



# EASTMAIN

## EASTMAIN RESOURCES INC.

### Condensed Interim Consolidated Financial Statements

Nine months ended July 31, 2013

(Unaudited)

#### NOTICE TO SHAREHOLDERS

Responsibility for condensed interim consolidated financial statements:

The accompanying unaudited condensed interim consolidated financial statements for Eastmain Resources Inc. have been prepared by management in accordance with International Financial Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") appropriate to the circumstances and approved by the Audit Committee. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited condensed interim consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Eastmain Resources Inc. have not performed any review of these condensed interim consolidated financial statements for the nine months ended July 31, 2013 and July 31, 2012.

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# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statement of Financial Position (Unaudited)

	July 31, 2013	October 31, 2012
<b>Assets</b>		
Current assets		
Cash and cash equivalents (Note 4)	\$ 4,947,390	\$ 2,541,819
Marketable securities maturing in one year (Note 5)	2,659,903	2,629,701
Prepaid and sundry receivables (Note 6)	375,188	883,285
	7,982,481	6,054,805
Marketable securities (Note 5)	543,969	824,989
Property and equipment (Note 7)	101,739	116,538
Exploration and evaluation (Note 8)	56,919,652	52,845,179
	\$ 65,547,841	\$ 59,841,511
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 724,944	\$ 1,381,323
Deferred premium on flow-through shares (Note 10)	1,155,605	-
	1,880,549	1,381,323
Deferred income taxes	2,742,014	2,815,792
Shareholders' equity		
Share capital	65,551,080	59,747,820
Warrants	-	30,757
Contributed surplus	11,160,957	10,960,200
Deficit	(15,786,759)	(15,094,381)
	60,925,278	55,644,396
	\$ 65,547,841	\$ 59,841,511

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

# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) (Unaudited)

	Three months ended		Nine months ended	
	July 31,		July 31,	
	2013	2012	2013	2012
Operating expenses				
General and administrative (Note 14)	\$ 221,266	\$ 388,924	\$ 772,465	\$ 1,139,984
Write down of mineral properties (Note 8)	-	-	-	634,142
Operating loss before the following	(221,266)	(388,924)	(772,465)	(1,774,126)
Interest and other income	30,448	54,879	100,060	302,589
Loss on marketable securities	(9,663)	(161,679)	(276,281)	(320,827)
Premium on flow-through shares	105,713	1,239,425	182,530	2,416,875
Net income (loss) before income taxes	(94,768)	743,701	(766,156)	624,511
Deferred income tax recovery	27,058	242,225	73,778	-
Net income (loss) and comprehensive net income (loss)	\$ (67,710)	\$ 985,926	\$ (692,378)	\$ 624,511
Income (loss) per share (Note 15):				
Basic	\$ (0.001)	\$ 0.010	\$ (0.007)	\$ 0.006
Diluted	\$ (0.001)	\$ 0.010	\$ (0.007)	\$ 0.006

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

# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

	Three months ended		Nine months ended	
	July 31,		July 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Operating activities</b>				
Comprehensive net income (loss) for the period	(67,710)	985,926	(692,378)	624,511
Amortization	7,663	10,330	22,454	29,236
Loss on marketable securities	9,663	161,679	276,281	320,827
Premium on flow-through shares	(105,713)	(1,239,425)	(182,530)	(2,416,875)
Deferred income taxes	(27,058)	(242,225)	(73,778)	-
Stock-based compensation	119,425	197,068	119,425	355,318
Write down of mineral properties	-	-	-	634,142
Other receivables and prepaids	(230,467)	(265,737)	508,096	566,942
Accounts payable and other liabilities	386,838	61,956	(728,240)	(3,172,662)
	92,641	(330,428)	(750,670)	(3,058,561)
<b>Financing activities</b>				
Proceeds on issue of common shares	-	-	7,605,802	5,862,520
Proceeds on exercise of stock options	-	136,500	-	195,000
Share issue costs	-	-	(464,407)	(444,582)
	-	136,500	7,141,395	5,612,938
<b>Investing activities</b>				
Exploration and evaluation expenditures	(1,088,411)	(2,793,697)	(3,942,558)	(6,783,996)
Government exploration tax credits received	-	-	-	902,164
Purchase of property and equipment	(6,155)	-	(7,655)	(24,090)
Purchase of marketable securities	(535,375)	(100,246)	(1,932,441)	(1,626,706)
Proceeds on sale and redemption of marketable Securities	520,000	91,886	1,897,500	1,593,686
	(1,109,941)	(2,802,057)	(3,985,154)	(5,938,942)
Change in cash and cash equivalents	(1,017,300)	(2,995,985)	2,405,571	(3,384,565)
Cash and cash equivalents, beginning of the period	5,964,690	11,140,654	2,541,819	11,529,234
Cash and cash equivalents, end of the period	4,947,390	8,144,669	4,947,390	8,144,669

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

# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

	Common shares		Warrants		Contributed surplus \$	Deficit \$	Shareholders' equity \$
	#	\$	#	\$			
<b>Balance November 1, 2012</b>	97,917,874	59,747,820	156,926	30,757	10,960,200	(15,094,381)	55,644,396
Private placements	8,709,133	7,605,802					7,605,802
Share issue expenses		(464,407)					(464,407)
Premium on issue of flow-through shares		(1,338,135)					(1,338,135)
Stock option compensation					170,000		170,000
Warrants expired			(156,926)	(30,757)	30,757		-
Comprehensive loss for the period						(692,378)	(692,378)
<b>Balance July 31, 2013</b>	106,627,007	65,551,080	-	-	11,160,957	(15,786,759)	60,925,278
			Reserves				
			Common shares	Warrants	Contributed surplus \$	Deficit \$	Shareholders' equity \$
	#	\$	#	\$			
<b>Balance November 1, 2011</b>	94,968,933	56,698,891	313,140	140,676	10,208,716	(16,004,057)	51,044,226
Private placements	2,698,941	5,862,520					5,862,520
Share issue expenses		(444,582)					(444,582)
Premium on issue of flow-through shares		(2,613,502)					(2,613,502)
Exercise of stock options	250,000	275,250			(80,250)		195,000
Stock option compensation					619,208		619,208
Warrants issued		(30,757)	156,926	30,757			-
Warrants expired			(229,140)	(100,440)	100,440		-
Comprehensive loss for the period						624,511	624,511
<b>Balance July 31, 2012</b>	97,917,874	59,747,820	240,926	70,993	10,848,114	(15,379,546)	55,287,381

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

## **EASTMAIN RESOURCES INC.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
Third Quarter Report - July 31, 2013

### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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

The Company is in the exploration stage and has not yet determined whether its exploration and evaluation assets contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for its exploration and evaluation assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its exploration and evaluation assets, 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 exploration and evaluation assets. The amount shown for exploration and evaluation assets does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for the exploration and evaluation assets.

These 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 operations 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 July 31, 2013, the Company had working capital of \$6,101,932 and shareholders' equity of \$60,925,278. Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these interim financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

The Company's registered office address is 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada M5C 2C5.

### **2. BASIS OF PREPARATION**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been condensed or omitted and these unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2012.

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended October 31, 2012.

In the preparation of these unaudited condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis, based on historical experience and other factors that are considered to be relevant under the circumstances. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Notes 5(b) 8, 11(a) and 11(b).

#### **Basis of consolidation**

These unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly-owned Canadian subsidiary Eastmain Mines Inc.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition, and up to the effective date of disposal as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on September 10, 2013

### **3. RECENT 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 will adopt IFRS 10, 11, 12 and 13 effective November 1, 2013.