EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – FIRST QUARTER 2015

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 factors that affected the Company's financial and operating performance for the quarter ended January 31, 2015. 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 condensed interim consolidated financial statements ("interim financial statements") for the quarter ended January 31, 2015, together with the notes thereto, which were prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). All amounts in the interim 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 March 17, 2015 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 March 17, 2015.

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 is 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 38.70% interest in, and manages exploration of, the Éléonore South project, a mineral exploration joint arrangement, located immediately south of Goldcorp Inc.'s Éléonore Project, which hosts the Roberto gold deposit. The Company also holds several high-potential exploration properties covering over 1200 km^2 of this new and fertile mining district.

Quarterly Highlights

- Geological modeling of the Eau Claire gold deposit recognizes three generations of gold mineralization within High-Grade Vein domains of the 450 West Zone;
- Both grade and gold-intercept thickness is observed to increase at intersection of two or more generations of gold mineralization;
- 145 High-Grade Vein domains and 60 Vein Swarm domains constructed for the Eau Claire gold deposit will form basis of first-time block model resource estimate;
- Wide intervals of quartz-tourmaline veins intersected at Clovis Lake, located four kilometres east of Eau Claire;
- 13 of 18 drill holes completed on Clovis Lake target, intersected gold mineralization ranging from 0.20 to 17.8 g/t Au over 0.5 to 16.0 metres; includes 7.19 g/t Au over 3.0 metres;
- Lac Lessard Ni-Cu-PGM project option agreement with Darnley Bay Resources includes $2.5 Million in work expenditures and cash payments of $200,000 to earn 50%;
- Phase one $500,000 winter-diamond-drill program, funded by Darnley Bay Resources, planned for fiscal Q2;
- Private placement of $3.89 Million completed with no warrants;
- $4-Million exploration program for 2015, including 21,500 metres of drilling on multiple projects; and
- Company's share performance outperformed its peer group.

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. Goldcorp Inc. has forecasted 2015 production of 300,000 ounces of gold at its Eleonore Mine, located only 45 kms north of Clearwater.

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 kms from Hydro Québec's road network and approximately 10 kms 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 kms 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 few years, Eastmain has focused not only on expanding and defining high-grade gold resources potentially amenable to extraction by open pit and underground methods, but also on the discovery of additional resources elsewhere on the property.

Eau Claire Gold Deposit

Eau Claire displays similar characteristics to many large gold deposits found throughout major mining camps in the Archean rocks of the Canadian Shield. The most prevalent Archean gold deposits are associated with deep-seated regional structural breaks in the vicinity of a geologic contact, near intrusive bodies. Most gold production in these camps comes from structurally-controlled, vein-hosted deposits occurring within iron-rich mafic volcanic rocks associated with felsic porphyry intrusions. Eau Claire is situated approximately one kilometre north of a structural break, which extends east-west for more than 100 kilometres. At Clearwater this break coincides with a major geologic contact between iron-rich mafic volcanic rocks and felsic volcaniclastic units, and the Eau Claire gold deposit occurs near a swarm of felsic porphyritic intrusive rocks.

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 grams per tonne gold (g/t Au) 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. Using a cut-off of 0.5 g/t Au, the unconstrained resource calculation estimates potentially open-pit M&I resources of 4.1 million tonnes containing 579,000 ounces of gold, at an average grade of 4.32 g/t Au. *

Eau Claire is a structurally-controlled gold deposit consisting of multiple en-echelon, sheeted quartz-tourmaline veins and altered rock. Over 145 high-grade veins, forming two vein sets known as the 450 and 850 West Zones, have been discovered. These two zones, which coincide with major structural shear zones, form a crescent-shaped body covering a footprint that is over 100 metres wide, extends for about 1.8 kilometres in length, and has, to date, been traced to a vertical depth of 900 metres. Portions of the 450 & 850 West Zones outcrop on topographic highs. 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 coincides with a mafic volcanic/felsic volcaniclastic rock contact, along the south limb of an anticlinal fold. Over 90% of the known gold-mineralization occurs within iron- and magnesium-rich tholeiitic basalts, sandwiched between hangingwall quartz-feldspar porphyry dyke swarms and footwall felsic volcaniclastic units. Geological modeling of the deposit has delineated at least three main orientations and generations of high-grade gold mineralization within the 450 West Zone. The first phase of mineralization follows lithology as "foliation parallel" gold domains consisting of highly altered (actinolite-tourmaline-biotite-carbonate) schist. These altered units follow the contours of the adjacent felsic porphyry units. The second generation of gold mineralization crosscuts the schist domains and consists of well-defined east-west trending quartz-tourmaline veins. A third generation of mineralization is aligned at a low angle to the east-west vein system and consists of a major gold-bearing structure that has been traced for a length of 800 metres. Wider zones of high-grade gold mineralization occur where two or more generations intersect.

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 schists. Alteration zones can often be wide zones of gold mineralization ranging from 0.5 to 10.0 grams per tonne over thicknesses of 5.0 to 25 metres. Gold-bearing units vary in composition from 100% vein quartz to 100% schist. Many drill intersections and channel samples contain significant amounts of gold within tourmaline and/or actinolite and/or biotite-altered rock with little or no visible vein quartz. Both veins and alteration zones contain finely disseminated particles of free gold, tellurides and bismuth minerals. Gold also occurs as coatings and interstitial filling within tourmaline grains and accessory sulphides. 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.*

Q1 2015 Exploration

During the quarter additional prospecting and trenching results were reported from the 2014 field season, which focused on prospects lateral to the Eau Claire gold deposit. Gold-bearing veins and alteration zones, as defined by a corridor of hundreds of rock and channel samples, have been detected for a length of 7.5 kms across the property. New sampling of vein and host rock at the Boomerang target confirmed high gold-silver-tellurium grades, including up to 188 g/t Au, 828 g/t silver (Ag) and 600 g/t tellurium (Te) in vein material and up to 104.5 g/t Au, 537 g/t Ag and 418 g/t Te within volcaniclastic host rocks. Channel samples of quartz-tourmaline veins both along the north side of Clovis Lake and 500 metres to the south of the lake were also gold-bearing.

During the quarter, an 18-hole drill program completed in the Clovis Lake area confirmed that this sector has comparable structure and geology to Eau Claire. Wide zones (up to 50 metres) of geochemically anomalous gold-bearing quartz-tourmaline veins and schists similar to those found at Eau Claire were intersected. Minor amounts of visible gold were observed in two drill holes. Drill hole ER14-548 intersected a three-metre interval grading 7.19 g/t Au. Additional drilling and trenching is warranted in this area.

A $2.0M exploration program has been budgeted for 2015. This includes completion of a block model resource for the Eau Claire gold deposit, continued definition drilling at Eau Claire deposit and testing of regional targets along the key deposit trend in the search for additional near-surface resources.

The Company's net investment in the Clearwater project to January 31, 2015 is $40.6 million.

Eastmain Mine

With a partially-developed historic high-grade gold-copper deposit and extensive delineation of mine trend rocks extending over 10 kms northwest and southeast of the past minesite, the Eastmain Mine project provides very attractive exploration and discovery opportunities for the Company. Infrastructure is vital to all successful exploration, and the scenario at our second wholly-owned gold deposit improved significantly with Plan Nord's newly constructed permanent road to the district – Route 167 North. Exploration in this frontier region has also perked up since the completion of the new road. Eastmain is very well positioned with multiple claim blocks covering complete segments of the regional greenstone belt in this area.

The Eastmain Mine property comprises 152 mineral claims 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 Company has made application for an industrial lease to cover much of this valuable infrastructure.

2014 Exploration

Four high-priority targets have been discovered north of the Eastmain gold deposit through surface prospecting and soil geochemical surveys along the geophysical expression of the mine trend. The Eastmain deposit is characterized by a distinct geochemical signature containing copper, gold and silver. The mine trend extends laterally from the Eastmain gold deposit, both to the southeast where there is no rock exposure and to the northwest along a corridor characterized by numerous outcrop ridges.

Surface trenching and drilling are planned as the next steps in searching for additional gold resources at Eastmain Mine. The most effective exploration tool leading to the main discovery at Clearwater was our backhoe. Our plan is to mobilize our backhoe to the northwest corridor of the Eastmain mine trend to aid in the search for a repetition of the Eastmain gold deposit. $700,000 has been budgeted for trenching and drilling in 2015.

The Company's net investment in the Eastmain Mine project to January 31, 2015 is $13.5 million.

[(1)] *These resources are historical estimates and should not be relied upon. These estimates may not be NI43-101 compliant. A qualified person for Eastmain has not done sufficient work to classify the historical estimates as current mineral resources as defined by NI43-101.*

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 claim blocks, 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 immediately east of, and contiguous with the Eastmain Mine property and covers what has been interpreted as a geological repetition of the key mine horizon. This claim block straddles a regional stratigraphic and structural break – a prime target location for ore deposits. Ruby Hill East was screened using regional soil geochemical surveys in 2014, resulting in a very attractive gold-in-soil anomaly coinciding with a regional structural break, evidenced by airborne magnetic data. Additional exploration is planned to advance these targets to the drill-testing stage.

Ruby Hill West straddles the western limb of the Upper Eastmain River Greenstone Belt approximately 30 kms northwest of the Eastmain Mine deposit in a similar geologic setting. Preliminary prospecting of the south-western part of this claim block delineated two anomalous rock trends. This claim block covers an entire segment of greenstone that is prospective for ore deposits and occurs within a poorly-explored region.

The Company's net investment in the Ruby Hill project as at January 31, 2015, is $nil. In accordance with IFRS standards, the Company previously recorded impairment charges of $2.7 million on Ruby Hill to reflect the current drop in mineral prices and the subsequent affect on the Company's share price and market capitalization (Note 9 to the audited consolidated financial statements). However, Ruby Hill is considered highly prospective for mineral deposits and in light of successful 2014 results, exploration and evaluation expenditures will be incurred in 2015.

Lac Lessard

The Company holds 100% interest in the Lac Lessard project. Located 15 kms northeast of the Eastmain Mine project, Lac Lessard consists of forty-seven claims in one claim block covering 2,475 hectares. Airborne VTEM and magnetic surveys competed in 2013 indicated that a large portion of the property is underlain by an ultramafic rock complex, a prospective host to nickel, copper, Platinum Group Metals and gold (Ni-Cu-PGM-Au). During the 2014 summer season, preliminary field work consisting of geological mapping, prospecting and soil sampling confirmed that the property is indeed underlain by a kilometric-sized ultramafic pyroxenite intrusion containing elevated concentrations of Ni-Cu-PGM-Au.

During the 2014 field season prospecting and geological mapping confirmed anomalous nickel, copper and platinum group metals in outcrop spatially associated with both magnetic and highly conductive geophysical conductors. During the reporting period, Eastmain granted Darnley Bay Resources Limited ("DBL") 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 1.6 million DBL common shares to Eastmain. DBL has agreed to a firm work commitment in 2015 of $500,000. Eastmain, the project manager, is planning a spring drill program for 2015.

The Company’s net investment in the Lac Lessard project to January 31, 2015, 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 kms 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 gold and base metal occurrences have been detected in iron formation on the property. This early-stage exploration project is prospective for a sedimentary- or volcanic-hosted gold deposit.

2014 work included a desk-top structural interpretation by SRK based on detailed high-resolution airborne magnetic survey data obtained by the Company in 2014. SRK’s work delineated a regional crustal-scale "D2" structure which bisects the property. This feature is thought to be a regional extension of the same crustal structure found spatially associated with the Eau Claire gold deposit at Clearwater. Follow-up prospecting and geological targeting are planned for 2015.

The Company’s investment in the project to January 31, 2015 is $0.9 million.

Road King

The Road King project, which is in the very early stages of exploration, is located within the Eastmain/Opinaca district, 85 kms 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. A prospecting and geological targeting program has been budgeted for the 2015 field season.

The Company’s investment in the project to January 31, 2015 is $0.3 million.

Lac Elmer

The Lac Elmer project is located at the western end of the Eastmain Greenstone Belt approximately 35 kms west of the LG2 highway and roughly 80 kms 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. A prospecting and geological targeting program has been budgeted for the 2015 field season.

The Company’s investment in the project to October 31, 2014 is $0.8 million.

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 is dependent upon the ability of the Company to obtain financing to complete exploration 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 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, the Company 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 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. From time to time, other income is derived from management fees and charges for the use of Company facilities by third parties.

Three months ended January 31, 2015 compared to the three months ended January 31, 2014:

Net loss for the quarter ended January 31, 2015 was $257,830 (2014 – income of $566,604) a variance of $824,434.

- General and administrative expenses were $204,335 (2014 – $242,925) a variance of $38,590 (15.9%).
- Impairment of exploration and evaluation assets was $39,743 (2014 – $nil) a variance of $39,743. At the end of each reporting period, Management reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount is adjusted to the higher of the asset's fair value less cost to sell, or its value in use. Indicators of impairment were the continued decline in gold and base metal values during the 4th quarter of 2014, which was reflected in the sustained decrease of the Company's share price and a higher premium to the cost of raising capital, prompting lower valuations of its early-stage and inactive projects. The properties affected by the impairment charge were: Éléonore South, Ruby Hill, Reservoir, Radisson, Dyna, and Lidge. As a result, expenditures on these properties after October 2014 will continue to be written off as incurred until such time as market conditions indicate value attributable to these properties.
- Interest and other income was $10,232 (2014 – $13,002) a variance of $2,776 (21.3%). Interest on investments and bank balances for the quarter were less than last year.
- An unrealized loss on investments for the quarter was $123,301 (2014 – 16,838) a variance of $106,463. The loss is attributable to the decline in market values of common shares in resource companies held by the Company and detailed in Note 6 to the interim financial statements.
- Premium income from flow-through shares was $134,363 (2014 – $1,106,620) a variance of $972,257 (87.9%) 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. Premiums recorded on the issue of flow-through shares are disclosed in Note 11 to the interim financial statements.
- Deferred income taxes were $33,325 (2014 – $293,255) a variance of $259,930 (88.6%). Deferred income tax expense is largely affected by the amortization of flow-through premium income and the expected deferred tax recovery related to impairment charges recorded.

Summary of Quarterly Results

	Quarter ended 01/31/2015	Quarter ended 10/31/2014	Quarter ended 07/31/2014	Quarter ended 04/30/2014
Interest / other income	$ 10,232	$ 10,405	$ 10,578	$ 29,034
Comprehensive income (loss)	$(257,830)	$(9,572,669)	$ (206,936)	$ 19,341
Per share basic	$(0.0020)	$(0.0803)	$(0.0017)	$0.0002
Per share diluted	$(0.0020)	$(0.0803)	$(0.0017)	$0.0002
Trading range of shares				
High	$0.38	$0.40	$0.47	$0.56
Low	$0.17	$0.21	$0.28	$0.28

	Quarter ended 01/31/2014	Quarter ended 10/31/2013	Quarter ended 07/31/2013	Quarter ended 04/30/2013
Interest / other income	$ 13,002	$ 27,976	$ 30,448	$ 52,096
Comprehensive income (loss)	$ 566,604	$ (945,814)	$ (67,710)	$ (414,451)
Per share basic	$0.0049	$(0.0089)	$(0.0006)	$(0.0039)
Per share diluted	$0.0049	$(0.0089)	$(0.0006)	$(0.0039)
Trading range of shares				
High	$0.44	$0.48	$0.46	$0.82
Low	$0.21	$0.26	$0.19	$0.38

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

01/31/2015
Comprehensive net loss includes: flow-through share premium income of $134,363; deferred income taxes of $33,325; an unrealized loss on investments of $134,363 and; an impairment charge of $39,742.

10/31/2014
Comprehensive net income includes: flow-through share premium income of $525,232; deferred income taxes of $80,447; an unrealized loss on investments of $30,045 and; an impairment charge of $10,434,944.

07/31/2014
Comprehensive net income includes: flow-through share premium income of $188,222; deferred income taxes of $108,619 and; a charge of $124,990 for stock option compensation and an unrealized loss on investments of $40,159.

04/30/2014
Comprehensive net income includes: flow-through share premium income negative adjustment $86,924; deferred income taxes of $23,036 and; an unrealized gain on investments of $289,870.

01/31/2014
Comprehensive net income includes: flow-through share premium income of $1,106,620; deferred income taxes of $293,255 and; an unrealized loss on investments of $16,838.

10/31/2013
Comprehensive net loss includes: flow-through share premium income of $615,505; 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; deferred income tax recovery of $3,601 and; an unrealized loss on investments of $217,947.

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(c) to the audited consolidated financial statements, dated October 31, 2014, 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. As at January 31, 2015, the Company's carrying value of exploration and evaluation assets, net of recoveries and impairment charges was $56,398,830 (October 31, 2014 – $55,272,791).

Exploration and evaluation expenditures by quarter:

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Clearwater					
Drilling and assays	1,006,544	482,506	113,098	261,861	2,190,149
Technical surveys	190,377	404,530	171,399	115,892	175,435
Claims maintenance	-	-	12,326	-	-
Resource tax credits	-	(113,963)	-	(1,660,179)	-
Total Clearwater	1,196,921	773,073	296,823	(1,282,426)	2,365,584
Eastmain Mine					
Drilling and assays	-	21,345	3,635	1,373	158,593
Technical surveys	26,280	103,642	150,566	4,823	32,303
Claims maintenance	673	-	-	-	6,011
Resource tax credits	-	(15,950)	-	(232,300)	-
Total Eastmain Mine	26,953	109,037	154,201	(226,104)	196,907
Éléonore South					
Drilling and assays	-	1,564	100	534	730
Technical surveys	200	14,918	1,943	12	1,500
Claims maintenance	1,947	23,781	4,382	3,654	4,315
Total Éléonore	2,147	40,263	6,425	4,200	6,545
Ruby Hill					
Drilling and assays	-	60,706	1,315	-	-
Technical surveys	11,179	152,023	176,199	8,793	294,262
Claims maintenance	6,096	-	6,580	10,219	(6,048)
Total Ruby Hill	17,275	212,729	184,094	19,012	288,214

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Reservoir					
Drilling and assays	-	1,420	5,760	85,504	477,748
Technical surveys	-	9,896	6,099	8,389	122,864
Claims maintenance	-	-	6,152	58	13,389
Total Reservoir	-	11,316	18,011	93,951	614,001
Lac Hudson					
Technical surveys	-	14,362	26,504	22,399	2,483
Claims maintenance	3,540	-	-	38,723	-
Total Lac Hudson	3,540	14,362	26,504	61,122	2,483
Lac Elmer					
Technical surveys	14,400	315	85,777	125,520	82
Claims maintenance	-	4,191	-	18,518	-
Total Lac Elmer	14,400	4,506	85,777	144,038	82
Radisson					
Technical surveys	-	630	630	-	-
Claims maintenance	20,320	-	5,969	-	-
Total Radisson	20,320	630	6,599	-	-
Road King					
Technical surveys	382	-	-	-	-
Claims maintenance	13,843	4,707	19,653	-	69,003
Total Road King	14,225	4,707	19,653	-	69,003
Dyna					
Technical surveys	-	-	3,778	2	159,490
Total Dyna	-	-	3,778	2	159,490
Lidge					
Technical surveys	-	-	4,898	2,520	27,927
Claims maintenance	-	-	-	4,572	-
Total Lidge	-	-	4,898	7,092	27,927
Lac Lessard					
Drilling and assays	-	33,304	3,182	-	-
Technical surveys	-	31,839	76,581	15,431	120,489
Claims maintenance	-	-	-	-	6,072
Total Lac Lessard	-	65,143	79,763	15,431	126,561
Total net expenditures	1,295,781	1,235,766	886,526	(1,163,682)	3,856,797

Liquidity

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

As at January 31, 2015, the Company had current assets of $5.2 million and current liabilities of $1.0 million yielding a working capital of $4.2 million. The Company maintains a high liquidity by holding cash balances in interest-bearing Canadian bank accounts. 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.

As at January 31, 2015 the Company held investments of $0.7 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 January 31, 2015 were $191,785, which included $159,355 in recoverable sales taxes, subject to verification, and are normally refunded within 60 to 90 days of the claim. Refunds of taxes are not considered a financial instrument since governments are not obligated to make these payments. Other advances and prepaid amounts were $32,430.

As at January 31, 2015, trade accounts payable and accrued liabilities were $463,058. Trade accounts are usually settled within 30 days. Payroll withholdings were $11,398. Amount due to related parties was $57,411. Flow-through premiums are amortized to income in proportion to eligible Canadian exploration expenditures (CEE) incurred.

The Company has an estimated $1.7 million in resource investment credits and mining duty rebates recoverable from the Province of Québec for qualified expenditures in respect of returns filed up to January 2015. Since confirmation of these amounts has not yet been received, this estimated refund has not been recorded in the Company's financial statements.

During the quarter ended January 31, 2015, the Company received net proceeds of $3.6 million from shares issued to fund fiscal 2015 activities. During the same period, the Company spent $1.3 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.

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

During fiscal 2015, the Company issued flow-through shares for which it is committed to spend $3,450,625 in eligible Canadian exploration expenditures ("CEE") by December 31, 2015. As of January 31, 2015, qualifying expenditures of $793,363 had been incurred.

Capital Resources

The Company, as is typical of junior exploration companies, has only a small investment in capital resources, which is comprised of $58,114 in computer equipment and field equipment of $397,786. The net book value as at January 31, 2015 was $70,871.

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 quarter ended January 31, 2015 was $116,545 (2014 – $129,325). The amount due to related parties as at January 31, 2015 was $57,411 (October 31, 2014 – $84,745).

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares of which, as of March 17, 2015, there are 132,661,815 common shares outstanding; 6,068,605 share-purchase options with a weighted average exercise price of $0.78, which would generate proceeds of $4,745,512, if exercised; and 6,768,750 common share-purchase warrants outstanding at a price of $0.45, which would generate proceeds of $3,045,938 if exercised.

Critical Accounting Estimates

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

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

b) Significant judgements in applying accounting policies

Exploration and evaluation assets; and
In estimating the recoverability of capitalized exploration and evaluation assets, management is required to apply judgement in determining whether technical feasibility and commercial viability can be demonstrated for its mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets to property and equipment, and subject to different accounting treatment. As at January 31, 2015 management deemed that no reclassification of exploration and evaluation assets was required.

Income taxes and recoverability of potential deferred tax assets.
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 both 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 deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

b) Significant accounting estimates and assumptions

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

Impairment of exploration and evaluation assets;
When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value requires the Company to estimate future cash flows associated with the assets and a suitable discount rate in order to calculate the present value. Based on an impairment analysis performed in 2014, in light of downturned gold and base metal markets, some of the company's exploration and evaluation assets in Quebec were written-down by a total of $10,434,944 (Note 3c audited consolidated financial statements). Since metals commodity markets have not greatly improved, management used the same assumptions to write-down a total of $39,742 during the quarter (Note 9).

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, unless that amount exceeds the carrying value recorded prior to the recognition of the impairment loss, in which case the carrying value would be re-instated to its pre-impairment-loss carrying value. A reversal of an impairment loss is recognized immediately in the income statement.

Management estimates of mineral prices, recoverable reserves, operating capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of net cash flow to be generated from its projects.

Share-based payments;

The amount expensed for share-based payments is derived from the application of the Black-Scholes option pricing model, which is highly dependent on the expected volatility of the Company's shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past trading data. Actual volatility may be significantly different. While the estimate of share-based payments can have a material impact on the operating results reported by the Company, it is a non-cash charge and as such has no impact on the Company's cash position or future cash flows.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Depreciation and impairment of property and equipment; and

The determination of the useful life of property and equipment is based on management's estimates. Indicators of impairment are also subject to management's estimates.

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 quarter.

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. Based on an impairment analysis performed in 2014, some of the company's properties in Quebec were impaired for a total of $10,434,944 given that currently, no exploration and evaluation expenditures are being contemplated and that some claims are not expected to be renewed. Future expenditures on properties affected by the write down will be written off as incurred until such time as market conditions permit the reversal of the impairment write down. Continuing exploration and evaluation expenditures of $39,743 incurred on these properties during the current quarter were also recognized as an impairment charge.

Changes in Accounting Policies

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 the 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 final standard is expected to have on its 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. The Company's exposure to financial risk relates to its investments in marketable securities as described in Note 6.

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 have contractual maturities of 30 days or less except flow-through liabilities which continue until December 31, 2015.

During the quarter ended January 31, 2015, the Company raised net proceeds of $3,626,668 through the issue of flow-through shares and non-flow-through shares to fund general exploration activities planned for fiscal 2015. 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. Management believes the foreign currency risk derived from currency conversions is manageable and therefore, does not hedge its foreign currency risk.

Future Outlook

During the reporting period the Company's share price performed well as compared to our peer group and the gold sector. Though volatile on intraday trading, Eastmain's share price gained momentum, trending upward from December's severe bottom to more than double the price by the end of January, with significant increases in trading volume as well. There are approximately 30 undeveloped projects in Canada with gold resources in excess of one million ounces. The mean grade of these projects is 3 g/t Au with an average size of 2.15 million ounces. Many of these projects have infrastructure challenges ahead of them. The recent acquisition of Probe Mines Limited by Goldcorp Inc. at an enterprise value of $107 per resource ounce of gold in the ground has potentially re-set the bar for the remaining advanced projects. The future outlook for the Eau Claire project looks bright, as deposit grade, infrastructure, and jurisdiction remain "best in class". The search for low-cost quality ounces in safe jurisdictions is quickly replacing the former worldwide drive for mega-pit low-grade, high-tonnage production scenarios. As we continue to grow the deposit the high-grade nature of Eau Claire will attract even more interest.

With the innovation of advanced 3D software, a new geological model and structural interpretation has been completed for Clearwater, resulting in a technical breakthrough in our understanding of the mineralizing controls on the Eau Claire gold deposit. This 3D innovation made it possible to visualize and interpret at least three generations of gold mineralization, and should aid in the prediction of possible repetitions of wider zones within the deposit as well as new developments outside of the current limits of Eau Claire.

Our primary focus at Eau Claire since 2012 has been the upper portion of the deposit where measured and indicated resources may be potentially extractable by open pit mining methods. The Company expects to report its maiden block model resource for the Eau Claire gold deposit during the first quarter of 2015.

Eastmain continues to be one of the most active exploration companies in the James Bay region of Québec. A $4-million exploration budget allocated for 2015 includes a total of approximately 21,500 metres of drilling spread between various projects, with the focal point of discovering near-surface, high-grade potentially open-pittable resources.

Subsequent Events

As of the date of this report, there have been no known subsequent events to the interim financial statements that would have materially altered the Company's financial position.

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 therein 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.