EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – FOURTH 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 year ended October 31, 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 Company's audited consolidated financial statements for the year ended October 31, 2013, together with the notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the financial statements and this discussion are expressed in Canadian dollars, unless otherwise stated. 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 January 29, 2014 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 January 29, 2014.

Company Overview

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

The Company's primary focus is exploration for precious metals in the Eastmain/Opinaca areas 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 37.38% interest in, and manages exploration of, the Éléonore South project, a mineral exploration joint arrangement, located immediately south of Goldcorp Inc.'s ("Goldcorp") Éléonore Project (Roberto gold deposit). The Company also holds a pipeline of high-potential exploration properties covering over 1200 km^2 of this new and fertile mining district.

Significant Events

- In the fall of 2013, road building crews completed Plan Nord's extension of Route 167, thereby connecting the Eastmain Mine facility with a permanent all-weather road;

- The Company also received permitting necessary to convert its main drill access road to a permanent all-weather access road at its Clearwater property. Borrow-pit testing completed in late fall suggests there is sufficient material on site to complete construction of this road;
- During the 2013 field season 77 drill holes, totalling 31,625 metres, were completed at Clearwater, expanding near-surface gold resources within the Eau Claire gold deposit;
- Over 80 drill intersections from the 2013 Clearwater program exceed current resource cut-off grades and thicknesses, with assay data pending for 22 holes;
- 2013 trenching also expanded the surface expression of the Eau Claire gold deposit, where in excess of 1,000 half-metre channel samples of material from principal gold-bearing structures were taken;
- Channel sampling from the 450 West Zone confirmed wider zones of gold mineralization for all exposed gold-bearing structures (P-JQ-R), with exceptional results from the R Vein, at up to 39.2 grams per tonne (g/t) gold across 8.5 metres, including 61.4 g/t over a 5.0-metre interval;
- Definition drilling of the 450 West Zone in 2013 included a number of high-grade, near-surface gold-bearing intersections, such as hole 501, which assayed 10.94 g/t gold over 12.0 metres, including 19.85 g/t gold across 5.0 metres, at a down-hole depth of 152.5 metres;
- 2013 regional prospecting, mapping and trenching of targets several kilometres both east and west of the 450 West Zone indicate potential for additional satellite resources as well as new styles of prospective mineralization at Clearwater, where Roberto-style geology has also been discovered;
- Drilling campaigns previously planned for the Eastmain Mine and Eleonore South projects were deferred;
- Four drill holes were completed at the Reservoir Project, testing both Eleonore-mine-type geology and the C-52 gold zone. Assays are pending;
- High-definition airborne geophysical surveys targeting potential ore-forming structures were completed over Lac Elmer, Lac Hudson; Road King, Dyna, Reservoir, Ruby Hill East and West, Eastmain Mine and Lac Lessard;
- In November 2013, the Company raised $5.1 Million. The placement was over subscribed in a very difficult market for fund raising within the mining and exploration sector; and
- In December of 2013 the Company appointed Serge Bureau, MSc, P.Eng, as its first member of a newly created Development-Group Advisory Board. This new position is key in advancing Eastmain's flagship project, Clearwater, toward the development stage.

Exploration and Evaluation Activities

Clearwater

Eastmain Resources Inc. owns 100% interest in the Clearwater Property, host to Eau Claire, one of five known gold deposits in the James Bay region of Québec. With ready access and nearby infrastructure in the form of permanent roads and power, Clearwater is superbly located for potential future development. The project is situated approximately 800 kilometres (kms) north of Montréal, 80 kms north of a commercial airport at Nemiscau and less than 10 kms northeast of Hydro Québec's EM-1 complex. Gold mining is about to begin in this emerging-metals district with initial production commencing at Goldcorp's Eleonore project, located only 45 kms geographically north of Clearwater, in late 2014.

The Clearwater Project covers about 200 km^2 of Archean geology similar to that underlying many of the major mining camps within the Canadian Shield. The Eau Claire gold deposit is situated at the western end of the property 2.5 kilometres from Hydro Québec's road network and approximately five kilometres from one of the world's largest hydro electric power installations. Fuel is delivered to the project by tanker truck and year-round access to the 30-person base camp is facilitated via drill roads five kilometres from the permanent road network.

Our objective is to establish Eau Claire as a high-grade gold resource that would support a profitable, stand-alone mining operation for a minimum ten-year mine life, based on prevailing metal prices. Over the last three years, 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. By the end of the 2013 field season the exposed surface area of the 450 West Zone had increased again by about 50%.

Eau Claire Gold Deposit

As at October 11, 2012 (news release), the Eau Claire Deposit hosts a combined Measured and Indicated (M&I) Resource of 4.87 million tonnes at an average grade of 4.60 g/t gold containing 721,000 ounces of gold, plus an additional 6.4 million tonnes at an average grade of 5.45 g/t gold, classified as Inferred Resources, containing 1,122,000 ounces of gold. Uncapped resources* include 4.94 million tonnes M&I, containing 780,000 ounces at 4.91 g/t gold, and 6.5 million tonnes Inferred containing 1,148,000 ounces at 5.48 g/t gold.

Gold resources at Eau Claire have been estimated for both potentially open pittable and underground extraction methods. At 4.32 g/t gold (4.91 g/t uncapped*), the combined potential M&I Open Pit resource grade makes Eau Claire one of the highest-grade potentially open-pittable, undeveloped gold projects in North America. Measured potential Open Pit resources from the 450 West Zone exceed 6 g/t gold (Au).

Eau Claire is a structurally-controlled gold deposit consisting of multiple quartz-tourmaline veins and altered rock. The mineralized system forms a crescent-shaped body covering a footprint that is over 100 metres wide, extends for about 1.8 kilometres in length, and which to date, has been traced to a vertical depth of 900 metres. Over 85 high-grade veins, forming two vein sets known as the 450 and 850 West Zones, have been discovered. Both Zones, exposed in outcrop through trenching along topographic highs, coincide with major structural shear zones. The 450 West Zone vein set is oriented at N 85^{o}E, dips 45 to 60^{o} south and plunges steeply to the southeast, sub-parallel to an F2 fold axis. The 850 West Zone vein set is aligned N 60^{o}E, dips sub-vertically and plunges gently southwest.

The deposit occurs on the south limb of an anticlinal fold nose coinciding with the contact of felsic volcaniclastic rocks overlain by mafic volcanic flows. Over 80% of the gold occurring within the 450 West Zone appears to be sandwiched between a hanging-wall felsic porphyry dyke swarm and a footwall volcaniclastic unit near this contact. Regional prospecting and trenching have detected anomalous gold in rock, ranging from >0.5 to 406 g/t Au, coinciding with the favourable east-west trending, mafic/felsic volcanic horizon, for more than five kilometres. Two potential gold-resource targets have been identified lateral to the Eau Claire deposit, 800 metres southwest (Spider target) and 2.5 kilometres east (Snake Lake target).

At least four styles of gold mineralization appear to be evident at Eau Claire. What appear to be early-stage, gold-rich stratabound units occur in proximity to east-west trending gold-bearing structures (fractures). These fractures mark deep-seated plumbing systems through which gold-bearing hydrothermal fluids moved towards the surface, altering and replacing previously deformed rocks, and depositing gold in centimetre- to multi-metre alteration envelopes to the fractures. As the hydrothermal system continued, bonanza-style, high-grade, often laminated quartz-tourmaline feeder veins, ranging from 10 to more than 100 grams gold per tonne, over 0.5- to 4.0-metre-wide intervals, filled the original plumbing structures. Later cross-cutting and extensional, gold-rich veins form gashes and piano key textures within these laminated east-west veins.

Rock alteration associated with gold mineralization is very distinct, consisting of quartz-carbonate and black tourmaline occurring as veins, and as actinolite-tourmaline-biotite-carbonate alteration zones. Alteration zones can often be wide zones of lower-grade gold mineralization ranging from 0.5 to 10.0 grams per tonne over thicknesses of 5.0 to 25 metres. Both veins and alteration zones contain finely disseminated particles of free gold, tellurides and bismuth minerals. Accessory sulphide minerals range from nil to 1% pyrite, pyrrhotite and chalcopyrite.

**Gold assay composite intervals exceeding 100 grams per tonne have been capped to 100 grams.*

2013 Exploration

In 2013 the Corporation completed a multi-phase exploration program, ranging from property-wide target generation, to the search of potential satellite resources, and to definition drilling and trenching in order to expand and further define deposit resources at Eau Claire.

77 drill holes totalling 31,625 metres tested the upper portion of the 450 West Zone of the Eau Claire deposit. Several kilometres of trenching (2,288 channel samples), targeted the 450 West Zone, and prospective satellite occurrences at the Snake Lake and Spider targets. 560 rock samples were also taken property-wide as a continuing target-generating approach to possible new discoveries elsewhere on the property.

The drill program continued to define high-grade gold-mineralization in multiple parallel Vein zones between surface and 300 metres depth within the 450 West Zone.

Significant gold-assay intercepts from drilling within, and laterally beyond, the known limits of the Eau Claire gold deposit, demonstrated additional lateral and vertical continuity, which is expected to contribute to future mineable resources.

The drill program focused on testing the upper one-third of the 450 West Zone, which currently extends from surface to a vertical depth of 900 metres. Assays received to date confirm that over 80 gold-bearing intervals exceed resource cut-off parameters. Highlighted below are several exceptional drill intercepts ranging from 10.94 g/t Au over 12.0 metres to 4.88 g/t Au across 31.0 metres. A substantial number of outstanding high-grade assay intervals, such as 19.85 g/t Au over 5.0 metres, intersected in hole 501, were confirmed in 2013 drilling. This intersection includes six one-half metre samples ranging from 18.1 to 42.5 g/t Au. With assays of up to 8.5 g/t gold over a width of 16 metres, hole 512, drilled approximately 150 metres down-dip of ER12-456 (10.98 g/t Au over 11.0 metres), also demonstrates continuity of a wider high-grade zone at the lower contact of the Eau Claire deposit. Assay data is pending for 22 drill holes (approximately 4,500 samples).

2013 Drill Highlights

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Te (g/t)	VEIN ID
ER13-490	184.0	198.5	14.5	6.38	10.14	D
incl.	189.0	192.0	3.0	14.98	24.5	
ER13-494	164.2	179.7	15.5	6.09	5.81	C & D
incl.	171.2	171.7	0.5	54.6	45.0	
ER13-501	152.5	164.5	12.0	10.94	9.92	C
incl.	153.0	158.0	5.00	19.85	16.34	
	228.5	230.0	1.50	30.07	43.4	G
ER13-505	213.0	274.8	61.8	2.48	3.97	D to H
incl.	213.0	230.5	17.0	2.98	3.40	D
	262.3	263.3	1.00	22.65	34.18	G
	271.8	274.8	3.00	19.96	40.63	H
ER13-512	312.5	343.5	31.0	4.88	6.56	H to P
incl.	320.0	336.0	16.0	8.50	11.6	I
incl.	326.0	326.5	0.50	46.40	59.80	
incl.	335.5	336.0	0.50	31.30	40.00	

2013 Trenching Highlights: 450 West Zone

2013 surface trenching increased the footprint of the high-grade 450 West Zone by about 50%. Gold-bearing veins and alteration zones uncovered to the south and east of the deposit exposed the H, I and F veins on the south flank of the 450 hillside. Over 1,000 channel samples were taken from the newly expanded 450 West Zone outcrop to evaluate potential surface mining grades of veins as well as wall rock adjacent to, and between, high-grade veins. Many alteration zones previously not assayed were sampled in order to gain a better understanding of potentially open-pittable resource grade distribution.

The R Vein zone has an average grade of 19.3 grams gold per tonne over an average width of 2.41 metres, and is exposed for a length of 95 metres. Here, gold mineralization consists of an early-stage, quartz-tourmaline replacement zone, which has subsequently been crosscut by later gold-bearing quartz-tourmaline veins.

Channel sample intervals R13 and R15 cover a wide section of altered felsic volcaniclastic rock that had not previously been sampled. R13 cut an 8.0-metre-wide section of quartz-tourmaline replacement and vein material grading 18.7 g/t gold, including a 3.5-metre-interval at 32.9 g/t gold. Channel R15 also consists of massive quartz-tourmaline replacement rock crosscut by quartz-tourmaline veins, grading 39.2 g/t gold over a width of 8.5 metres, including a 4.0-metre interval at 71.9 g/t gold.

The JQ Vein zone, exposed for a length of 195 metres, has an average grade of 11.3 g/t gold over an average width of 3.09 metres. Systematic channel sampling, at 5-metre intervals along the Vein zone, defined high-grade quartz-tourmaline veins, including 32.2 g/t gold over 2.0 metres (JQ4) and 45.4 g/t gold over 2.0 metres (JQ5) at the western end of the zone.

Trenching also extended the JQ Vein zone to the east, where it blossoms out to wide zones of high-grade, gold-bearing altered rock with little or no vein material present. Here, assays of up to 7.77 g/t gold over 9.9 metres (JQ50) were returned from samples taken 15 metres east of where the original 450 West exposure ended in an alteration zone. Two separate channels previously cut from this altered rock assayed 27.1 g/t Au over 9.9 metres, and 51.5 g/t gold over a 5.1-metre section respectively. These high-grade alteration zones are open to the north and east and extend to depth.

The P Vein Zone, exposed for a length of 160 metres, has an average grade of 11.1 grams gold per tonne over an average width of 2.53 metres. Notable 2013 channel intervals include 11.6 g/t Au over 6.0 m (P28), 6.7 g/t Au over 5.3 m (P14) and 14.9 g/t Au over 5.1 m (P17).

Prospecting and channel sampling well outside the footprint of Eau Claire yielded:

72 regional samples ranging from >1.0 up to 55.0 g/t Au;

82 samples from the Spider target, located over 800 metres southwest of the 850 West Zone, which included 18 samples ranging from >1.0 up to 27.0 g/t Au, to define a new highly-prospective, 250-metre-long target area;

79 rock samples taken from the Snake Lake target, 2.5 kilometres east of the 450 West Zone, including 22 samples with assays ranging from more than a gram to 6.89 g/t gold, while channel sampling from the BB trench in this region included a 2.0-metre-wide interval grading 20.2 g/t Au, containing an internal zone of 67.9 g/t Au over 0.5 metres; and

A boulder train of gold-bearing, quartz-tourmaline vein material including five samples ranging from >1.0 up to 55.0 g/t gold thought to be derived from a source east of the Eau Claire deposit.

A 7,500-metre, $1.6M exploration program has been budgeted for 2014. The principal objectives of the program are to continue to define sufficient gold resources within the Eau Claire deposit, which will support a future low-cost, highly-profitable, long-life mining operation, and the discovery of additional resources on the property.

The Company's net investment in the Clearwater project to October 31, 2013 is $37.3 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 project includes a 100-person camp, fuel farm, fully functioning airstrip, tailings pond, underground ramp access and underground mine workings.

The Québec government's Plan Nord infrastructure program has now provided permanent road access to the Eastmain Mine property by extending Route 167 north from the communities of Chibougamau and Mistissini. This new infrastructure will substantially reduce costs, improve project logistics and stimulate exploration of our large land holdings in the area. This new road also provides additional access for exploration along the favourable mine trend.

2013 Exploration

A program of prospecting, soil and rock sampling and high-definition airborne magnetic surveys focused on target generation along the favourable Eastmain Mine trend. 242 rock samples and 1,452 soil samples were collected during the 2013 field season. 3,453 line-kilometres of high density airborne magnetic surveys were flown.

Four new exploration targets were generated through prospecting:

Target 1: Located 2.4 kilometres northwest of the A Zone, the Julien Lake target was defined by anomalous gold in rock sampling over a length of 540 metres. 40 samples with assays ranging from >1.0 up to 30.9 g/t gold, up to 24.9 g/t silver (Ag) and up to 1.12% copper (Cu) display a similar metal signature to the Eastmain Mine deposit.

Target 2 is defined by a number of anomalous mineralized boulders, which include assays of 7.87 g/t Au, 21.6 g/t Au and 108.5 g/t Au, all located about a kilometre northwest of the A Zone and coinciding with the favourable mine horizon. These boulders also contain up to 196 g/t Ag and up to 4.22% Cu.

Target 3 is characterized by an anomalous boulder found within the key mine horizon 2.3 kilometres southeast of the A Zone. The boulder, which is coincident with an area underlain by a very weak VTEM geophysical anomaly, contains 12.9 g/t Au, 5.4 g/t Ag and 0.74% Cu.

Target 4 coincides with an isolated VTEM anomaly and a magnetic high, located 4.2 kilometres southeast of the A Zone. Here mineralized boulders contain up to 62.9 g/t Au, 5.63 g/t Ag and 0.02% Cu.

A $1.5-million exploration program, including 7,500 metres of diamond drilling is planned for 2014.

The Company's net investment in the Eastmain Mine project to October 31, 2013, is $13.2 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, located within the Upper Eastmain River Greenstone Belt of Northern Québec. The project, which consists of two separate groups of claims, referred to as the Ruby Hill East and Ruby Hill West blocks, covers approximately 10,600 hectares of prospective geology similar to the key mine horizon at the Eastmain Mine gold deposit.

The Ruby Hill East block is contiguous with the Eastmain Mine property and covers the potential geological fold repetition of the Eastmain Mine horizon. Ruby Hill West straddles the western limb of the Upper Eastmain River Greenstone Belt approximately 30 kilometres west of the Eastmain Mine deposit in a similar geologic setting.

6,346 line kilometres of airborne magnetic surveys were flown over the Ruby Hill project in 2013.

The Company's net investment in the Ruby Hill project to October 31, 2013, is $1.95 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 Éléonore mine geology is interpreted to extend on to the Éléonore South 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. Eastmain's discovery of the JT Gold occurrence returned assays of up to 5.3 g/t gold across 8.0 metres and 10.9 g/t Au over three metres. Subsequent drilling conducted by the Company delineated a kilometre-long, stacked horizon of metamorphosed sediments and intrusive rocks similar to those found at Éléonore, containing anomalous gold, arsenic and antimony mineralization, the signature metal suite at Éléonore.

2013 exploration consisted of geological and geophysical compilation of data. 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 $250,000 in funding for 2014.

The Company's net investment in the project to October 31, 2013 is $4.9 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 additional drilling.

Subsequent to the year-end, 3,921 kilometres of high-density magnetic surveys and four drill were completed. Drill holes tested the C-52 Au-Cu-Ag zone and a VTEM target coinciding with Opinaca group sedimentary rocks, which are in contact with and overlie mafic volcanic rocks of the Eastmain group. The Opinaca sedimentary rock formation hosts Goldcorp's Roberto gold deposit while the Eastmain volcanic sequences host Eau Claire.

The Company's investment in Reservoir to October 31, 2013 is $0.7 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), had 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 completed four short drill holes totaling 827 metres.

Drill hole RA-13-03 intersected a shear zone bounding a sedimentary-dominated assemblage, and returned 3.71 g/t Au over 1.0 metre within a broader anomaly assaying 0.44 g/t Au over 17.56 metres.

Drill hole RA-13-02 intersected 4.67 g/t Au and 9.8 g/t Ag over 0.55 metre within a shear zone located at a volcanic/sedimentary geological boundary. RA-13-01 tested the same shear zone, intersecting 0.35 g/t Au over 1.0 metre. RA-13-04 tested a banded iron formation target with no significant results.

Subsequent to the year-end, Honey Badger informed Eastmain that due to current market conditions it was unable to raise exploration funds and would therefore not be able to fulfill its requirements with respect to the option agreement. HBE has thus elected to terminate its option.

The Company's investment in the project to October 31, 2013 is $0.2 million.

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.

Subsequent to the year-end the Company completed 2,651 line-kilometres of high-density magnetics surveys.

The Company's investment in the project to October 31, 2013 is $0.2 million.

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. 5,411 line-kilometres of airborne magnetic surveys covering the property were flown in 2013.

The Company's investment in the project to October 31, 2013 is $0.8 million.

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. 5,805 line-kilometres of airborne magnetic surveys were flown over the property in 2013.

The Company's investment in the project to October 31, 2013 is $0.6 million.

OTHER PROPERTIES

Dyna, Lac Lessard, and Lidge Projects

The Company holds 100% interest in these very-early- to early-stage exploration properties, all of which are located in prospective geological regimes within the James Bay District of Québec. High-density airborne surveys were flown over each of these projects subsequent to year-end.

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 (Dyna, Lac Lessard and Lidge) to October 31, 2013 is $1.0 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 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 are 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.

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 operating 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, 2013, the Company had working capital of $2,597,817 (2012 – $4,673,482) and shareholders' equity of $60,007,364 (2012 – $55,644,396). 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 was not appropriate for these consolidated financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

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, 2013 compared to the three months ended October 31, 2012:

Net loss for the quarter ended October 31, 2013 was $945,814 (2012: net income $285,165) an unfavourable variance of $1,230,979 over the comparative quarter last year.

- General and administrative expenses were $197,556 (2012: $336,232) a favourable variance of $138,676 (41.2%). attributable to the scaling back of discretionary general administrative costs.
- Interest and other income was $27,976 (2012: $62,079) an unfavourable variance of $34,103 (54.9%), as a result of a decrease in camp rentals, management fees and a decrease in interest on investments and bank balances.
- The unrealized gain on marketable securities was $8,818 (2012: $20,081) an unfavourable variance of $11,263 (51.6%). The gain resulted from the regular recurring adjustments of the Company's investment portfolio to market value.
- Premium income on flow-through shares was $615,505 (2012: $196,627). A favourable variance of $418,878 (213%). 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 deferred tax expense of $1,400,557 (2012 recovery $342,610) generated an unfavourable variance of $1,743,167, reflecting a decrease in the difference in book value to the tax-base value of the Company's assets.

Year ended October 31, 2013 compared to the year ended October 31, 2012:

Net loss was $1,638,192, (2012: net income $909,676) an unfavourable variance of $2,547,868 (280.1%).

- General and administrative expenses were $970,021 (2012: $1,476,216) a favourable variance of $506,195 (34.3%). A portion of this variance ($250,528) is attributable to the scaling back of discretionary general administrative costs and another portion ($217,293) is attributable to lower stock option compensation costs in 2013, as determined by the Black-Scholes option pricing model.
- No impairment adjustments were required for deferred evaluation expenditures on mineral properties this year. In 2012, the balance of the Xstrata Joint Arrangement was written off.
- Interest and other income was $128,036 (2012: $364,668) an unfavourable variance of $236,632, (64.9%) as a result of decreased camp rental and management fees as well as a reduction in interest income. 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 on marketable securities was $267,463 (2012: $300,746) a favourable variance of $33,283 (11.1%). The losses are reflective of the depressed market trend that prevails on 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 was $798,035 (2012: $2,613,502) an unfavourable variance of $1,815,467 (69.5%). 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 premiums obtained in 2013 were less than those obtained in 2012 as a result of the general decline in stock market valuations for the mining sector. Premiums recorded on the issue of flow-through shares are disclosed in the audited consolidated financial statements (note 11). Eligible exploration expenditures incurred to October 31, 2013 were $5,807,032 (2012: $5,862,520).
- Deferred tax expense was $1,326,779 (2012 recovery: $342,610) an unfavourable variance of $1,669,389, reflecting a decrease in the difference in book value to tax-base value of the Company's assets.

Selected Quarterly Information

	Quarter ended 10/31/2013	Quarter ended 07/31/2013	Quarter ended 04/30/2013	Quarter ended 01/31/2013
Interest / other income	$ 27,976	$ 30,448	$ 52,096	$ 17,516
Comprehensive loss	$ (945,814)	$ (67,710)	$ (414,451)	$ (210,217)
Per share basic	$(0.0089)	$(0.0006)	$(0.0039)	$(0.0021)
Per share diluted	$(0.0089)	$(0.0006)	$(0.0039)	$(0.0021)
Trading range of shares				
High	$0.48	$0.46	$0.82	$0.90
Low	$0.26	$0.19	$0.38	$0.59

	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

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

10/31/2013 - Comprehensive net loss includes flow-through share premium income of $615,605, deferred income taxes of $1,400,557 and an unrealized gain on investments of $8,818.

07/31/2013 - Comprehensive net loss includes flow-through share premium income of $105,713, deferred income tax recovery of $27,058 and a charge of $119,425 for stock option compensation, and an unrealized loss on investment valuation of $9,663.

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

01/31/2013 - Comprehensive net loss includes flow-through share premium income of $40,013, deferred income tax recovery of $43,119 and an unrealized loss on investments of $48,671.

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

07/31/2012 - Comprehensive 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, and an unrealized loss on investments of $164,345.

04/30/2012 - Comprehensive 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 and an unrealized loss on investments of $134,980.

01/31/2012 - Comprehensive 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, and an unrealized loss on investments of $41,459.

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 Assets

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, 2013, 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. The Company's carrying value of exploration and evaluation assets as of October 31, 2013 was $60,892,328 (2012 – $52,845,179).

Liquidity

Working capital is a measure of a 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 October 31, 2013, the Company had current assets of $5.0 million and current liabilities of $2.4 million yielding a working capital of $2.6 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 October 31, 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.

Accounts receivable and prepaid expenses as at October 31, 2013 were $556,433 which included $426,204 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. Accounts receivable from cost-sharing agreements were $113,369. Other advances and prepaid amounts were $16,860.

As at October 31, trade accounts payable and accrued liabilities were $1,875,098. Trade accounts are usually settled within 30 days. Flow-through premium liabilities are amortized in proportion to their related exploration expenditures.

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, and an estimated $0.6 million for claims to be filed for the year ended October 31, 2013. Since no confirmation of the amounts has been received, this estimated refund has not been recorded in the Company's financial statements.

During the year ended October 31, 2013 the Company received net proceeds of $7.1 million from the issue of shares. During the same period, the Company spent $7.4 million on claim acquisition, claim maintenance, and 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.

In December 2013 the Company received net proceeds of $4.8 million from shares issued to fund fiscal 2014 activities.

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 was committed to spend $7,605,802 in eligible Canadian exploration expenditures ("CEE") by December 31, 2013. As of October 31, 2013, qualifying expenditures of $5,807,032 had been incurred. The Company fulfilled its commitment to incur the remaining $1,798,770 in December 2013.

In December 2013 the Company issued flow through shares for which it is committed to spend an additional $4,280,000 in eligible Canadian exploration expenditures ("CEE") by December 31, 2014.

Capital Resources

The Company, as is typical of junior exploration companies, has only a small investment in capital resources, which is comprised of $53,567 in computer equipment and field equipment of $393,923. The net book value as at October 31, 2013 was $98,095.

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).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. The value of related-party transactions for the year ended October 31, 2013 was $499,250 (2012 – $520,923). The amount due to related parties October 31, 2013 was $46,056 (2012 – $32,188).

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares of which, as of January 29, 2014 there are 120,164,507 common shares outstanding; 5,714,605 share-purchase options with a weighted average exercise price of $0.95, which would generate proceeds of $5,445,672, if exercised; and 6,768,750 common share-purchase warrants outstanding which would generate proceeds of $3,045,938 if exercised.

Critical Accounting Estimates

The preparation of these consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to those financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from the estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

a) Assets' carrying values and impairment charges;

In the determination of carrying values and impairment charges, management looks at the higher of the recoverable amount or the fair value less costs to sell in the case of all assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

b) Estimation of restoration, rehabilitation and environmental obligations;

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations. These estimates are measured at fair value, which is determined by the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change, based on changes in laws and regulations and negotiations with regulatory authorities. Management's determination that there are currently no provisions required for site restoration is based on facts and circumstances that existed during the year.

c) Income taxes and recoverability of potential deferred tax assets; and

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

d) Share-based payments.

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock-option exercise behaviours, as well as Company performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair-value estimates.

Impairment Analysis

Management has reviewed the general and economic conditions and mining industry trends that influence recoverability of the carrying value of its exploration and evaluation expenditures. Currently, there is a strong trend toward gold mining development in the James Bay area of Québec. Management is confident that under Québec's current mining regime, these carrying values will be recoverable.

Changes in Accounting Policy

Note 3, to the audited consolidated financial statements of October 31, 2013 describes the accounting policies that are used in the preparation of the Company's consolidated 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. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company adopted IFRS 10, 11, 12 and 13 effective November 1, 2013 with no change to the consolidated financial statements.

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 and is being evaluated to determine the impact on the Company.

Consolidated Financial Statements

IFRS 10 – *Consolidated Financial Statements,* was issued by the IASB in May 2011. This is a new standard 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, applicable to annual reporting periods beginning after January 1, 2013, was implemented on November 1, 2013.

Joint Arrangements

IFRS 11 – *Joint Arrangements,* issued in May 2011*,* supersedes IAS 31 – *Interests in Joint Ventures and* SIC 13 - *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Under IFRS 11, the classification of joint arrangements is based on the rights and obligations of the parties to the joint arrangement. A joint operation is an arrangement whereby the parties that have joint control of the arrangement ("joint operators") have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement ("joint venturers") have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognize its portion of assets, liabilities, revenues and expenses of a joint arrangement while a joint venturer recognizes its investment in a joint venture using the equity method. This new standard, which is applicable to annual reporting periods beginning after January 1, 2013, was implemented on November 1, 2013 without any impact on the Company's consolidated financial statements.

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, applicable to annual reporting periods beginning after January 1, 2013, was implemented on November 1, 2013 without any impact on the Company's consolidated financial statements.

Fair Value Measurement

IFRS 13 – *Fair Value Measurement* ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair-value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair-value measurement. This new standard, applicable to annual reporting periods beginning after January 1, 2013, was implemented on November 1, 2013 without any impact on the Company's consolidated financial statements.

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

a) Fair value

Fair value represents the amount 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.

b) Credit risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2013, the Company had current assets of $5,013,015 to settle current liabilities of $2,415,198. All of the company’s financial liabilities have contractual maturities of 30 days or less.

During the year ended October 31, 2013, the Company raised net proceeds of $7,141,395 through the issue of flow-through shares and the exercise of stock options. In a combined flow-through/non-flow-through share issue subsequent to the October 31, 2013 reporting date, gross proceeds of $5.1 million were generated to fund exploration and operation activities planned for fiscal 2014. In management’s opinion, there are sufficient funds to support the planned exploration program and operations for the foreseeable future.

d) Market risk

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

Interest rate risk
The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt. The Company’s current policy is to invest excess cash in investment-grade bonds, treasury bills, bankers’ acceptances and money market funds. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as at October 31, 2013.

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

Outlook

This past year was one of the worst on record for the mining industry with junior through senior North American gold producers declining from 40 to 47%. Following a $400-dollar decline over the past year, gold price year to date (YTD) has stabilized and withheld bearish predictions of further declines. YTD the sector has corrected positively with senior producers up by 10%, intermediate producers up by 23% and junior producers up by 24%. After significant declines during the past year, Eastmain's share price has rebounded by 50% YTD.

The Province of Québec, once the top-ranked region worldwide for mining, dropped below the top 10 in 2013, due to the uncertainty of proposed changes to the Mining Act. Bill 70 has now been passed into law, thereby establishing a new level of confidence for the Province. Passage of the Bill has been received as a positive measure and is expected to improve Québec's world ranking as a safe and friendly mining jurisdiction.

Goldcorp's recent bid for Osisko has also sent a positive signal to the marketplace, confirming that Québec is climbing in status as a preferred mining jurisdiction. This proposed acquisition also signals a current theme that gold producers are looking to re-stock their reserves and resource to replace depleted assets.

Eastmain continues to be one of the most active companies exploring within the James Bay region of Québec. The Company owns a 100% royalty-free interest in the second largest gold deposit in the district. The Eau Claire Deposit is one of only a 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, plus 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.

2013 exploration generated some of the highest grades and thickest intervals ever seen before at Clearwater. Multiple examples of wide zones of high-grade gold mineralization were discovered in both trenching and drilling. Assay results are pending for 22 drill holes completed during the 2013 program.

The deposit parameters are clearly improving with increased exploration. Very few exploration projects become operating mines. Clearwater has high-grade, potentially open pittable resources that exceed the average open pit mining operation by 3 to 5 times. 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.

Infrastructure at our second wholly-owned deposit, Eastmain Mine, also improved significantly this year with the construction of an all-weather permanent road, part of Québec's Plan Nord program, from the mining-experienced and supply-based communities of Chibougamau and Mistissini, to the Stornoway's Renard Diamond Deposit. Combined with onsite mining-supportive infrastructure, including the ability to generate its own electricity for underground exploration and exploitation, this road not only helps to cut the Company's surface exploration costs, but increases potential interest in re-establishing mining activities on the property.

In a very difficult market for junior exploration companies Eastmain was able to raise $5.1 million subsequent to the year-end, confirming interest in the Company from astute financial institutions an ensuring an active exploration program for 2014.

A minimum budget of $4.28 Million has been allocated for 2014 exploration in the James Bay region. Exploration activities, principally focused on testing established targets lateral to confirmed gold resources at the Eau Claire and Eastmain gold deposits, will include up to 16,000 metres of diamond drilling.

Subsequent Events

On November 27, 2013 the Corporation entered into a non-brokered private placement agreement consisting of 10,700,000 flow-through units at a price of $0.40 per unit and 2,837,500 non-flow-through units at a price of $0.30 per unit for aggregate gross proceeds of $5,131,250. Each flow-through unit consists of one flow-through common share and one-half of one warrant. Each non-flow-through unit consists of one non-flow-through common share and one-half of one warrant. Each whole warrant entitles the holder to acquire one non flow-through common share at a price of $0.45 until May 27, 2015. All the shares issued are subject to a hold period of four months. Finder's fees of $307,875 for the placement agent are equal to 6% of the gross proceeds of the financing. In accordance with income tax legislation, the Company will renounce resource expenditures of $4,280,000 in favour of the investors with an effective date of December 31, 2013 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 $1,193,050.

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 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 and 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.