EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Eastmain Resources Inc. ("Eastmain" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended October 31, 2012. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual Consolidated Financial Statements of the Company for the year ended October 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and for comparison, audited annual Consolidated Financial Statements of the Company for the year ended October 31, 2011, and all related notes thereto.

Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the years presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at January 29, 2013, unless otherwise indicated.

As of November 1, 2011, Eastmain adopted IFRS. The Consolidated Statements of Financial Position for the years ended October 31, 2012, October 31, 2011, and November 1, 2010, the Company's transition date to IFRS, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Readers of this MD&A should refer to "Changes in Accounting Policies" below for a discussion of IFRS and its effect on the Company's financial presentation.

The comparative financial information for fiscal 2011 in this MD&A has been restated to conform to IFRS, unless otherwise stated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Eastmain common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Financial Statements are available at www.sedar.com and the Company's website www.eastmain.com.

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 January 29, 2013.

Company 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 metallic resource properties within Canada. The Company's primary focus is exploration for precious metals in the Eastmain and Opinaca geologic Subprovinces of James Bay, Québec, a region that is extremely rich in mineral deposits.

The Company has a pipeline of high-potential exploration properties covering over 1200 km^2 within this new and fertile mining district. Eastmain holds 100% interest in two high-grade gold deposits – Eau Claire and the Eastmain Mine, both located within the Eastmain River Greenstone Belt, in the James Bay district of Québec. The Company also holds approximately 37% interest in, and manages exploration of, the Éléonore South project, a mineral exploration joint venture located within the Opinaca Subprovince, immediately south of Goldcorp Inc.'s ("Goldcorp") Éléonore Project (Roberto gold deposit).

Scheduled to begin producing in late 2014, Goldcorp forecasts annual gold production at Éléonore of 600,000 ounces, upon reaching full production (Goldcorp website). With cash costs projected to be below $400 per ounce over an expected mine life of 15 years, the Roberto Deposit will be one of the largest, lowest-cost mining operations in Canada.

Launched by the government of Québec in May 2011, "Plan Nord", an initiative to make the vast James Bay territory more accessible to the development of mining and tourism, is one of the biggest economic, social and environmental projects in the history of Québec. 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. Pre-construction activities began late in 2011. The road is expected to reach the Mine property by late 2013.

Significant Events

- In the spring of 2012, road building crews began work on Plan Nord's extension of Route 167 and rented the Eastmain Mine facility from the Company as a base of operations;
- In September 2012 the Company exercised its right of refusal to purchase a 2% NSR on all production in excess of 250,000 ounces of gold at the Eastmain Mine;
- An updated NI 43-101 mineral resource, prepared by P&E Mining Consultants Inc. ("P&E") in October 2012, confirmed that drilling completed in 2011, along with 9 holes from 2010, favourably expanded the size of potential Open Pit resources at Eau Claire;
- The updated calculation estimated that the Eau Claire Deposit contains a combined Measured and Indicated Resource of 4.87 million tonnes with an average grade of 4.60 grams per tonne gold (g/t) for 721,000 ounces of gold (4.94 million tonnes containing 780,000 ounces at 4.91 g/t gold uncapped*). In addition, 6.4 million tonnes with an average grade of 5.45 g/t gold, classified as Inferred Resources, contain 1,122,000 ounces of gold (6.5 million tonnes containing 1,148,000 ounces at 5.48 g/t gold uncapped*);
- The Eau Claire resource contains 579,000 ounces gold (635,000 ounces gold uncapped*) of potentially Open Pitable Measured and Indicated resources at an average grade of 4.32 g/t gold (4.67 g/t gold uncapped), and potentially Open Pitable Inferred resources at an average grade of 2.50 g/t gold (2.68 g/t gold uncapped*) contain 192,000 ounces gold (213,000 ounces gold uncapped*);
- The estimate also included Measured and Indicated potentially mineable Underground resources at an average grade of 6.29 grams per tonne gold (6.37 g/t gold uncapped*) containing 142,000 ounces gold (145,000 uncapped*) and Inferred potentially mineable Underground resources at an average grade of 7.20 g/t gold (7.20 g/t uncapped*) containing 929,000 ounces gold (935,000 ounces gold uncapped*);
- Sensitivity analysis on the resource model using different gold cut-off grades demonstrated there is in excess of one million total ounces of high-grade gold contained within the Measured and Indicated resource category at all grade sensitivities. At a 4.0 g/t cut-off there is a Measured resource of 976,000 tonnes at 10.62 g/t yielding 334,000 ounces of gold (capped) or an uncapped Measured resource of 1,021,000 tonnes at 12.28 g/t for 404,000 ounces of gold. An Inferred mineral resource at a 4.0 g/t cut-off consists of 611,000 tonnes containing 319,000 ounces of gold at 16.2 g/t capped grade or 325,000 ounces of gold at 18.2 g/t uncapped;
- During 2012, the Corporation completed 107 drill holes totaling 41,065 metres of drilling at Clearwater, focused on expanding near-surface gold resources in the Eau Claire gold deposit. This drilling has not been included in any resource estimate;
- 2012 drilling combined with 3D modeling of the deposit indicates that the 450 and 850 West Zones are part of a continuous gold-bearing system, which has now been defined well the beyond the limits of the current resources to the north, west and at depth;
- Over 100 drill intersections from the 2012 program exceed current resource cut-off grades and thicknesses;
- Drilling campaigns previously planned for the Eastmain Mine, Eleonore South and Reservoir projects were deferred to 2013;
- In December 2012, the Company raised $7.6 Million.

Exploration and Evaluation Activities

Clearwater

Eastmain Resources Inc. owns 100% interest in the Clearwater Property, host to one of five known gold deposits in the James Bay region of Québec. Surface trenching and diamond drilling have outlined a gold resource in excess of 11 million tonnes, containing approximately 721,000 ounces of Measured and Indicated gold resources and 1.12 million ounces of Inferred gold resources. The Eau Claire gold deposit consists of a quartz-tourmaline vein complex, traced for 2.0 kilometres in length and to a vertical depth of 900 metres. The deposit is open laterally and at depth. In excess of 100 holes drilled in 2012 to expand the gold deposit will be added to a future resource.

The Eau Claire gold deposit is located 2.5 kilometres from Hydro Quebec's road network and five kilometres from the power grid. Gold resources at Eau Claire have been estimated for both potentially open pitable and underground extraction methods. At 4.91 g/t gold (uncapped), the Open Pit resource grade makes Eau Claire one of the highest-grade potentially open-pitable, undeveloped gold projects in North America. Over the past 24 months, Eastmain has focused on expanding gold resources potentially amenable to extraction by open pit methods. By the end of 2012 the footprint of the potential Open Pit resource area had doubled.

At Eau Claire, definition drilling has outlined two mineralized zones (450 West and 850 West) which coincide with two major structural shear zones. Two styles of gold mineralization are evident. Wide zones of lower-grade gold mineralization range from 0.5 to 3.0 grams per tonne over thicknesses of 5.0 to 25 metres while bonanza-style, high-grade feeder veins range from 10 to more than100 grams gold per tonne over 0.5- to 4.0-metre-wide intervals.

Eau Claire is enriched in gold-tellurium-bismuth-molybdenum and silver (Au-Te-Bi-Mo-Ag), which form a distinct chemical signature, occurring in quartz-carbonate-tourmaline veins, and alteration zones composed of tourmaline, actinolite, biotite, carbonate and quartz. Veins and alteration zones range from 0.5 to 25 metres in thickness. Gold occurs as micron-sized particles commonly forming clusters within both vein and altered rock. Tellurides, tellurium-bearing minerals, are also commonly observed in close spatial association with gold. Visible gold and tellurides have been observed in over 350 vein intersections and in numerous surface trenches throughout the deposit. There is a very high correlation coefficient between Te and Au, which means that tellurium occurs in similar abundance to gold at the deposit and can be used as a cross-check for gold assays during the exploration phase. Used in computer technology, solar energy, semi-conductors and ceramics, as a metal alloy and an anti-corrosive, Te is one of the rarest metals on earth and is becoming increasingly more valuable as its demand increases. Significant tellurium grades at Eau Claire indicate that it may become a potentially recoverable byproduct of any future mining operation. Bismuth, another potential byproduct of the deposit, is widely used in the production of malleable iron, as a catalyst in making acrylic fibres, and in cosmetics and medicines. Currently used as a carrier for “clean” energy systems, bismuth will also become increasingly more important as the quest for alternative energy continues.

Eau Claire Gold Deposit – NI 43-101 Resource

The NI 43-101 resource, prepared by P&E and press released October 11, 2012, indicates that the Eau Claire Deposit contains a combined Measured and Indicated Resource of 4.87 million tonnes with an average grade of 4.60 grams per tonne gold (g/t) for 721,000 ounces of gold (4.94 million tonnes containing 780,000 ounces at 4.91 g/t gold uncapped*). In addition, 6.4 million tonnes with an average grade of 5.45 g/t gold, classified as Inferred Resources, contain 1,122,000 ounces of gold (6.5 million tonnes containing 1,148,000 ounces at 5.48 g/t gold uncapped*).

Mineral Resources above an average 220-metre depth from surface were considered to be amenable to open pit extraction, whereas mineral resources below this depth were considered to be amenable to underground extraction.

Potential open pit mineral resources were reported at a cut-off of 0.5 grams per tonne gold, whereas potential underground mineral resources were reported at a cut-off of 2.5 grams per tonne gold.

P&E also performed a sensitivity analysis on the resource model using different gold cut-off grades, which shows that there is in excess of one million total ounces of high-grade gold contained within the Measured and Indicated resource category at all cut-off grade sensitivities. At a 4.0 g/t cut-off there is a Measured resource of 976,000 tonnes at 10.62 g/t yielding 334,000 ounces of gold (capped) or an uncapped Measured resource of 1,021,000 tonnes at 12.28 g/t for 404,000 ounces of gold. An Inferred mineral resource at a 4.0 g/t cut-off consists of 611,000 tonnes containing 319,000 ounces of gold at 16.2 g/t capped grade or 325,000 ounces of gold at 18.2 g/t uncapped.

Highlights:

- 75% of the Open Pit resources are in the Measured & Indicated category;
- Measured and Indicated potentially Open Pitable resources at an average grade of 4.32 g/t gold (4.67 g/t gold uncapped*) containing 579,000 ounces gold (635,000 ounces gold uncapped);
- Inferred potentially Open Pitable resources at an average grade of 2.50 g/t gold (2.68 g/t gold uncapped) containing 192,000 ounces gold (213,000 ounces gold uncapped*);
- Measured and Indicated potentially Underground mineable resources at an average grade of 6.29 g/t gold

(6.37 g/t gold uncapped*) containing 142,000 ounces gold (145,000 uncapped*);

- Inferred potentially Underground mineable resources at an average grade of 7.20 g/t gold (7.20 g/t uncapped*) containing 929,000 ounces gold (935,000 ounces gold uncapped*).

* Uncapped resources utilizing maximum gold values are only a sensitivity to actual capped resource estimates, in which all gold assay composite intervals exceeding 100 grams per tonne have been capped to 100 grams.

2012 Exploration

As part of the 2012 program the Company completed 107 drill holes totalling 41,065 metres. Over 100 gold-bearing drill intersections exceed resource cut-off grades. The 2012 drill program was successful in expanding gold resources within the upper 300 metres of the Eau Claire gold deposit. Both high-grade gold veins and wider zones of gold mineralization were been detected in multiple drill holes, principally within four domains, from within the 450 (Upper and Lower Vein Groups) and 850 West Zones (Central and Northern areas).

<u>450 West Zone</u>

Within the Eau Claire deposit, the 450 Zone currently consists of three main gold-enriched horizons, each containing multiple vein sets – the Main Group of Veins (P, JQ, R and S veins), the Upper Group of Veins (veins A to I) and the Lower Group of Veins, which consists of the numerous and compound T Vein series.

The 2012 drill program defined additional potentially open-pitable and underground resources from two domains within the zone. Multiple vein intercepts were primarily delineated within both the Upper and Lower Groups of Veins.

Drilling at the eastern margin, within the Upper Group of Veins, several hundred metres southeast of where the deposit comes to surface, intersected some exceptionally high-grade and wide assay intervals. Hole 456 grades 10.98 g/t Au across 11.0 metres, including a 7.5-metre-wide interval, which extends continuously from the I to the P Vein, at 14.9 g/t Au and 15.8 g/t Te. Drill hole 450 also hit a wide interval of the D Vein at shallow depths, grading 4.36 g/t Au over 11.0 metres, including 10.7 g/t Au and 13.7 g/t Te over 4.0 metres.

Drilling along the north boundary intersected over 50 gold-bearing intervals from the Lower Group of Veins which exceed grade-thickness cut-off parameters of the current resource. In particular, Vein T10, which has been traced for a lateral strike-length of more than150 metres, ranges in thickness from 0.5 to 22.0 metres, and has been delineated from vertical depths of 100 to 200 metres with significant assay results. T10 intercepts include: 2.23 g/t Au over 16.5 metres, (including 47.8 g/t Au and 109.5 g/t Te over 0.5 metres) in hole ER12-357; 5.90 g/t Au over 6.0 metres, including a half-metre interval of 35.9 g/t Au and 43.5 g/t Te, in hole ER12-358; and 12.25 g/t Au over 5.0 metres, which includes 29.24 g/t Au and 53.8 g/t Te over 2.0 metres in hole ER12-369. Vein T10 is outside the limits of the current resource estimate.

Additional T Vein Group intercepts from holes collared within the 450 West Zone include: a 5.0-metre-wide interval grading 4.70 g/t Au; 24.03 g/t Au over 1.5 metres; 4.19 g/t Au over 4.5 metres; and 15.3 g/t Au over 2.0 metres within an 18.0-metre interval of 2.49 g/t Au.

Hole 406, collared between the 450 and 850 West Zones, intersected a substantial amount of visible gold within a one-half-metre interval of the S Vein, which assayed 336 g/t Au and 580 g/t Te from a wider 2.5-metre intersection grading 67.9 g/t Au and 93.6 g/t Te.

There is considerable potential to expand gold resources to the north (T Veins), to the east, within the Upper Group of Veins, and at depth within all vein groups.

<u>850 West Zone</u>

A second major set of gold-bearing veins referred to as the 850 West Zone was discovered 400 metres west of the 450 West Zone. Approximately 20 different veins have been recognized within the 850 West Zone – V4 through V23. Although these two vein sets have different orientations they both delineate the gold mineralizing systems responsible for forming the Eau Claire gold deposit. As in 450 West, both wide zones of gold mineralization and bonanza-style feeder veins have been outlined in the 850 West Zone.

Previous trenching exposed V16, with an average grade of 21.3 g/t gold over a length of 67 metres and a width of one metre, along the crest of a ridge 200 hundred metres, west of the 450 West outcrop. Historical trenching by SOQUEM also exposed locally wide zones of low-grade gold mineralization well north of V16. In 2011, trenching uncovered the RC Soccer Field south of V16, exposing a 13.5-metre-wide gold zone grading 16.4 g/t Au, which corresponds to the surface projection of vein V10.

Drill hole ER12-374, collared 25 metres east of the Soccer Field, intersected multiple veins and alteration zones from surface to a down-hole depth of 130 metres. This hole intersected an 8.0-metre-wide interval of Vein V14 at 14.0 metres depth, grading 4.95 g/t Au, including a one-half-metre-wide sample, which assayed 66.5 g/t gold and 83.6 g/t tellurium.

Hole 411 intersected a 23.5-metre-wide interval of V9, near surface, grading 3.63 g/t Au, including 13.4 g/t Au and 9.14 g/t Te over 4.0 metres. Hole 412 intersected a 6.5-metre-wide, high-grade zone at 17.7 g/t Au, which included a

3.5-metre-wide interval grading 31.4 g/t gold. These gold-bearing veins are structurally and mineralogically the same as those found within the 450 West Zone.

In the Northern Area of the 850 West Zone new gold discoveries from within V18 to V20 have extended the north margin of the deposit. Here, significant wide and high-grade vein intervals include 14.7 g/t gold and 24.8 g/t tellurium over 2.0 metres, within a wider interval grading 2.57 g/t Au over 15.0 metres, at a depth of 69.0 metres, in Vein 19, and a 3.0-metre interval of 10.1 g/t Au and 10.0 g/t Te, which occurs within 13.5 metres of mineralized rock grading 3.09 g/t gold at 77.0 metres, also in Vein 19.

Drill hole 431 intersected a 25.5-metre-wide interval of Vein 20, located parallel to Vein 19, assaying 0.97 g/t Au, which included 11.0 metres of 1.66 g/t gold and 1.9 g/t Te at a depth of 121.5 metres. Other significant drill intercepts include a cut of Vein 12 (hole 375), which returned 38.4 g/t Au over 2.0 metres, and contained a half-metre interval of 150 g/t Au.

Both surface trenching and drilling have confirmed the potential to further expand resources in the 850 West Zone to the north.

<u>3D Modeling</u>

Recent 3D modelling of the Eau Claire deposit indicates that the 450 and 850 West Zones likely form a continuous gold-bearing system. Metal assemblages, mineralogy and structural signatures of mineralization in the zones mirror each other, creating a crescent shaped body with a hinge developing between the two zones.

3D modeling of various grade shells has enabled the Company to define future exploration targets within the Eau Claire deposit with much greater accuracy.

A 25,000-metre, $5M exploration program has been budgeted for 2013. The principal objective of the program is to define sufficient gold resources within the Eau Claire deposit to support a low-cost, highly-profitable, long-life mining operation.

The Company’s net investment in the Clearwater project to October 31, 2012 is $31.0 million.

Eastmain Mine

The Eastmain Mine property 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, contains historical resources of 255,750 ounces of gold[1]. The project 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 along a regionally extensive 10-kilometre-long mine trend.

The Québec government's Plan Nord infrastructure program is currently underway. This program includes extending Route 167 north from the communities of Chibougamau and Mistissini to the property and beyond. Eastmain Mine site is situated on Sector 3 of the future permanent road. This new infrastructure will substantially reduce costs, improve project logistics and stimulate exploration of our large land holdings in the area.

A $1-million exploration program, including mapping, prospecting and 3,000 metres of diamond drilling was deferred to 2013.

The Company’s net investment in the Eastmain Mine project to October 31, 2012, is $12.5 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.*

Ruby Hill

The Company holds 100% interest in certain mineral properties comprising the Ruby Hill project, which is located within the Upper Eastmain River greenstone belt of Northern Quebec, and covers approximately 10,600 hectares of prospective geology similar to the key mine horizon at the Eastmain Mine gold deposit. This key horizon is also comparable to rocks hosting significant gold and nickel-copper deposits in the Kalgoorlie and Kambalda regions of Western Australia.

The Company’s net investment in the Ruby Hill project to October 31, 2012, is $1.8 million.

Éléonore South

Éléonore South, an exploration-drilling-stage project, is located adjacent to Goldcorp Inc.'s multi-million ounce Roberto gold deposit (Éléonore project), in the Opinaca geologic Subprovince of James Bay, Québec. Jointly held by Eastmain (37%), Azimut Exploration Inc. (26%), and Les Mines Opinaca Ltée. (37%), a wholly-owned subsidiary of Goldcorp Inc., the property consists of 282 mining claims covering 147 km^2 of prospective land, contiguous with and underlain by the same rock formations as those found on Goldcorp's mine property.

The property covers a very large area, with very little rock exposure and no record of exploration prior to our first phase of work. Systematic exploration, including prospecting and the collection of over 10,000 soil samples led to the discovery of the JT Target. Subsequent trenching of JT returned assays of up to 5.3 g/t gold across 8.0 metres and 10.9 g/t Au over three metres.

To date, three small drill campaigns totalling 10,448 metres have delineated a kilometre-long, stacked horizon containing anomalous Au-As-Sb mineralization, in a geological setting comparable to that found at Goldcorp's Éléonore project. Like Eau Claire, Roberto is a structurally-controlled gold deposit in glacially covered terrain.

A LiDAR topographic survey, an airborne technique which uses laser light to produce accurately detailed models of the earth's surface, and additional processing and interpretation of airborne geophysical data was completed on the project during the reporting period. Continued work includes detailed 3D modeling of existing geophysical data and structural information to prioritize future drill targets.

Given the growing size of the Roberto gold deposit next door, the exploration potential of Éléonore South remains extremely high. Eastmain has allocated up to $500,000 in funding for 2013.

The Company's net investment in the project to October 31, 2012 is $4.8 million.

Reservoir

The Reservoir property, comprising 156 claims covering approximately 8,099 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 project hosts a large copper-gold occurrence in albite altered volcanic-sedimentary rocks, comparable to those hosting the past producing 10-million-ounce McIntyre Mine in Timmins, Ontario.

Reservoir straddles the regional structural/stratigraphic (rock formation) break dividing volcanic and sedimentary domains of this new mining district. This break represents an important ore localizing event throughout the region. Previous trenching and drilling confirmed there is a significant kilometric-scale mineralizing system which warrants drilling.

Geological mapping, prospecting and LiDAR topographic surveys were completed on the project in 2012 in preparation for follow-up diamond drilling.

An $800,000 exploration program has been allocated for 2013.

The Company's investment in Reservoir to October 31, 2012 is $0.6 million.

Radisson

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 suggests that Radisson may also be prospective for Lupin-style (Northwest Territories) gold mineralization.

Honey Badger Exploration Inc. (HBE), has an option to earn a 50% interest in the Radisson project, 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. HBE reported that 13 priority targets were confirmed from its phase-one exploration program. HBE's 2012 drill program was deferred to 2013.

The Company's investment in the project to October 31, 2012 is $0.1 million.

OTHER PROPERTIES

Road King

The Road King project, which is in the very early stages of exploration, 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. Although the property has been covered by airborne geophysics as well as regional, widely-spaced soil geochemical surveys and minimal prospecting, none of the priority areas have been tested and additional exploration is warranted.

Lac Hudson

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 project is prospective for a sedimentary- or volcanic-hosted gold deposit and additional exploration is warranted.

Lac Elmer

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 stages of exploration.

Lac Elmer is underlain by a major felsic volcanic centre and 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. The property hosts a kilometric-sized intensely, sericite-silica-altered mineralized horizon, enriched in silver-gold-copper and zinc. 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.

A second property-scale target includes quartz veins in sheared gabbro/mafic volcanic rocks and quartz-ankerite stockwork in biotite-rich diorite, which returned assays of up to 42 g/t and 102 g/t gold respectively. This target has not been trenched or drilled and warrants additional exploration.

The carrying value of the Company’s investment in the collection of Other Properties of geological interest located in the James Bay area of Northern Québec (including Road King, Lac Hudson and Lac Elmer) to October 31, 2012 is $2.0 million.

Xstrata Joint Venture “MegaTEM Project” Ontario

The Company has indefinitely postponed further exploration on this project in order to focus its efforts on the exploration of its 100%-owned gold projects in the James Bay area of Québec. As such, the Company has written off the carrying value of its investment in this project.

Going Concern

The consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration-stage Company, the Company does not have any sources of revenue and historically has incurred recurring operating losses. As at October 31, 2012, the Company had working capital of $4,673,482 and shareholders’ equity of $55,644,396. Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year.

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, 2012 compared to the three months ended October 31, 2011

All of the information described below is accounted for in accordance with IFRS.

Net income for the quarter ended October 31, 2012 was $285,165, (2011: $279,551), an improvement of $5,614 (2.0%) over the comparative quarter last year.

- Premium income on flow-through shares for the quarter ended October 31, 2012 of $196,627 was $436,063 (68.9%) less than the comparable quarter last year. Under IFRS, the premium on flow-through shares is calculated as being the difference between the price paid by investors for flow-through shares and the fair-market price of the common shares. The premium is recorded as a liability and income is derived from amortization of the premium pro-rata to the eligible expenditures incurred.
- The deferred taxes recovery of $342,610 was $291,308 more than last year, reflecting an increase in the difference in book value to tax base value of the Company’s assets.

Year ended October 31, 2012 compared to the year ended October 31, 2011

Net income for the year was $909,676, (2011: a loss of $1,272,170) an improvement of $2,181,846 over last year.

- Premium income on flow-through shares for the year was $2,613,502, an increase of $622,606 (31.3%) over last year.
- Deferred tax recoveries were $342,610. In 2011 the Company experienced an increase in deferred taxes of $1,275,170, reflecting an increase in the difference in book value to tax-base value of the Company's assets. The most significant portion of the difference in book to tax-base value arises from the renunciation of exploration expenditures to its investors from the sale of flow-through shares described in Note 3(h) to the Consolidated Financial Statements. The provision for income taxes and the reconciliation to expected income tax is detailed in Note 17 to the financial statements.
- Other income included rental income and management fees of $364,668, an increase of $78,798 over last year. General and administrative expenses included a charge of $60,000 for representation of the Company's and the mining industries' interests in the proposed changes to the Québec Mining Act.
- The net income includes a mineral property write down of $634,142, an amount equal to the expense last year, completing the write off of the Xstrata joint venture. Management has postponed exploration on this project indefinitely.
- The estimated cost of share-based compensation for the year was $355,318, a decrease of $102,322 (22.4%) over the year ended October 31, 2011. Share-based compensation is recognized as an expense as the options granted vest. The estimated cost of share-based compensation fluctuates according to assumptions related to the volatility of the share price, risk-free interest rates and the estimated expected term of the option as described in the Consolidated Financial Statements, Note 11(b).
- Loss on marketable securities includes a write down to market value of $300,746, a decrease of $20,081 (6.1%) from the prior year. The losses incurred reflect an overall continuing downward trend in market valuation of the common shares held by the Company. These shares represent equity ownership in resource companies obtained in exchange for property, property rights or exploration data.

Stock Option Compensation

2012 Stock options	**Options Granted**	**Black-Scholes value**	**Operating Statement**	**Mineral Properties**
Directors	250,000	$158,250	$158,250	-
Officers	550,000	$248,600	$152,550	$ 96,050
Service providers	450,000	$284,208	$ 44,518	$239,690
	1,250,000	$691,058	$355,318	$335,740
2011 Stock options				
Directors	250,000	$224,250	$224,250	-
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 10/31/2012	**Quarter ended 07/31/2012**	**Quarter ended 04/30/2012**	**Quarter ended 01/31/2012**
Interest / other income	$ 62,079	$ 54,879	$ 202,702	$ 45,008
Comprehensive income (loss)	$ 285,165	$ 985,926	$ 94,168	(455,583)
Per share basic	$0.0029	$0.0101	$0.0010	$(0.0047)
Per share diluted	$0.0028	$0.0099	$0.0009	$(0.0047)
Trading range of shares				
High	$1.07	$1.10	$1.39	$1.52
Low	$0.76	$0.75	$0.97	$0.94

	Quarter ended 10/31/2011	Quarter ended 07/31/2011	Quarter ended 04/30/2011	Quarter ended 01/31/2011
Interest / other income	$ 80,589	$ 60,488	$ 68,148	$ 77,026
Comprehensive income (loss)	279,551	(458,472)	$ (481,291)	$ (52,856)
Per share basic	$0.0038	$(0.0049)	$(0.0052)	$(0.0006)
Per share diluted	$0.0036	$(0.0049)	$(0.0052)	$(0.0006)
Trading range of shares				
High	$1.41	$1.60	$1.91	$2.17
Low	$0.98	$1.08	$1.35	$1.57

All information for quarters ended 10/31/2011 through 10/31/2012 has been reported giving effect to IFRS. Significant changes included in the amounts above by quarter end are as follows:

10/31/2012 - net income includes flow-through share premium income of $196,627 and deferred income tax recovery of $342,610. Comprehensive income includes an unrealized loss on investments of $20,081.

07/31/2012 - net income includes flow-through share premium income of $1,239,425, deferred income tax recovery of $242,225 and a charge of $197,068 for stock option compensation. Comprehensive income includes an unrealized loss on investments of $164,345.

04/30/2012 - net income includes flow-through share premium income of $721,201, deferred income taxes of $206,263 and a charge of $158,250 for stock option compensation. Other income includes management fees and rental income of $142,163. Comprehensive income includes an unrealized loss on investments of $134,980.

01/31/2012 - net loss includes $634,142 as write down of mineral properties, flow-through share premium income of $456,249 and deferred income taxes of $35,962. Comprehensive income includes an unrealized loss on investments of $41,459.

10/31/2011 - net loss includes a $634,142 write down of mineral properties, flow-through share premium income of $632,689 and deferred income taxes of $614,660. Comprehensive income includes an unrealized loss on investments of $216,134.

07/31/2011 - net loss includes flow-through share premium income of $662,392, deferred income taxes of $663,110 and a charge of $187,790 for stock option compensation. Comprehensive income includes an unrealized loss on investments of $160,103.

04/30/2011 - net loss includes flow-through share premium income of $281,434, deferred income taxes of $271,207 and a charge of $224,250 for stock option compensation. Comprehensive income includes an unrealized loss on investments of $114,262.

01/31/2011 - net loss includes flow-through share premium income of $414,380, deferred income taxes of $417,886 and a charge of $44,600 for stock option compensation. Comprehensive income includes an unrealized gain on investments of $161,682.

Risks and Uncertainties

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral resource properties are dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

Due to the inherently risky nature of the Company's activities, it is subject to numerous risk factors that may affect its business prospects in the future. These risks include, but are not limited to: access to additional capital to fund future activities; the loss of its mineral properties or the inability to obtain exploration permits licenses and approvals; price fluctuations for gold; title risks; political and regulatory risks related to prospecting, development, mining, labour standards, occupational health and safety, waste disposal, land use, water use, environmental protection, land claims of aboriginal people, statutory and regulatory compliance; the adequacy and availability of insurance coverage; competition for equipment and skilled personnel; liquidity risk; conflicts of interest; and the Company's dependence upon key management.

Exploration and Evaluation Expenditures

The cost of exploration and evaluation 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 an impairment policy, described in Note 3(b) to the Consolidated Financial Statements, dated October 31, 2012, 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, 2012, the Company had working capital of $4.6 million and no long-term debt. The Company maintains a high liquidity by holding cash balances in an interest-bearing Canadian bank account. At October 31, 2012 the Company held investments of $0.8 million valued at fair market with maturities extending beyond 1 year. The Company raised gross proceeds of $7.6 million from the issue of flow-through shares in December 2012 and is anticipating the future receipt of investment tax credits and mining duty rebates in the order of approximately $2.1 million, based on refund claims to be filed for exploration expenditures up to October 31, 2012. 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 October 31, 2012 were $883,285, which included $646,849 for recoverable sales taxes and 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 $236,436, which includes $167,735 for mining duty refunds that have been approved.

Accounts payable and accrued liabilities outstanding as at October 31, 2012 were $1,381,323, which includes $320,558 for government taxes.

The Company has an estimated $2.1 million in resource investment credits and mining duty rebates recoverable from the Province of Québec, for qualified expenditures in respect of the fiscal year ended October 2012. Since no confirmation of the amounts has been received, the estimated refund has not been recorded in the Company's financial statements.

During the year ended October 31, 2012 the Company received net proceeds of $5.6 million from the issue of shares and the exercise of share-purchase options, and received $0.9 million in exploration tax credits. During the same period, the Company spent $14.9 million on claim acquisition, claim maintenance, exploration and evaluation 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 for 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.

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.

Commitments

In December 2012 the Company issued flow-through shares for which it is committed to spend $7,605,802 in eligible Canadian exploration expenditures ("CEE"), of which $3,808,402 must also qualify for Province of Québec flow-through expenditures, by December 31, 2013.

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 $385,729 in field equipment. The net book value at October 31, 2012 was $116,538.

Income Taxes

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.

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 and Chief Executive Officer of the Company. Professional geological consulting and management services fees of $630 per day plus out of pocket expenditures are paid to Shawonis Explorations and Enterprises Ltd. The president of Shawonis is related to the President and Chief Executive Officer of Eastmain Resources Inc. CFO financial consulting service fees of $130 per hour plus out-of-pocket costs are paid to QB 2000 Inc. The Chief Financial Officer of Eastmain Resources Inc. is the president of QB 2000 Inc.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares of which, as of January 28, 2013, there are 106,627,007 common shares outstanding; 5,464,605 share-purchase options outstanding; and 156,926 common-share-purchase warrants outstanding. The share-purchase options outstanding, with a weighted-average exercise price of $1.09, would generate proceeds of $5,951,672 and the common-share-purchase warrants outstanding, with an average exercise price of $1.40, would generate proceeds of $219,696, if exercised.

Critical Accounting Estimates

Critical accounting estimates are used in the preparation of the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, relate to, but are not limited to the following:

i. the recoverability of receivables and the determination of the value of liabilities on the statement of financial position;

ii. the recoverability of exploration and evaluation expenditures incurred on the Company's properties of geological interest included on the statement of financial position;

iii. the determination of impairment of mineral property exploration and evaluation expenditures on the statement of financial position and the related write down on the statement of profit or loss;

iv. the estimated useful lives and residual value of equipment included on the statement of financial position and the related depreciation on the statement of profit or loss;

v. the inputs used in determining of the value of share-based payment transactions included on the statement of profit or loss and the portion attributed to exploration and evaluation expenditures on the statement of financial position;

vi. the inputs used in the Black-Scholes model for determining the value of warrants on the statement of financial position;

vii. management's assumptions used in determining no material restoration, rehabilitation or environmental obligations based on facts and circumstances that existed at the reporting date; and

viii. management's position that there are no income tax issues requiring consideration on the statement of profit or loss.

These estimates involve considerable judgment and are, or could be, affected by factors that are out of the Company's control. Factors affecting share-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 11(b) to the Consolidated Financial Statements and assumptions used for warrants are detailed in Note 11(c).

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 those described in the Risks and Uncertainties section of this report.

Impairment Analysis

Management has reviewed the general and economic conditions and mining industry trends that influence recoverability of the carrying value of its mineral properties. Currently, there is a strong trend toward gold exploration, development, and mining in the James Bay area of Québec and management has decided to indefinitely postpone exploration on its Xstrata project. As such, the remaining balance of the carrying value on this project was written off. The Company is retaining its evaluation results database, which may prove to be useful in the future. Management is confident that under Québec’s currently positive mining regime, with respect to exploration in the James Bay area, all costs to date on its remaining projects are recoverable.

Changes in Accounting Policy

The Company has adopted IFRS issued by the International Accounting Standards Board (“IASB”). Note 3, to the audited Consolidated Financial Statements describes the accounting policies that have been applied in the preparation of the financial statements for the period ended October 31, 2012. The comparative information presented in the financial statements for the year ended October 31, 2011 was restated using IFRS. Note 19 to the Consolidated Financial Statements details the adjustments made and the reconciliations between pre-transition statements issued under Canadian GAAP and IFRS.

Summary of IFRS Implementation

In previous years, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The Company adopted IFRS November 1, 2011. Consolidated Financial Statements for the years ended October 31, 2012 and 2011, and the Consolidated Statement of Financial Position as at November 1, 2010, the Company’s transition date, have been prepared in accordance with IFRS and IFRS 1 *First-time adoption of International Financial Reporting Standards.*

The audited Consolidated Financial Statements set out significant accounting policies in accordance with IFRS in Note 3 and reconciliations between Canadian GAAP and IFRS in Note 19. The following paragraphs provide a summary of the impact of the transition from Canadian GAAP to IFRS.

Impact of the transition from Canadian GAAP to IFRS

Flow-through shares

Under Canadian GAAP, the proceeds on the issue of flow-through shares were recognized in equity, net of the tax effects of renunciation. Under IFRS, the issue of flow-through shares is treated as an issue of shares and the sale of tax deductions. The Company uses the residual method to measure the sale of tax deductions. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as other liabilities on the statement of financial position. When the Company fulfills its obligation to pass on the tax deduction to the investors, the sale of tax deductions is recognized as a reduction of deferred tax expense in the statement of loss and comprehensive loss, and a deferred tax liability is recognized for the taxable temporary difference that arises between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

Implementation of International Financial Reporting Standards ("IFRS")

The Company's IFRS conversion plan as detailed in its Annual MD&A for the year ended October 31, 2011 is now complete.

The Canadian Accounting Standards Board required all public companies to adopt IFRS for interim and annual financial statements relating to their first fiscal years beginning on or after January 1, 2011. The Company's financial statements for the years ended October 31, 2012 and 2011 have been prepared in accordance with IFRS, including comparative amounts shown for November 1, 2010 in the statement of financial position. Note 19 provides reconciliations to the corresponding financial statements prepared under previous Canadian generally accepted accounting principles (“Canadian GAAP”).

Although IFRS has a conceptual framework that is similar to previous Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The transition to the IFRS framework has resulted in several changes to accounting policies that impact financial reporting. The following are the more significant accounting differences:

Impairment of non-current assets

Under Canadian GAAP, long-lived asset impairment testing is done using a two-step approach, whereby long-lived assets are first tested for recoverability, based on the undiscounted cash flows they are expected to generate. If the undiscounted cash flow expected to be generated is higher than the carrying amount, then no further analysis is required to be recorded. If the undiscounted cash flow is lower than the carrying amount of the assets, the assets are written down to their estimated value. Under IFRS, impairment testing is done using a one-step approach for both testing and measurement of impairment, with asset carrying amounts compared directly with the higher of fair value less costs to sell and value in use (which uses discounted cash flows). This may result in more frequent write-downs where carrying amounts of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted basis. However, the extent of any asset write-downs may be partially offset by the requirements under IFRS to reverse any previous impairment losses where circumstances have changed, such that the impairments are reduced. The previous Canadian GAAP did not permit reversal of impairment losses.

No changes in the carrying value of non-current assets were required as at November 1, 2010, October 31, 2011 or October 31, 2012 as a result of applying IFRS.

Financial instruments

Under GAAP the Company classified its marketable securities as “available for sale” through other comprehensive income, net of future income taxes. Marketable securities can also be classified as FVTPL. IFRS has narrowed its classification of financial instruments and the Company has elected to classify its marketable securities at FVTPL. Unrealized gains or losses on marketable securities under GAAP were allocated to other comprehensive income net of future income taxes. Unrealized gains or losses on marketable securities were the Company’s only component of other comprehensive income, and with this change in classification, other comprehensive income will be eliminated. As at November 1, 2010, accumulated other comprehensive losses under GAAP amounted to $245,490. The losses have been reclassified from accumulated other comprehensive loss to deficit as at November 1, 2010. For the year ended October 31, 2011, unrealized losses on marketable securities amounted to $574,307 and under IFRS have been reclassified from other comprehensive income to loss on marketable securities as a component of profit or loss.

Share-based compensation

Under IFRS, Share-based compensation is recognized as an expense over the individual vesting periods for graded vesting awards including an estimate for forfeiture rates. Under Canadian GAAP, share-based compensation related to issue of stock options for graded vesting awards was recognized on a straight-line basis through the date of full vesting without incorporating a forfeiture multiple. The Company’s stock options are granted on a fully-vested basis.

No changes in the value of stock options were required as a result of applying IFRS.

Other Considerations in the Changeover from Canadian GAAP to IFRS

Internal control activities

The Company has applied its existing internal control framework to the IFRS changeover process and there have not been any significant changes as a result. All accounting policy changes have been reviewed by senior management and the audit committee.

Business activities

The implementation of IFRS did not impact any employee compensation plans or key ratios and the Company does not have any debt covenants. In addition, the transition to IFRS did not have a significant impact on internal controls except as noted above.

Review

The review phase involves continuous monitoring of changes in IFRS. IFRS accounting standards and the interpretation thereof are constantly evolving. As a result, the Company will continue to monitor and evaluate IFRS accounting developments.

IFRS 1: First-time Adoption of International Financial Reporting Standards

IFRS 1 provides entities adopting IFRS for the first time with a number of optional and mandatory exceptions, in certain areas, to the general requirement for full retrospective applications of IFRS. The purpose of these options is to provide relief to companies and simplify the conversion process by not requiring recalculation of information that may not exist or may not have been collected at the time of the original transaction. Mandatory exceptions provide that changes to estimates previously made are not permitted. The estimates previously made by the Company under Canadian GAAP have not been revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies. To complete the implementation of IFRS, management has analyzed the various transitional exemptions available to the Company under IFRS 1. The Company has implemented the following optional IFRS 1 exemption:

Historical cost as deemed cost

IFRS 1 allows a choice to measure exploration and evaluation at its fair value at the date of transition or at historical cost determined under Canadian GAAP. The Company elected to measure exploration and evaluation at the historical cost determined under Canadian GAAP as at November 1, 2010, which the Company believes did not include any material costs incurred prior to securing the legal rights to explore the properties and therefore is consistent with historical cost under IFRS. The Company has elected to continue to capitalize exploration and evaluation costs.

Critical Accounting Estimates and Judgements

*Use of estimat*es

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Impairment of exploration and evaluation

Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount.

Estimates of mineral resources

The amounts used in impairment calculations are based on estimates of mineral resources. Resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in commodity prices. See Note 8 to the Consolidated Financial Statements.

Deferred income taxes

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. See Note 17 to the Consolidated Financial Statements.

Share-based payments

The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation and warrant valuations may vary from the amounts estimated. See Note 11 to the Consolidated Financial Statements.

Decommissioning liabilities

Decommissioning liabilities are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the statement of financial position date. The Company's estimates of decommissioning liabilities could change as a result of regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures.

Flow-through share premium

The Company recognizes the flow-through share premium based on the residual method which compares the unit/share price of the flow through units/shares issued to the market value of the Company's shares and records the excess as a flow-through share premium.

Judgements

The Company applies judgments in assessing whether material uncertainties exist that would cause significant doubt as to whether the Company could continue to exist as a going concern. Based on expected cash flow projections for at least 12 months, management has determined that any going-concern uncertainties are not material and therefore do not cast significant doubt as to the Company's ability to continue as a going concern.

Classifications

The Company has made account reclassifications and changes to the presentation of its Consolidated Financial Statements as required by IFRS, and where it was considered more meaningful, and where it provided better comparisons to other financial statement preparers. The following is a summary of the main changes:

i. The balance sheets have been renamed the statements of financial position.
ii. Future income taxes have been renamed deferred income taxes.
iii. The Company has elected to present one single statement of comprehensive income (loss) rather than a separate statement of operations and a separate statement of other comprehensive income (loss).

Future Accounting Pronouncements

A number of new standards, amendments to standards and interpretations are effective for periods beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standards or determined whether it will adopt these standards early.

Financial Instruments

IFRS 9 – *Financial Instruments,* was issued by the IASB in October 2010 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages it financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 were carried forward unchanged to IFRS 9. The new standard also requires the use of a single method of impairment determination, replacing the multiple methods available under IAS 39. The new standard is effective for the Company's annual reporting period beginning on November 1, 2015.

Consolidated Financial Statements

IFRS 10 – *Consolidated Financial Statements*, was issued by the IASB in May 2011. This is a new standard which identifies the concept of control as the determining factor in assessing whether or not an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: a) power over an investee; b) exposure or rights to variable returns from an investee; and c) the ability of the investor to affect its returns through its power. This new standard is effective for the Company's annual reporting period beginning November 1, 2013 with earlier adoption permitted.

Joint Arrangements

IFRS 11 – *Joint Arrangements,* was issued by the IASB in May 2011. This new standard focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified as either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities or a joint venture, whereby the parties have rights to the net assets of the arrangement. In a joint operation the parties account for the assets, liabilities, revenue and expenses in proportion to their interest, whereas in a joint venture the parties recognise their interest as an investment and account for that investment using the equity method. This new standard is effective for the Company's annual reporting period beginning November 1, 2013 with earlier adoption permitted.

Disclosure of Interests in Other Entities

IFRS 12 – *Disclosure of Interests in Other Entiti*es was issued by the IASB in May 2011. This new and comprehensive standard provides disclosure requirements for entities' reporting of interests in other entities, including joint arrangements, special purpose arrangements and off-balance-sheet arrangements. This new standard is effective for the Company's annual reporting period beginning November 1, 2013 with earlier adoption permitted.

Fair-Value Measurement

IFRS 13 – *Fair Value Measurement* was issued by the IASB in May 2011. This new standard provides precise definition of fair value and single source of fair-value measurement considerations for use across IFRS. The key points are as follows:

i. Fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;

ii. Financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;

iii. Disclosure regarding the fair-value hierarchy has been moved from IFRS 7 to IFRS 13 and further guidance has been added to the determination of classes of assets and liabilities;

iv. A narrative has been provided discussing the sensitivity of fair-value measurements categorized under Level 3 of the fair-value hierarchy to significant unobservable inputs.

v. Information must be provided on an entity's valuation processes for fair-value measurements categorized under Level 3 of the fair-value hierarchy

This new standard is effective for the Company's annual reporting period beginning November 1, 2013 with earlier adoption permitted.

Use of Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk and the Company does not hold any asset-backed commercial paper.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and commodity price risk.

Fair value

Fair value represents the amount at 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.

The carrying value of cash and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

Currency risk

As the majority of the Company's expenditures are in Canadian dollars, the Company limits it exposure to currency risk by maintaining its cash in Canadian dollars.

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the Company's cash balances. The maximum exposure to credit risk is equal to the balance of cash. The Company limits its exposure to credit risk by holding its cash in deposits with high-credit quality Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure as outlined in Note 12 to the Consolidated Financial Statements. Accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments. The Company has no interest-bearing debt.

Outlook

Eastmain is one of the most active companies exploring within the James Bay region of Québec. The Company owns 100% royalty-free interest in the second largest gold deposit in the district. The Eau Claire deposit is one of the few undeveloped gold deposits, grading over 3 g/t, and containing over 1.5 million resource ounces in North America. With excellent infrastructure and accessibility, within a safe jurisdiction, Eau Claire's combined Measured and Indicated open-pit and underground capped resource grades of 4.60 g/t, containing 721,000 ounces of gold, and an additional Inferred capped resource of 1,122,000 ounces at 5.45 g/t, make it one of the top deposits in this category.

With this in mind, the Company's ultimate objective is to demonstrate that there is sufficient gold resources at Eau Claire to sustain a long-life, low-cost and highly profitable operation for a minimum 10-year mine life.

Future catalysts and value drivers include updating current resource estimates with the addition of 100 gold-bearing drill intercepts from 2012 drilling, which the exceed cut-off grades and thicknesses of existing potentially open pitable and underground resources. Independently-produced, in-house economic assessments expected to be completed in the first half of 2013, will help to guide and optimize exploration efforts toward reaching the Company's ultimate objective at Eau Claire.

The Corporation raised $7.6 Million in two private placements in December, thereby ensuring funding is in place for 2013 exploration programs, while providing a comfortable balance in the treasury for next year-end. In a fourth equity placement in Eastmain over a ten-year period, Goldcorp, our largest shareholder, topped up its ownership to 9.9% – a significant endorsement of the Company and its projects.

A minimum budget of $7.5 Million has been approved for exploration in the James Bay region. Up to 30,000 metres of diamond drilling are planned for four projects, of which 25,000 metres will be used to expand and upgrade potentially mineable gold resources at Eau Claire, and to search for a second gold deposit on the Clearwater property.

Subsequent Events

a) On December 18, 2012 the Corporation entered into a non-brokered private placement agreement consisting of 5,709,133 flow-through shares at an average price of $0.81 per share for aggregate gross proceeds of $4,605,802. The shares are subject to a hold period of four months. Finder's fees of $246,420 for the placement agents are equal to 5.3% of the gross proceeds of the financing. Management and insiders subscribed for 156,000 of these shares. In accordance with income tax legislation, the Company will renounce resource expenditures of $4,605,802, in favour of the investors, with an effective date of December 31, 2012 for activities funded by this flow-through share arrangement as described in Note 3(h) to the Consolidated Financial Statements. The liability for the flow-through premium derived from the issue is $609,409.

b) On December 21, 2012 the Corporation entered into a non-brokered private placement agreement consisting of 3,000,000 flow-through shares priced at $1.00 per share for aggregate gross proceeds of $3,000,000. The shares are subject to a hold period of four months. A finder's fee of $150,000 for the placement agent is equal to 5% of the gross proceeds of the financing. In accordance with income tax legislation, the Company will renounce resource expenditures of $3,000,000, in favour of the investors, with an effective date of December

31, 2012 for activities funded by this flow-through share arrangement as described in Note 3(h) to the Consolidated Financial Statements. The liability for flow-through premium derived from the issue is $900,000.

Scientific and Technical Disclosure

All disclosure of a scientific or technical nature herein concerning the currently published Eau Claire resource estimate (Company News Release October 11, 2012) is based upon the technical report entitled “Eau Claire Gold Deposit, Clearwater Project, James Bay Area, Middle North Québec" (the “Clearwater Report”), which was prepared by P&E Mining Consultants Inc. 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

The Company’s management, with the participation of its President and Chief Executive Officer, Chief Financial Officer and Corporate Secretary 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 reports the Company is required to file or submit under Canadian securities laws was recorded, processed, summarized and reported within the appropriate time periods specified by those laws. 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. 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 adequate internal control over financial reporting. Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, the Company’s internal control over financial reporting is a process designed to provide reasonable assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. The Company’s internal control over financial reporting includes policies that:

a. pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;

b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company’s receipts and disbursements are made only in accordance with authorizations of management and the Company’s Directors; and

c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s financial statements.

The Company’s management believes that its policies and procedures provide the best controls achievable under the constraints described above, subject to the limitations below.

Limitation of Controls and Procedures

The Company’s Management, including the President and Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. The inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can be circumvented by the individual acts of some persons, by collusion of two or more individuals or by unauthorized override of the control. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and therefore there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

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.

Additional Information

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