$465,012</td>
<td>$459,960</td>
</tr>
</tbody>
</table>

- Mineral properties write-down decreased by $1,037,351 (62.1%). During the year ended October 31, 2010 the Company wrote off a substantial portion of its holdings in base metal claims in Ontario recognizing its intention to focus on gold exploration in Québec. An additional 50% of the remaining balance was written off in 2011.

- Recovery of a future income tax liability decreased by $441,778. The recovery of future income tax liabilities in the income statement is related to the difference between the book value of the Company’s assets compared to the carrying value for tax purposes.

- Interest and other income increased by $25,538 (9.0%) as a result of a higher average cash balance on hand during the current year.

SELECTED QUARTERLY INFORMATION

<table>
<thead>
<tr>
<th>Quarter ended</th>
<th>Quarter ended</th>
<th>Quarter ended</th>
<th>Quarter ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/31/2011</td>
<td>07/31/2011</td>
<td>04/30/2011</td>
<td>01/31/2011</td>
</tr>
<tr>
<td>Interest / other Income</td>
<td>$60,589</td>
<td>$60,488</td>
<td>$68,148</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$(742,330)</td>
<td>$(327,661)</td>
<td>$283,637</td>
</tr>
<tr>
<td>Per share basic</td>
<td>$(0.0079)</td>
<td>$(0.0035)</td>
<td>$0.0030</td>
</tr>
<tr>
<td>Per share diluted</td>
<td>$(0.0079)</td>
<td>$(0.0035)</td>
<td>$0.0028</td>
</tr>
<tr>
<td>Trading Range of Shares</td>
<td>High $1.41</td>
<td>$1.60</td>
<td>$1.91</td>
</tr>
<tr>
<td></td>
<td>Low $0.98</td>
<td>$1.08</td>
<td>$1.35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter ended</th>
<th>Quarter ended</th>
<th>Quarter ended</th>
<th>Quarter ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/31/2010</td>
<td>07/31/2010</td>
<td>04/30/2010</td>
<td>01/31/2010</td>
</tr>
<tr>
<td>Interest / other Income</td>
<td>$85,736</td>
<td>$51,952</td>
<td>$97,548</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(593,371)</td>
<td>$(1,327,632)</td>
<td>$(402,065)</td>
</tr>
<tr>
<td>Per share basic</td>
<td>$(0.0067)</td>
<td>$(0.0150)</td>
<td>$(0.0046)</td>
</tr>
<tr>
<td>Per share diluted</td>
<td>$(0.0067)</td>
<td>$(0.0150)</td>
<td>$(0.0046)</td>
</tr>
<tr>
<td>Trading Range of Shares</td>
<td>High $1.85</td>
<td>$1.44</td>
<td>$1.60</td>
</tr>
<tr>
<td></td>
<td>Low $1.16</td>
<td>$1.15</td>
<td>$1.27</td>
</tr>
</tbody>
</table>
COMPREHENSIVE INCOME (LOSS)

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

The periodic revaluation of the Company’s marketable securities from historical cost to fair-market value October 31, 2011 results in a cumulative unrealized loss of $574,307.

The Q4 2011 comprehensive unrealized loss on marketable securities was $167,271, comprised of a loss on common shares of $175,717 and a gain on bonds of $8,446. The year-to-date 2011 comprehensive unrealized net loss is $330,608.

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 from those described in the 2011 audited annual financial statements or the most recent 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 October 31, 2011, the Company had working capital of $10.9 million and no long-term debt. The Company maintains a high liquidity by holding a large cash balance in an interest-bearing bank account. At October 31, 2011 the Company held investments of $1.2 million valued at fair-market with maturities extending beyond 1 year. 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.

Accounts receivable as at October 31, 2011 were $1,186,694 including $755,235 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 $431,459.

Accounts payable and accrued liabilities outstanding as at October 31, 2011 were $4,339,427.

The Company has an estimated $1.1 million in mining duty rebates recoverable from the Province of Québec for qualified expenditures in respect of the fiscal years ended October 31, 2010 and 2011. 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 year ended October 31, 2011, the Company received net proceeds of $5.2 million from the issue of shares and received $0.7 million in government rebates. During the same period, the Company invested $8.1 million in claim maintenance and exploration of mineral resource properties. The Company’s base operating cost is approximately $68,000 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’s commitment to spend $13,401,000 in Québec flow-through expenditures by December 31, 2011 in respect of flow-through shares issued in 2010 was fulfilled as of October 31, 2011. The Company has undertaken an
additional obligation of $5,862,520 with respect to flow-through expenditures for common shares issued in December 2011, which must be completed by December 31, 2012.

CAPITAL RESOURCES

The Company, as typical of junior exploration companies, has only a small investment in capital resources which is comprised of $49,561 in computer equipment and field equipment of $342,569. Net book value as at October 31, 2011 was $114,123.

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 January 30, 2012, there are 97,717,874 common shares outstanding; 4,859,605 share purchase options; and 360,926 common share purchase warrants outstanding.

The 4,859,605 options outstanding, with a weighted-average exercise price of $1.09, would generate in proceeds of $5,300,272, if exercised. The 360,926 common share purchase warrants outstanding, with an average exercise price of $1.65, would generate in proceeds of $594,097, 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. Stock options exercised contributed another $453,600.

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

In March 2011, the Company purchased the 2% net smelter royalty on the Clearwater property for 1,000,000 common shares valued at $1,720,000 using the five-day volume-weighted average trading price and a cash payment of $1,000,000. Issue costs were $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 were no changes in accounting policy during the year ended October 31, 2011.

FUTURE ACCOUNTING PRONOUNCEMENTS

Business Combinations and Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements and Section 1602 Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 – Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600 Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements and applies to both interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is the equivalent to the corresponding provisions of IFRS IAS 27 – Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards and expects to adopt the standards November 1, 2011.

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 was to be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will issue its first annual and interim consolidated financial statements prepared under IFRS for the fiscal year ended October 31, 2012 and the three months ended January 31, 2012 respectively with IFRS compliant comparative information.

The four phases of the Company’s IFRS transition plan are as follows: scoping and planning ("phase 1"), detailed assessment ("phase 2"), operations implementation ("phase 3"), and post implementation ("phase 4"). Phases 1, 2 and the first stage of phase 3, the design of business, reporting and system processes to support the compilation of
IFRS compliant financial data for the opening balance sheet November 1, 2011, have been completed. The implementation of changes to the reporting system and processes to support preparation of the IFRS opening balance sheet at November 1, 2011 has been completed. Phase 4 will be carried out throughout fiscal 2012.

**Impact of adopting IFRS on the Company’s Financial Statements**

The adoption of IFRS has created some changes to the Company’s accounting policies that apply to 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 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 having the most significant differences.

**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. Those currently treating exploration expenditures as operating expenses or those opting to write-off their deferred exploration expenditures are 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 and election under IFRS will be 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.

**Share-based Payment**

Under certain circumstances, IFRS requires a different measurement than Canadian GAAP of security-based compensation related to stock options. Changes to accounting policies in compliance with IFRS on share-based payments do not result in any significant change to the Company’s financial statements.

**Property and Equipment**

IFRS guidance related to recognition and measurement of property and equipment contains differences to Canadian GAAP. Changes to accounting policies in compliance with IFRS on recognition and measurement of property and equipment do result in any significant change to the Company’s financial statements.

**Income Taxes**

Under certain circumstances, IFRS contains different requirements related to the recognition and measurement of future income taxes. Under IFRS the Company’s future income tax liability will be attributed to shareholders’ equity.

**Flow-through Shares**

The flow-through share program is a unique Canadian income tax incentive which is subject to specific guidance under Canadian GAAP. Under IFRS the foregone tax benefits renounced to investors being the premium paid for the flow-through shares will be recognized as a liability, which is reduced and recorded as a recovery to the account of deferred mineral exploration costs on a pro rata basis, to the corresponding eligible exploration expenditures incurred.

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

The focus of the Company is the exploration and development of its core gold assets located in James Bay, Québec. Endowed with a vast array of mineral deposits, complimented by essential mine-building infrastructure, including roads, power and communications, all of which is supported by provincial financial incentives, Québec remains one of the best places in the world to explore. Québec’s “Plan Nord” provides even greater economic stimulus to the James Bay region while validating the early work of intrepid explorers like, Eastmain, who recognized the huge potential of this mineral-laden northern district.

Our $10-million 2012 exploration budget continues to reflect the Company’s commitment to gold exploration in the James Bay area of Québec. With a minimum of 40,000 metres of drilling planned at Clearwater, our effort will be focused on expanding near-surface, open-pitable resources west and north of the current deposit and making new discoveries.

10,000 metres of drilling has been proposed for Eastmain mine, Éléonore South and Reservoir, with an allocation of approximately 3,000 metres for each project.

Surface exploration, including prospecting, trenching, and 3-D modeling of current results will aid in target generation and definition at all four properties.

Our commitment begins with the recognition and training of our exploration team. Each year our team of highly skilled explorationists undergoes specific field and data training before the start of each summer field program. Management believes that such practices will not only encourage a long-term commitment to the Company but also foster excellent team-building skills, while providing valuable opportunity for knowledge-based geologic think tanks. Eastmain Resources Inc. Is Exceptional People, Projects, and Partners.

SUBSEQUENT EVENTS

On December 2, 2011 the Corporation entered into a private placement agreement consisting of 2,615,441 flow-through shares at a price of $2.20 per share (approximately an 80% premium to market) for aggregate gross proceeds of $5,753,970. The shares are subject to a hold period of four months. Finder's fees for the placement agent are equal to 6% of the gross proceeds of the financing as well as non-transferable broker-warrants entitling the agent to purchase 156,926 ordinary common shares at $1.40 per share for a period of 18 months from the closing date. In accordance with income tax legislation, the Company will renounce resource expenditure tax deductions equal to the eligible amount spent, to a maximum of $5,573,970, on December 31, 2011 for activities funded by this flow-through share arrangement as described in Note 6(iv). Under Canadian GAAP, the transaction will result in a future income tax liability and a corresponding reduction of share capital, in the period when the renunciation occurs (second quarter of fiscal 2012) to a maximum of approximately $1,594,000.

On December 29, 2011 the Corporation completed a non-brokered private placement with directors, officers and service providers consisting of 83,500 flow-through shares at a price of $1.30 per share for aggregate gross proceeds of $108,550. The shares are subject to a hold period of four months. Under Canadian GAAP, the transaction will result in a future income tax liability and a corresponding reduction of share capital, in the period when the renunciation occurs (second quarter of fiscal 2012) to a maximum of approximately $31,000.

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 PRECEDURES

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 Management Discussion and Analysis Eastmain Resources Inc.
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 October 31, 2011. There were no changes during the three months ended October 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.