



# EASTMAIN

## EASTMAIN RESOURCES INC.

### Condensed Interim Consolidated Financial Statements

Three Months Ended January 31, 2015

(Expressed in Canadian Dollars)

(Unaudited)

Responsibility for condensed interim consolidated financial statements:

The accompanying unaudited condensed interim consolidated financial statements (“interim 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 judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these interim financial statements have been fairly presented. These interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended October 31, 2014.

Auditors’ involvement

The auditors of Eastmain Resources Inc. have not performed any review of the interim financial statements for the three months ended January 31, 2015 and January 31, 2014.

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# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited and Expressed in Canadian Dollars)

	Notes	January 31, 2015	October 31, 2014
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5	\$ 3,463,871	\$ 1,211,517
Marketable securities maturing in one year	6	1,574,559	1,551,525
Prepaid and sundry receivables	7	191,785	240,269
		5,230,215	3,003,311
Marketable securities	6	711,210	763,143
Property and equipment	8	70,871	76,189
Exploration and evaluation	9	56,398,830	55,272,791
		\$ 62,411,126	\$ 59,115,434
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 531,867	\$ 503,975
Deferred premium on flow-through shares	11	449,589	-
		981,456	503,975
Deferred income taxes		4,031,149	3,997,824
		5,012,605	4,501,799
Shareholders' equity			
Share capital	12	71,923,473	68,880,757
Warrants	12	250,444	250,444
Contributed surplus		11,408,667	11,408,667
Deficit		(26,184,063)	(25,926,233)
		57,398,521	54,613,635
		\$ 62,411,126	\$ 59,115,434

APPROVED ON BEHALF OF THE BOARD

"Signed"

Donald J. Robinson – Director

"Signed"

James L. Bezeau - Chief Financial Officer

*The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements*

# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited and Expressed in Canadian Dollars)

	Notes	January 31,	
		2015	2014
Operating expenses			
General and administrative	15	\$ 204,335	\$ 242,925
Impairment of exploration and evaluation assets		39,743	-
Operating loss before the following		(244,078)	(242,925)
Interest and other income		10,232	13,002
Realized loss on marketable securities		(1,721)	-
Unrealized loss on marketable securities		(123,301)	(16,838)
Premium on flow-through shares		134,363	1,106,620
Net income (loss) before income taxes		(204,505)	859,859
Deferred income tax expense		(33,325)	(293,255)
Net income (loss) and comprehensive income (loss)		\$ (257,830)	\$ 566,604
Net comprehensive income (loss) per share:	16		
Basic		\$ (0.002)	\$ 0.005
Diluted		\$ (0.002)	\$ 0.005

*The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.*

# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited and Expressed in Canadian Dollars)

		January 31,	
	Notes	2015	2014
<b>Operating activities</b>			
Comprehensive income (loss) for the period		\$(257,830)	\$ 566,604
Depreciation		5,318	7,361
Impairment of exploration and evaluation assets		39,743	-
Unrealized loss on marketable securities		123,301	16,838
Premium on flow-through shares		(134,363)	(1,106,620)
Deferred income taxes		33,325	293,255
Prepaid and sundry receivables		48,484	(122,716)
Accounts payable and accrued liabilities		27,892	(1,639,877)
		(114,130)	(1,985,155)
<b>Financing activities</b>			
Proceeds on issue of common shares		3,894,625	5,131,250
Share issue costs		(267,957)	(369,723)
		3,626,668	4,761,527
<b>Investing activities</b>			
Exploration and evaluation expenditures		(1,295,782)	(3,784,019)
Recoveries on exploration and evaluation		50,000	-
Purchase of property and equipment		-	-
Purchase of marketable securities		(758,192)	(733,294)
Proceeds on sale and redemption of marketable Securities		743,790	731,400
		(1,260,184)	(3,785,913)
Change in cash and cash equivalents		2,252,354	(1,009,541)
Cash and cash equivalents, beginning of the period		1,211,517	2,911,678
Cash and cash equivalents, end of the period	5	\$ 3,463,871	\$ 1,902,137

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

# EASTMAIN RESOURCES INC.

## Condensed Interim Consolidated Statements of Shareholders' Equity

(Unaudited and Expressed in Canadian Dollars)

	Common shares #	\$	#	Warrants \$	Reserves		Shareholders' equity \$
					Contributed surplus \$	Deficit \$	
<b>Balance as at November 1, 2014</b>	120,194,507	68,880,757	6,768,750	250,444	11,408,667	(25,926,233)	54,613,635
Private placements	12,467,308	3,894,625					3,894,625
Share issue expenses		(267,957)					(267,957)
Premium on issue of flow-through shares		(583,952)					(583,952)
Comprehensive loss for the year						(257,830)	(257,830)
<b>Balance as at January 31, 2015</b>	132,661,815	71,923,473	6,768,750	250,444	11,408,667	(26,184,063)	57,398,521
<hr/>							
	Common shares #	\$	#	Warrants \$	Contributed surplus \$	Deficit \$	Shareholders' equity \$
<b>Balance as at November 1, 2013</b>	106,627,007	65,551,080	-	-	11,188,857	(16,732,573)	60,007,364
Private placements	13,537,500	5,131,250					5,131,250
Share issue expenses		(369,723)					(369,723)
Premium on issue of flow-through shares		(1,193,050)					(1,193,050)
Warrants issued		(250,444)	6,768,750	250,444			-
Comprehensive income for the year						566,604	566,604
<b>Balance as at January 31, 2014</b>	120,164,507	68,869,113	6,768,750	250,444	11,188,857	(16,165,969)	64,142,445

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

## **EASTMAIN RESOURCES INC.**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FIRST QUARTER REPORT – JANUARY 31, 2015  
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### **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 under the symbol "ER". The Company's registered office address is 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada M5C 2C5.

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 carrying cost for exploration and evaluation does not necessarily represent the present or future value of the projects. Changes in future conditions could require a material change in the amount recorded for the exploration and evaluation assets.

These interim 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, Eastmain does not have any sources of revenue and historically has incurred recurring operating losses.

As at January 31, 2015, the Company had working capital of \$4,248,759 (October 31, 2014 – \$2,499,336) and shareholders' equity of \$57,398,521 (October 31, 2014 – \$54,613,635). 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 interim financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

### **2. BASIS OF PRESENTATION**

#### **a) Statement of compliance**

These interim financial statements of the Company 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") have been omitted.

The Company's interim results are not necessarily indicative of its results for a full year.

These interim financial statements for the quarter ended January 31, 2015 were reviewed and authorized for issue by the Board of Directors on March 12, 2015.

#### **b) Basis of measurement**

These interim financial statements have been prepared on the historical-cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair value.

The interim financial statements are presented in Canadian dollars which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the interim financial statements are disclosed in Note 4.

#### **a) Basis of consolidation**

These interim financial statements include the accounts of the Company and its wholly-owned subsidiary Eastmain Mines Inc. All significant inter-company transactions and balances have been eliminated.

## EASTMAIN RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FIRST QUARTER REPORT – JANUARY 31, 2015  
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### 3. CHANGES IN ACCOUNTING STANDARDS NOT YET EFFECTIVE

#### *Financial Instruments*

IFRS 9 – Financial Instruments, issued by the IASB in October 2010 is intended to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*, using a single approach to determine whether a financial asset is measured at amortized cost or fair value, thereby reducing the complexity of 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 each financial asset. The new standard also requires use of a single method of impairment determination, which replaces the multiple methods available under IAS 39. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact this financial standard is expected to have on its interim financial statements.

### 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these interim financial statements under IFRS requires management to make certain estimates, judgements and assumptions of the impacts from uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses during the reporting period. Judgements and estimates used in the preparation of the Company's interim financial statements are consistent with those applied and disclosed in Notes 3 and 4 of the Company's audited consolidated financial statements for the year ended October 31, 2014. Although these estimates are based on management's best knowledge of the amounts, events, or actions, actual results may differ from those estimates and these differences could be material.

### 5. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

	January 31, 2015	October 31, 2014
Cash	\$ 3,013,057	\$ 769,730
Cash equivalents	450,814	441,787
	<u>\$ 3,463,871</u>	<u>\$ 1,211,517</u>

### 6. MARKETABLE SECURITIES

#### a) Marketable securities held

Bonds and other securities are recorded at fair value. Investments in bonds bear interest at annual rates ranging from 1.15% to 4.4%, maturing between April 28, 2015 and June 15, 2016. Investments in public companies consist of shares in Dianor Resources Inc., which were acquired in exchange for geological data; shares of Threegold Resources Inc., received as a dividend from Dianor Resources Inc.; shares in Kaizen Discovery Inc. and Meryllion Resource Corp., as a result of a reorganization of Concordia Resource Corporation (formerly Western Uranium Corporation), received in exchange for prospecting permits and mineral claims; shares in Western Lithium Corporation resulting from a spin-out of Western Uranium Corporation; and shares in Honey Badger Exploration Inc., received in conjunction with an option to acquire a 50% interest in the Radisson property. Darnley Bay Resources Limited shares were acquired in conjunction with an option agreement, whereby under fulfillment of certain obligations, Darnley Bay can acquire a 50% interest in the Lac Lessard property.

#### Marketable securities held

	Shares	January 31, 2015	Shares	October 31, 2014
GIC's and investment grade bonds		\$ 1,946,091		\$ 1,930,772
Darnley Bay Resources Limited	1,600,000	80,000	-	-
Dianor Resources Inc. common shares	500,000	-	500,000	-
Honey Badger Exploration common shares	6,733,980	134,680	6,783,980	203,519
Kaizen Discovery Inc. common shares	107,867	29,633	107,867	38,832
Meryllion Resource Corp. common shares	107,867	3,775	107,867	7,551
Threegold Resources Inc. common shares	12,380	-	12,380	-
Western Lithium Corporation common shares	169,612	91,590	169,612	133,994
Investments		2,285,769		2,314,668
Less current portion		1,574,559		1,551,525
Long term portion		<u>\$ 711,210</u>		<u>\$ 763,143</u>

**EASTMAIN RESOURCES INC.**

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER REPORT – JANUARY 31, 2015

(Unaudited and Expressed in Canadian Dollars)

**6. MARKETABLE SECURITIES (Continued)****b) Hedging activities**

The Company does not engage in hedging activities nor does it hold or issue any derivative financial instruments.

**7. PREPAID AND SUNDRY RECEIVABLES**

	January 31, 2015	October 31, 2014
Sales tax input credits recoverable	\$ 159,355	\$ 107,278
Sundry accounts receivable	31,649	129,913
Advances and prepaid expenses	781	3,078
	<b>\$ 191,785</b>	<b>\$ 240,269</b>

**8. PROPERTY AND EQUIPMENT**

The equipment is recorded at cost and is comprised as follows:

<b>Cost</b>	Computer equipment	Field Equipment	Total
As at November 1, 2014	\$ 58,114	\$ 397,786	\$ 455,900
As at January 31, 2015	58,114	397,786	455,900
<b>Accumulated depreciation</b>			
As at November 1, 2014	45,729	333,982	379,711
Additions for the period	690	4,628	5,318
As at January 31, 2015	46,419	338,610	385,029
<b>Net book value January 31, 2015</b>	<b>\$ 11,695</b>	<b>\$ 59,176</b>	<b>\$ 70,871</b>

<b>Cost</b>	Computer equipment	Field Equipment	Total
As at November 1, 2013	\$ 53,567	\$ 393,923	\$ 447,490
As at January 31, 2014	53,567	393,923	447,490
<b>Accumulated depreciation</b>			
As at November 1, 2013	41,716	307,679	349,395
Additions for the period	891	6,470	7,361
As at January 31, 2014	42,607	314,149	356,756
<b>Net book value January 31, 2014</b>	<b>\$ 10,960</b>	<b>\$ 79,774</b>	<b>\$ 90,734</b>



**EASTMAIN RESOURCES INC.**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FIRST QUARTER REPORT – JANUARY 31, 2015  
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**9. EXPLORATION AND EVALUATION**

Mineral property acquisition, exploration and evaluation expenditures of are recorded at cost and are comprised as follows:

**Project expenditures for the three months ended January 31, 2015**

Project	Drilling & assays	Technical surveys	Project acquisition & maintenance	Gross expenditures	Grants	Net Expenditures
Clearwater	\$ 1,006,544	\$ 190,377	\$ -	\$ 1,196,921	-	\$ 1,196,921
Eastmain Mine	-	26,280	673	26,953	-	26,953
Éléonore South	-	200	1,947	2,147	-	2,147
Ruby Hill	-	11,179	6,096	17,275	-	17,275
Reservoir	-	-	-	-	-	-
Lac Hudson	-	-	3,540	3,540	-	3,540
Lac Elmer	-	14,400	-	14,400	-	14,400
Radisson	-	-	20,320	20,320	-	20,320
Road King	-	382	13,843	14,225	-	14,225
Dyna	-	-	-	-	-	-
Lidge	-	-	-	-	-	-
Lac Lessard	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,006,544</b>	<b>\$ 242,818</b>	<b>\$ 46,419</b>	<b>\$ 1,295,781</b>	<b>-</b>	<b>\$ 1,295,781</b>

**Cumulative acquisition, exploration and evaluation expenditures as at January 31, 2015**

Project	Balance November 1, 2014	Net expenditures	Write-downs	Recoveries	Balance January 31, 2015
Clearwater	\$ 39,448,418	\$ 1,196,921	\$ -	\$ -	\$ 40,645,339
Eastmain Mine	13,462,168	26,953	-	-	13,489,121
Éléonore South	-	2,147	(2,147)	-	-
Ruby Hill	-	17,275	(17,275)	-	-
Reservoir	-	-	-	-	-
Lac Hudson	928,369	3,540	-	-	931,909
Lac Elmer	821,254	14,400	-	-	835,654
Radisson	-	20,320	(20,320)	-	-
Road King	276,658	14,225	-	-	290,883
Dyna	-	-	-	-	-
Lidge	-	-	-	-	-
Lac Lessard	335,924	-	-	(130,000)	205,924
	<b>\$ 55,272,791</b>	<b>\$ 1,295,781</b>	<b>\$(39,742)</b>	<b>\$(130,000)</b>	<b>\$ 56,398,830</b>

**EASTMAIN RESOURCES INC.**

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FIRST QUARTER REPORT – JANUARY 31, 2015  
 (Unaudited and Expressed in Canadian Dollars)

**9. EXPLORATION AND EVALUATION (Continued)****Project expenditures for the three months January 31, 2014**

Project	Drilling & assays	Technical surveys	Project acquisition & maintenance	Gross expenditures	Grants	Net expenditures
Clearwater	\$ 2,190,149	\$ 175,435	\$ -	\$ 2,365,584	\$ -	\$ 2,365,584
Eastmain Mine	158,593	32,303	6,011	196,907	-	196,907
Éléonore South	730	1,500	4,315	6,545	-	6,545
Ruby Hill	-	294,262	(6,048)	288,214	-	288,214
Reservoir	477,748	122,864	13,389	614,001	-	614,001
Lac Hudson	-	2,483	-	2,483	-	2,483
Lac Elmer	-	82	-	82	-	82
Radisson	-	-	-	-	-	-
Road King	-	69,003	-	69,003	-	69,003
Dyna	-	159,490	-	159,490	-	159,490
Lidge	-	27,927	-	27,927	-	27,927
Lac Lessard	-	120,489	6,072	126,561	-	126,561
<b>Total</b>	<b>\$ 2,827,220</b>	<b>\$1,005,838</b>	<b>\$ 23,739</b>	<b>\$ 3,856,797</b>	<b>\$ -</b>	<b>\$ 3,856,797</b>

**Cumulative acquisition, exploration and evaluation expenditures as at January 31, 2014**

Project	Balance November 1, 2013	Net expenditures	Write-downs	Recoveries	Balance January 31, 2014
Clearwater	\$ 37,295,364	\$ 2,365,584	\$ -	\$ -	\$ 39,660,948
Eastmain Mine	13,228,127	196,907	-	-	13,425,034
Éléonore South	4,894,824	6,545	-	-	4,901,369
Ruby Hill	1,947,306	288,214	-	-	2,235,520
Reservoir	727,399	614,001	-	-	1,341,400
Lac Hudson	823,898	2,483	-	-	826,381
Lac Elmer	586,851	82	-	-	586,933
Radisson	200,405	-	-	-	200,405
Road King	183,295	69,003	-	-	252,298
Dyna	471,692	159,490	-	-	631,182
Lidge	484,141	27,927	-	-	512,068
Lac Lessard	49,026	126,561	-	-	175,587
	<b>\$ 60,892,328</b>	<b>\$ 3,856,797</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,749,125</b>

As at January 31, 2015 the Company is entitled to mining duties and resource investment tax credits from the Ministry of Natural Resources (Québec) and The Ministry of Revenue (Québec), in respect of claims filed up to January 31, 2015, amounting to approximately \$1,700,000 (\$1,000,000 as at October 31, 2014). Since the Company has no confirmation of the refund amounts, they have not been recorded in these interim financial statements.

All expenditures for exploration and evaluation of mineral properties currently held by Eastmain Resources Inc. are completely discretionary. The Company has no obligation to make expenditures on any of its mineral properties.

**a) Clearwater Project**

Eastmain holds 100% interest in the Clearwater Project, located in the central portion of the Eastmain River Greenstone Belt within the James Bay Mining District of Québec. The property, which hosts the Eau Claire Gold Deposit, consists of map designated claims (CDC's) covering an area of 200.68 km<sup>2</sup>. In 2011 Eastmain purchased SOQUEM's 2% Net Smelter Royalty ("NSR") for 1 million shares valued at \$1.72 million and \$1.0 million cash, thereby entitling the Company to the

## **EASTMAIN RESOURCES INC.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FIRST QUARTER REPORT – JANUARY 31, 2015**

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#### **9. EXPLORATION AND EVALUATION (Continued)**

unencumbered ability to structure future royalty agreements on the Eau Claire Gold Deposit at its sole discretion. Clearwater is in the advanced exploration stage.

##### **b) Eastmain Mine Project**

The Eastmain Mine project hosts the Eastmain Mine Gold Deposit. The Eastmain Mine property comprises 152 mineral claims and an industrial lease. Located in the easternmost part of the Upper Eastmain River Greenstone Belt of the James Bay District of Northern Québec, the project covers approximately 8,014 hectares of highly prospective terrain. In September 2012, the Company exercised its right of first refusal to purchase the Remaining 2% NSR on all production exceeding 250,000 ounces of gold at a net cost \$400,000. Concurrently, Franco Nevada Corporation and Virginia Mines Inc. jointly acquired the Initial Production Royalty, a 2.3% NSR applicable only to the first 250,000 ounces of gold produced and subject to a reduction should the price of gold fall below USD \$750. Eastmain Mine is in the advanced exploration stage.

##### **c) Éléonore South Project**

The Éléonore South project consists of two separate blocks of CDC's, comprising a total of 282 claims covering approximately 147 km<sup>2</sup> of the Opinaca area of James Bay, Québec. The Éléonore West block consists of 34 mineral claims covering approximately 17.8 km<sup>2</sup>, while the Éléonore South block contains 248 claims extending over an area of approximately 129.9 km<sup>2</sup>. The project is a 3-way joint arrangement agreement between Eastmain, Azimut Exploration Inc. ("Azimut") and Les Mines Opinaca Ltée. ("Les Mines Opinaca"), a wholly-owned subsidiary of Goldcorp Inc. Project ownership is based on participation in the funding of annual exploration programs. As such, the property is currently held by the joint operation partners approximately as follows: Eastmain 38.70%; Les Mines Opinaca 38.69% and Azimut 22.61%. Under the terms of the agreement, Eastmain, as operator, charges management fees based on a percentage of exploration costs for work completed on this early-exploration-stage property.

##### **d) Ruby Hill Project**

The Company holds 100% interest in Ruby Hill, an early-exploration-stage project, which consists of 204 claim units covering 106 km<sup>2</sup> in two claim blocks, known as the Ruby Hill East and Ruby Hill West properties. These properties overlie prospective rock formations of the eastern portion of the Eastmain River Greenstone Belt, located in the James Bay Mining District of Québec.

##### **e) Reservoir Project**

The Company holds 100% interest in the Reservoir property. Located in the James Bay Region of Québec, Reservoir, a discovery-stage project comprises 157 mineral cells (CDC's) covering approximately 81 km<sup>2</sup> of highly prospective Eastmain River / Opinaca Formation rock assemblages.

##### **f) Lac Hudson Project**

The Company holds 100% interest in this early-exploration-stage property, which covers approximately 97 km<sup>2</sup> of the Eastmain / Opinaca district gold belt.

##### **g) Lac Elmer Project**

The Company holds a 50% interest in the Lac Elmer Project, which is located within the western portion of the Eastmain River Greenstone Belt of the James Bay Mining District of Québec. Barrick Gold Corporation previously earned a 50% interest from Eastmain in the Lac Elmer Project by funding \$1 million in work expenditures. Eastmain is the project operator. Should Barrick not elect to participate in any given exploration program, or the maintenance of the Lac Elmer claims, its interest would be diluted. Lac Elmer, an exploration-stage property, covers roughly 94 km<sup>2</sup> of highly prospective terrain.

##### **h) Radisson Project**

The Company holds 100% interest in 207 CDC's comprising approximately 107 km<sup>2</sup> of the La Grande Greenstone Belt in an early-exploration-stage project known as Radisson. A 2% Net Smelter Return Royalty payable to Franco-Nevada Corporation is assigned to eight of the 207 CDC's.

Honey Badger Exploration Inc. (HBE), had an option to earn a 50% interest in the Radisson property in exchange for a cash payment of \$50,000, issuance of 5 million common shares of HBE to Eastmain (an equity stake of approximately 9.9%) and work expenditure commitments of \$2.5 million, including 6,000 metres of drilling, over a three-year period. Cash and shares were duly received by Eastmain, however due to its inability to raise funds for further exploration, Honey Badger terminated the option agreement in November of 2013.

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### 9. EXPLORATION AND EVALUATION (Continued)

#### i) Road King

The Company holds 100% interest in this very-early-exploration-stage property which covers approximately 57 km<sup>2</sup> of the Opinaca region of the James Bay Mining District of Québec.

#### j) Lac Lessard

The Company holds 100% interest in this very-early-exploration-stage property, which covers approximately 25 km<sup>2</sup> of the Otish Basin area of the James Bay Mining District of Québec. During the quarter the Company entered into an agreement with Darnley Bay Resources Limited (DBL), whereby DBL has an option to earn a 50% undivided interest in the Lac Lessard Project in exchange for \$2.5 M in exploration expenditures over a four-year period, annual cash payments of \$50,000 and the issuance of 8 million DBL common shares to Eastmain. The first-year cash payment and common shares have been duly received.

#### k) Dyna, and Lidge Projects

The Company holds 100% interest in these very-early- to early-stage exploration properties, both of which are located in prospective geological regimes within the James Bay Mining District of Québec.

### 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2015	October 31, 2014
Accounts payable and accrued liabilities	\$ 463,058	\$ 399,696
Government remittances payable	11,398	19,534
Due to related parties	57,411	84,745
	<u>\$ 531,867</u>	<u>\$ 503,975</u>

### 11. FLOW-THROUGH SHARE PREMIUM LIABILITY AND EXPENDITURE COMMITMENT

In December 2014 the Company raised \$3,450,625 by issuing flow-through shares. The premium paid by investors in excess of the market price of the shares was \$583,952. In accordance with flow-through regulations, the Company is committed to incur before December 31, 2015 eligible exploration expenditures for the amount renounced to investors in December 2014.

In November 2013, the Company raised \$4,280,000 by issuing flow-through shares. The premium paid by investors in excess of the market price for the flow-through shares was \$1,193,050. In accordance with flow-through regulations, the Company incurred eligible exploration expenditures renounced to investors in the amount of \$4,280,000, before Dec 31, 2014.

	Flow-through premium liability	Flow-through pending commitment
Balance, November 1, 2014	\$ -	\$ -
December 2014 flow-through issues	583,952	3,450,625
Reduction for expenses incurred	(134,363)	(793,363)
Balance, January 31, 2015	<u>\$ 449,589</u>	<u>\$ 2,656,662</u>
	Flow-through premium liability	Flow-through pending commitment
Balance, November 1, 2013	\$ 540,100	\$ 1,798,770
December 2013 flow-through issues	1,193,050	4,280,000
Reduction for expenses incurred	(1,106,620)	(3,340,058)
Balance, January 31, 2014	<u>\$ 626,530</u>	<u>\$ 2,245,712</u>

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### 12. SHARE CAPITAL

#### a) Authorized share capital

The company is authorized to issue an unlimited number of common shares with no stated par value.

- i) In December 2014, the Company issued 10,617,308 flow-through shares at \$0.325 per share and 1,850,000 common shares at \$0.24 per share in a private placement for gross proceeds of \$3,894,625. Issue costs in connection with the private placement were \$267,957. A brokerage commission amounting to 6.0% of gross proceeds was paid. The flow-through premium associated with this issue was \$583,952
- ii) In July 2014 the Corporation purchased a claim in exchange for 30,000 common shares valued at \$0.405 each. The shares were subject to a hold period of four months.
- iii) In November 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 of the shares issued were subject to a hold period of four months. Finder's fees of \$307,875 for the placement agent were equal to 6% of the gross proceeds of the financing. In accordance with income tax legislation, the Company renounced 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. The liability for flow-through premium derived from the issue was \$1,193,050.

#### b) Share purchase option plan

On June 9, 2014, 1,275,000 share purchase options with an exercise price of \$0.30 were issued to directors, employees and service providers. The options fully vested on the date of issue. The estimated fair value of the grant was \$219,810 using the Black-Scholes option pricing model with the following assumptions: dividend yield of \$0.00; expected volatility factor of 53.9%; a risk-free interest rate of 2.03% and an expected average term of 7.5 years. The portion of the cost related to general and administrative expenses was \$124,990; the portion related to exploration and evaluation expense was \$94,820.

#### c) Share purchase option plan

Stock options	Number of options	Weighted average exercise price
Outstanding, November 1, 2014	6,068,605	\$ 0.78
Outstanding, January 31, 2015	6,068,605	\$ 0.78

Stock options	Number of options	Weighted average exercise price
Outstanding, November 1, 2013	5,714,605	\$ 0.95
Outstanding, January 31, 2014	5,714,605	\$ 0.95

Stock options outstanding as at January 31, 2015

Expiry date	Black-Scholes value (\$)	Number of Options	Exercise price (\$)
January, 2016	397,000	250,000	0.72
June, 2017	102,080	168,605	0.78
June, 2017	60,300	100,000	0.77
April, 2020	192,750	250,000	1.35
June, 2020	536,250	750,000	1.27
September, 2020	41,600	50,000	1.46
April, 2021	224,250	250,000	1.51
June, 2021	395,850	650,000	1.15
April, 2022	158,250	250,000	1.05

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**12. SHARE CAPITAL (Continued)****c) Share purchase option plan (Continued)**

Expiry date	Black-Scholes value (\$)	Number of Options	Exercise price (\$)
June, 2022	384,200	850,000	0.88
September, 2022	35,925	75,000	0.96
June, 2023	170,000	1,000,000	0.33
September, 2023	27,900	150,000	0.36
June, 2024	219,810	1,275,000	0.30
	2,946,165	6,068,605	0.78

The following options were outstanding and exercisable as at January 31, 2015:

Exercise price range	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable
\$ 0.01 - \$ 0.50	2,425,000	8.93 years	\$ 0.32	2,425,000
\$ 0.51 - \$ 1.00	1,443,605	6.76 years	\$ 0.84	1,443,605
\$ 1.01 - \$ 1.50	1,950,000	5.67 years	\$1.22	1,950,000
\$ 1.51 - \$ 2.00	250,000	6.24 years	\$1.51	250,000

**d) Warrants**

	Number of warrants	Weighted average exercise price
Outstanding, November 1, 2014	6,768,750	\$ 0.45
Outstanding, January 31, 2015	6,768,750	\$ 0.45

  

	Number of warrants	Weighted average exercise price
Outstanding, November 1, 2013	6,768,750	\$ 0.45
Outstanding, January 31, 2014	6,768,750	\$ 0.45

Warrants outstanding January 31, 2015:

Expiry date	Black-Scholes value	Number of warrants	Exercise price
May, 2015	\$ 250,444	6,768,750	\$ 0.45

In November 2013, 6,768,750 share purchase warrants with an exercise price of \$0.45 were issued as part of a private placement share issue. The estimated fair value of the warrants was \$250,444 using the Black-Scholes option pricing model with the following assumptions: dividend yield of \$0.00; expected volatility factor of 60.2%; a risk free interest rate of 1.07% and an expected term of 1.5 years.

**13. CAPITAL MANAGEMENT**

The Company's objectives in managing capital are to ensure that there are adequate resources to sustain operations and to continue as a going concern, to maintain adequate levels of funding to support acquisition and exploration of mineral properties, to maintain investor and market confidence, and to provide returns to shareholders. The Company may manage its capital structure by issuing new shares, adjusting capital spending or disposing of assets.

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#### **13. CAPITAL MANAGEMENT (Continued)**

The Board of Directors does not establish quantitative return on capital criteria for management, but relies on management's expertise to sustain future development of the business.

Exploration involves a high degree of risk and there are substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Consequently, management reviews its capital management approach on an ongoing basis, taking into consideration operating expenditures and other investing and financing activities. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations from management, the directors balance overall capital structure through new share issues.

Management intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint arrangements where appropriate.

Management considers its capital structure to consist of equity attributable to equity holders of the Company, comprising issued share capital, contributed surplus, warrants and accumulated deficit, which as at January 31, 2015 totalled \$57,398,521.

There were no changes in management's approach to capital management during the three months ended January 31, 2015. The Company is not subject to externally imposed capital requirements.

#### **14. FINANCIAL RISK FACTORS**

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 of 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 January 31, 2015, the Company had current assets of \$5,230,215 to settle current liabilities of \$981,456. All of the company's financial liabilities, except deferred premiums on flow-through shares which mature December 31, 2015, have contractual maturities of 30 days or less.

During the three months ended January 31, 2015, the Company raised net proceeds of \$3,626,668 through the issue of flow-through and non-flow-through shares. In management's opinion, there are sufficient funds to support the planned exploration program 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 January 31, 2015.

##### ***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.

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### 14. FINANCIAL RISK FACTORS (Continued)

#### d) Market risk (Continued)

Management believes the foreign exchange risk derived from currency conversions is manageable and therefore, does not hedge its foreign exchange risk.

### 15. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended January 31,	
	2015	2014
Depreciation	\$ 5,318	\$ 7,361
General and office	170,662	215,375
Professional fees	28,355	20,189
	<u>\$ 204,335</u>	<u>\$ 242,925</u>

### 16. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted loss per share for the three months ended January 31, 2015 was based on the loss of \$257,830 attributable to the holders of the 132,661,815 common shares outstanding (2014 – income of \$566,604 attributable to holders of 120,164,507 common shares). Diluted loss per share did not include the effect of 6,768,750 warrants and 6,068,605 stock options as they were anti-dilutive (2014 – diluted income per share did not include the effect of 6,768,750 warrants and 5,714,605 options because the exercise price was higher than the average quoted value of common shares).

### 17. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, key management, close family members and enterprises that are controlled by these individuals. Related party transactions conducted in the normal course of operations are measured at the amount established and accepted by the parties.

#### a) Transactions with related parties

	Three months ended January 31,	
	2015	2014
Donald Robinson (i)	\$ 59,700	\$ 59,700
Shawonis Explorations and Enterprises Ltd. (ii)	\$ 41,895	\$ 54,675
QB 2000 Inc. (iii)	\$ 14,950	\$ 14,950

- Donald Robinson is the President and Chief Executive Officer of Eastmain Resources Inc. and a member of the Board of Directors of Eastmain Resources Inc. Fees paid to Donald Robinson are related to professional geological exploration and management services and office rental. As at January 31, 2015, \$3,000 was due to Dr. Robinson (October 31, 2014 – \$9,000).
- The Exploration Manager of Eastmain Resources Inc. is the president of Shawonis Explorations and Enterprises Ltd. and is related to the Chief Executive Officer of Eastmain Resources Inc. Fees paid to Shawonis Explorations and Enterprises Ltd. are related to professional geological exploration and management services. As at January 31, 2015, \$37,517 was owed to Shawonis Explorations and Enterprises Ltd. (October 31, 2014 – \$59,586).
- The Chief Financial Officer of Eastmain Resources Inc. is the president of QB 2000 Inc. Fees paid to QB 2000 Inc. are related to the Chief Financial Officer function. As at January 31, 2015, the amount payable QB2000 Inc. was \$16,894 (October 31, 2014 – \$16,159).

Amounts due to related parties are included in accounts payable and other liabilities.

#### b) Remuneration of directors and key management personnel other than consulting fees:

	Three months ended January 31,	
	2015	2014
Salaries and benefits	<u>\$ 75,200</u>	<u>\$ 72,200</u>

The Company considers its key management personnel to be the Board of Directors, CEO, CFO and Corporate Secretary.

Certain officers have employment or service contracts with the Company. The Directors do not have any employment or service contracts. Officers and directors are entitled to share-purchase options and cash remuneration for their services.