

EASTMAIN RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS – SECOND QUARTER

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 six months ended April 30, 2013. 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 Unaudited Condensed Interim Consolidated Financial Statements of the Company for the six months ended April 30, 2013 together with the 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 periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at June 12, 2013, unless otherwise indicated.

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 June 12, 2013.

Company Overview

The Company, incorporated under the laws of Ontario, and its wholly-owned subsidiary, Eastmain Mines Inc. are engaged in the exploration of mineral resource properties containing gold, silver, copper, nickel and zinc within Canada.

The Company's primary focus is exploration for precious metals in the Eastmain/Opinaca area of James Bay, Québec, a relatively under explored region that comprises several Archean greenstone belts, rock assemblages responsible for most of the world's gold supplies. The James Bay region promises to be one of North America's newest gold districts. Here, the Company holds 100% interest in two high-grade gold deposits – Eau Claire and the Eastmain Mine – and holds approximately 37.24% 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 also has a pipeline of high-potential exploration properties covering over 1200 km² of this new and fertile mining district.

Quarterly Highlights

Improved Access at Clearwater

- Eastmain receives permitting necessary to convert the main drill road at Clearwater to permanent all-weather access. Once suitable borrow pits have been established, final authorization to remove road building materials must be received before construction can begin.

Eastmain Continues to Expand Footprint of Eau Claire

- 2012 trenching and prospecting results confirm a key gold-rich corridor extends along a strategic geological horizon for more than five kilometres. Rock assays include up to 117g/t gold, while channel sample results include up to 14.3 g/t gold over a metre and 3.6 g/t gold over 5.5 metres.

Eastmain Discovers New Satellite Target at Clearwater

- Results from 2012 prospecting confirm a new target 300 metres west of the 850 West Zone, where grab sample results include up to 21.2 g/t gold.

Drilling Begins on Radisson Project

- Honey Badger Exploration Inc. announces a 1,000- to 1,500-metre drill program on prospective gold targets.

Improved Infrastructure for Eastmain Mine

- Year-round access to the Eastmain Mine property improves as the Route 167 extension from the communities of Chibougamau to Mistissini progresses ahead of schedule.

Eastmain Commits 7.5 million Exploration Budget for James Bay Summer/Fall Season

- \$5 million budgeted for Clearwater in 2013 will include up to 25,000 metres of drilling, largely based on the optimization of results of an internal scoping review. \$2.5 million has been budgeted for combined work at the Léonore South joint venture and the Company's wholly-owned Eastmain Mine and Reservoir projects.

Exploration and Evaluation Activities

Clearwater

Eastmain Resources Inc. owns 100% interest in the Clearwater Property, the second largest gold deposit in the James Bay region of Québec. Surface trenching and diamond drilling have outlined a gold resource currently 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.

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. In the last two years exploration efforts at Eau Claire Eastmain have doubled the footprint of potential Open Pit resources.

Trenching results reported during the quarter have outlined additional resources exceeding current cut-off grades from within the 450 West Zone and north of the 850 West Zone. These resources, combined with over 100 drill intercepts from the 2012 program, will be included in a new resource calculation expected to be released for the next quarterly report. P&E Mining consultants have been retained to complete an updated block model resource calculation for Eau Claire as well as an ongoing internal scoping review of the Clearwater project. Results of the internal review, which will provide management with preliminary information on the economic viability of developing a mine at Clearwater, are being used to plan the 2013 exploration program.

2013 exploration will focus on lateral and internal expansion of Eau Claire within the upper 500 metres of the gold deposit, where drill spacing exceeds the parameters of current resource limits. In addition, this year's program will include drilling of advanced targets, identified through previous trenching and drilling, to establish new resources in the vicinity of Snake Lake. Using the Eau Claire signature as a guide to fingerprint a second deposit on the property, compilations completed during the quarter, which utilized structural interpretation of high-definition magnetic surveys, in combination with geological and geochemical data analysis, have identified a number of untested regional targets. These numerous hot spots will be ground-truthed in preparation for future drilling.

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⁾.

Compilation of previous results, completed during the quarter, has identified a number of potential drill targets lateral to the deposit within the key mine horizon. 2013 exploration work will include high-definition magnetic surveys, prospecting, structural mapping and geochemical sampling to refine these targets along both the north-westerly and eastern extensions of the key horizon, in order to optimize future drilling.

During the quarter, the Company reported on the progress of the Route 167 extension from the communities of Chibougamau and Mistissini to Stornoway's Renard Diamond deposit, a road that will also provide year-round access to the Eastmain Mine property. Joint construction of the 240-km-long, all-season road is progressing in four parts as scheduled. The Québec Ministère des Transports (MTQ) remains on target for construction of Sections A and B, while recent news from Stornoway (June 3rd press release) indicates that they are ahead of schedule, with 22% of Sections C and D completed, including the placement of 7 of 16 permanent bridges. Sections A and B will consist of a 70km/hr, two-lane public gravel highway linking the first 143 km of the road to Québec's existing highway networks. Sections C and D constitute a 97-km-long, 50km/hr single-lane mining road connecting Km 143 to the Renard property. Eastmain Mine site is situated on Sector 3 of the future permanent road. The first all season vehicle access is expected to be completed by October 2013. This new infrastructure will substantially reduce costs, improve project logistics and stimulate exploration of our large land holdings in the area.

- 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

Éléonore South, an early-stage joint venture between Eastmain (37.24%), Les Mines Opinaca Ltée. (37.23%), a wholly-owned subsidiary of Goldcorp Inc. and Azimut Exploration Inc. (25.53%) is located adjacent to Goldcorp's multi-million-ounce Roberto gold deposit (Éléonore project) in the James Bay region of Québec. Development at Éléonore is ongoing. The Gaumont exploration shaft is operating while sinking of the production shaft continues. The Roberto deposit is expected to reach full annual life-of-mine production of approximately 600,000 ounces of gold. Initial gold production is on track for late 2014.

Éléonore South covers 147 km² of highly prospective land, underlain by the same rock formations as those hosting the Roberto Deposit on the adjacent Goldcorp mine property. Geoscientific compilations completed during the quarter confirm several potential targets on this very large but poorly exposed property.

In a recent joint-venture meeting Eastmain proposed an \$800,000 exploration program to include further prospecting work, high-definition magnetic surveys to define potential structurally related trends similar to those controlling ore deposition at Roberto, and a small drill program to test other geophysical and geological interpretations. 2013 field work is pending partners' approval.

Reservoir

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, the Reservoir property hosts a large copper-gold occurrence in altered volcanic-sedimentary rocks, similar to those hosting multi-million-ounce deposits elsewhere in the Canadian Shield.

Reservoir straddles the regional structural/stratigraphic (rock formation) break dividing volcanic and sedimentary domains of the James Bay mining district. This break marks an important ore localizing event throughout the region. Previous trenching and drilling confirmed there is a significant kilometric-scale mineralizing system on the property. Assays from 2012 field work, analyzed during the quarter, indicate that there are at least four main target areas requiring additional ground follow-up prior to drilling. Rock samples (grab and trench) taken in 2012 returned assays of up to 5.5 g/t Au, 58.3 g/t Ag and 9.58% Cu.

An \$800,000 work program consisting of prospecting, geochemical sampling and preliminary diamond drilling has been allocated for 2013.

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 to the locale 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.

In March, Honey Badger Exploration Inc. (HBE) announced a 1,000- to 1,500-metre drill program to test three of 13 prospective gold targets identified in 2011. As part of their earn-in requirements HBE must complete work expenditure commitments of \$2.5 million, including 6,000 metres of drilling, over a three-year period. Results from the HBE program are pending.

Going Concern

The unaudited condensed interim 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. At April 30, 2013, the Company had working capital of \$7,231,933 and shareholders' equity of \$60,822,988. 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 April 30, 2013 compared to the three months ended April 30, 2012:

Net loss for the quarter ended April 30, 2013 was \$414,451 (2012: net income \$94,168) an unfavourable variance of \$508,619 over the comparative quarter last year.

- General and administrative expenses were \$289,005 (2012: \$488,492) a favourable variance of \$199,487 (40.8%) resulting from the decision to defer 2013 directors' stock option compensation to quarter 3 pending shareholder approval of the Company's stock option compensation plan.
- Interest and other income of \$52,096 (2012: \$202,712) an unfavourable variance of \$150,606 (74.3%), as a result of a decrease of \$134,842 in camp rentals and management fees plus a decrease in interest on investments and bank balances of \$15,764. Camp rental fees in 2012 were higher due to use of the Eastmain Mine camp by road crews working on Plan Nord's Route 167 extension from Mistissini to the Renard diamond deposit. In 2013, Québec's new government regime elected to reduce its activities in Plan Nord.
- The unrealized loss of \$217,947 as a result of a write down to market value of marketable securities (2012: \$134,979) is an unfavourable variance of \$82,968 (61.5%). The losses incurred are reflective of an overall downward trend in market valuations for mineral resource companies. Marketable securities include share ownership in resource companies obtained in exchange for property, property rights or exploration data.
- Premium income on flow-through shares for the quarter ended April 30, 2013 was \$36,804, or \$684,397 (94.9%), less than the comparable quarter last year (2012: \$721,201). 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 premium amortization pro rata to eligible expenditures incurred. The premiums obtained in 2013 were less than those obtained in 2012 as a result of a general decline in stock market valuations for the mining sector.
- The deferred tax recovery of \$3,601 (2012: tax expense of \$206,263) generated a favourable variance of \$209,864 (101.7%), reflecting an increase in the difference in book value to the tax-base value of the Company's assets.

Six months ended April 30, 2013 compared to the six months ended April 30, 2012:

Net loss for the six months ended April 30, 2013 was \$624,668, (2012: \$361,415) an unfavourable variance of \$263,253 (72.8%).

- General and administrative expenses were \$511,199 (2012: \$751,060) a favourable variance of \$199,861 (26.6%) primarily due to a decision to defer 2013 directors' stock option compensation to quarter 3 pending shareholder approval of the Company's stock option compensation plan. The difference in the stock option cost represents \$158,250 or 21.4% of the variance.
- No impairment adjustments were required for deferred evaluation expenditures on mineral properties this year. Last year, the remaining balance of the Xstrata Joint Venture Project, \$634,142, was written off.
- Interest and other income of \$69,612 (2012: \$247,710), an unfavourable variance of \$178,098, resulted from a decrease in camp rental and management fees of \$147,003 and a reduction in interest income of \$31,095.
- The unrealized loss of \$266,618 as a result of a write down to market value of marketable securities (2012: \$159,148) is an unfavourable variance of \$107,470 (67.5%). The losses incurred are reflective of the overall downward trend in market valuation of mineral resource companies. These marketable securities include share ownership in resource companies obtained in exchange for property, property rights or exploration data.
- Premium income on flow-through shares at April 30, 2013 was \$76,817 or \$1,100,633 (93.5%) less than last year (2012: \$1,177,450). 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 premium amortization pro rata to eligible expenditures incurred. The

premiums recorded on the issue of flow-through shares are disclosed in Note 11 to the Unaudited Condensed Interim Consolidated Financial Statements. Eligible exploration expenditures incurred to April 30, 2013 were \$698,337 (2012: \$2,616,555).

- The deferred tax recovery of \$46,720 (there was a tax expense of \$242,225 in 2012) generated a favourable variance of \$288,945 (119.3%), reflecting an increase in the difference in book value to tax-base value of the Company's assets.

Selected Quarterly Information

	Quarter ended 04/30/2013	Quarter ended 01/31/2013	Quarter ended 10/31/2012	Quarter ended 07/31/2012
Interest / other income	\$ 52,096	\$ 17,516	\$ 62,079	\$ 54,879
Comprehensive income (loss)	\$ (414,451)	\$ (210,217)	\$ 285,165	\$ 985,926
Per share basic	\$(0.0039)	\$(0.0021)	\$0.0029	\$0.0101
Per share diluted	\$(0.0039)	\$(0.0021)	\$0.0028	\$0.0099
Trading range of shares				
High	\$0.82	\$0.90	\$1.07	\$1.10
Low	\$0.38	\$0.59	\$0.76	\$0.75

	Quarter ended 04/30/2012	Quarter ended 01/31/2012	Quarter ended 10/31/2011	Quarter ended 07/31/2011
Interest / other income	\$ 202,702	\$ 45,008	\$ 80,589	\$ 60,488
Comprehensive income (loss)	\$ 94,168	\$(455,583)	\$(940,434)	\$(458,472)
Per share basic	\$0.0010	\$(0.0047)	\$(0.0099)	\$(0.0049)
Per share diluted	\$0.0009	\$(0.0047)	\$(0.0099)	\$(0.0049)
Trading range of shares				
High	\$1.39	\$1.52	\$1.41	\$1.60
Low	\$0.97	\$0.94	\$0.98	\$1.08

Significant charges included in the amounts above by quarter end are as follows:

- 04/30/2013 - net loss includes flow-through share premium income of \$36,804, no stock option compensation expense, and a deferred income tax recovery of \$3,601. Comprehensive income includes an unrealized loss on investments of \$217,947.
- 01/31/2013 - net loss includes flow-through share premium income of \$40,013 and deferred income tax recovery of \$43,119. Comprehensive income includes an unrealized loss on investments of \$48,671.
- 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.

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 Audited 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

Working capital is a measure of both a company's efficiency and its short-term financial health, which is calculated as current assets less current liabilities. The working capital ratio of current assets to current liabilities indicates whether a company has enough short-term assets to cover its short-term debt.

At April 30, 2013, the Company had current assets of \$8.8 million and current liabilities of \$1.5 million yielding a working capital of \$7.2 million. The Company maintains a high liquidity by holding cash balances in an interest-bearing Canadian bank account. The high working capital ratio is a reflection of the Company's operating cycle, which consists of obtaining funds through the issuance of shares, before engaging in exploration activities.

The Company has no long-term debt.

At April 30, 2013 the Company held investments of \$0.6 million valued at fair market with maturities extending beyond one 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 and prepaid expenses as at April 30, 2013 were \$144,722 which included \$57,877 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 \$86,845.

Accounts payable and accrued liabilities outstanding as at April 30, 2013 were \$266,245.

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 six months ended April 30, 2013 the Company received net proceeds of \$7.1 million from the issue of shares. During the same period, the Company spent \$2.9 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 will have sufficient funds available to meet all of its flow-through obligations and cover its ongoing administrative and overhead costs 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. As of April 30, 2013, qualifying expenditures of \$698,337 had been incurred.

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 \$387,229. The net book value April 30, 2013 was \$103,247.

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 June 12, 2013 there are 106,627,007 common shares outstanding; 6,464,605 share-purchase options; and no common share-purchase warrants outstanding. The share-purchase options outstanding, with a weighted-average exercise price of \$0.96, would generate proceeds of \$6,282,212, if exercised.

Critical Accounting Estimates

Critical accounting estimates 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 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. When applicable, the assumptions used for options issued are detailed in Note 11(b) to the Unaudited Condensed Interim Consolidated Financial Statements and

assumptions used for warrants are detailed in Note 11(c).

The Company's recorded value of deferred mineral property exploration and evaluation expenses is based on historical cost that management believes will be recoverable 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 mining development in the James Bay area of Québec, therefore management has decided to postpone indefinitely any exploration on the Xstrata project and as such, the remaining balance of the carrying value 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 current mining regime, all costs to date on its remaining James Bay area projects are recoverable.

Changes in Accounting Policy

Note 3, to the Audited Consolidated Financial Statements of October 31, 2012 describes the accounting policies that are used in the preparation of the Company's financial statements. As of the current reporting date, there have been no changes to those policies.

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 the 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 its 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 interests, 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 Entities* 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 its 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 its 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 Unaudited Condensed Interim 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.

Future Outlook

The Company has established a \$7.5 million budget for exploration of four of its James Bay, Québec projects for 2013. \$5 million has been allocated to Clearwater for the expansion of the Eau Claire deposit and testing and discovery of regional targets, which may add additional resources to the project. The remainder of 2013 exploration funds will be used to define drill targets at the Éléonore South joint venture and the Company's wholly-owned Eastmain Mine and Reservoir projects.

2013 objectives include an update of the resource calculation at Eau Claire and the establishment of a preliminary economic assessment of the Clearwater property.

Subsequent Event

In accordance with the Company's stock option compensation plan, 1,000,000 ten-year term stock options with an exercise price of \$0.33 were granted to Directors, Officers, employees and service providers in June 2013. The estimated cost of these changes, using the Black-Scholes pricing model, is \$170,000.

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.Geol and Antoine Yassa, P.Geol 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.