

EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – THIRD 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 the factors that affected the Company's financial and operating performance for the quarter ended July 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 unaudited condensed interim consolidated financial statements ("interim financial statements") for the quarter ended July 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 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 September 14, 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 September 14, 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 approximately 1000 km² of this new and fertile mining district.

Quarterly Highlights

- Technical Report for the Eau Claire Gold Deposit, Clearwater Project produced by SRK Consulting (Canada) Inc. filed on SEDAR, documents revised Block Model Mineral Resource statement released April 27, 2015;
- G Mining Services Inc. awarded contract to complete Preliminary Economic Assessment ("PEA") for the Clearwater Project (Eau Claire Deposit); Golder Associates Ltd. subcontracted to complete physical

environmental evaluation and tailings management of PEA; EnviroCree Environmental Services responsible for social aspects of PEA.

- Eau Claire gold deposit – 2nd Highest Grade undeveloped Open-pit Measured & Indicated ("M&I") gold resource in North America (search criteria: Open-pit M&I resource >500,000 ounces + M&I gold grade >1.5 g/t);
- Exploration on-going along the Eau Claire gold belt east of the deposit in search of additional resources along-strike;
- Near-term objectives include: continued definition drilling within footprint of potential Open pit; targeting future potential Underground ramp accessible resources;
- \$1,165,118 rebate (plus interest) received for 2013 exploration expenditures from the Province of Quebec;
- Company's share performance year-to-date outperformed its peer group and the gold sector; and
- Nickel-sulphide mineralization confirmed in two of ten VTEM targets drill tested on the Lac Lessard Project, funded by Darnley Bay Resources.

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 10 kms northeast of Hydro Québec's EM-1 complex. Goldcorp Inc. has forecasted 2015 production of 250,000 to 270,000 ounces of gold at its Eleonore Mine, located only 55 kms north of Clearwater.

Our near-term objective is to complete a Preliminary Economic Assessment ("PEA") on the Clearwater Project in order to establish the fundamental parameters for building a future Open-pit and Underground mine. Deposit-scale definition drilling focused on expanding Measured and Indicated gold resources in close proximity to the recently completed pit-constrained Mineral Resource estimate is planned to continue in tandem with the PEA. Property-scale exploration will continue with an emphasis on finding new discoveries within the "Eau Claire gold belt", in the immediate vicinity of the deposit, through prospecting, geological targeting and trenching.

The Clearwater Project covers about 200 km² 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.

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 volcanoclastic units, and the Eau Claire gold deposit occurs near a swarm of felsic porphyritic intrusive rocks.

Resource grade and growth potential

During the reporting period the Company filed a Mineral Resource estimate of the Eau Claire gold deposit prepared by SRK Consulting Inc. The update was based on a new 3D geological model upgraded to include an additional 72,000 metres of drilling in the upper one-third of the deposit. Highlights of the estimate include the expansion of Measured and Indicated (M&I) potential open pit resources by 53% to 885,000 ounces of gold at a grade of 4.05 grams gold per tonne, plus 110,000 Inferred gold ounces at 3.12 g/t Au (As reported in News Release, April 27, 2015).

Potential Open-pit Measured Mineral Resources at Eau Claire increased in grade to 7.29 grams gold per tonne and include 970,000 tonnes containing 227,000 ounces which have been defined by closely spaced drilling. In addition, the average grade of 486 composite channel samples taken at even tighter intervals in the 450 West Zone is 81% higher

than the Measured Resource grade, at 13.2 g/t Au, indicating that as sample density increases gold grades may increase as well.

There is excellent potential to expand Open Pit and Underground M&I Mineral Resources with additional drilling below and lateral to the constrained pit shell. High-grade gold drill intercepts were intersected on every 25-metre section consecutively for a length of 300 metres near the bottom of the conceptual pit shell. Wide-spaced drilling has intersected gold mineralization exceeding the resource cut-off grade parameters laterally for one kilometre. There is also significant potential for additional discoveries within the Eau Claire belt, where anomalous gold-bearing rock samples have been defined along a key mineralized corridor for over 7.5 kms.

Refined Geological Model

New 3D-modeling of the deposit has not only provided insight into the geological controls of mineralization at Eau Claire, but may also provide a predictive method of interpreting where these "sweet spots" may occur. Drilling completed at Eau Claire since the last resource estimate, has significantly improved confidence in the geological and the geostatistical continuity of gold mineralization between sample points within the upper portions of the deposit. Three generations of gold mineralization have been defined within the 450 West Zone. It has become apparent that where two or more gold-bearing structures intersect, a marked increase in grade and/or thickness results.

"Hinge Zones"

Recent review of trenching and drill data indicates that a material number of thicker zones of gold mineralization, 3 to 5 times greater than that of the vein-type structures within the Eau Claire deposit may represent folded "hinge zones". Two areas of "critical mass" are apparent within the 450 West Zone of the deposit; the first includes a series of high-grade gold-bearing continuous sheeted quartz-tourmaline veins which have been exposed for a length of several hundred metres by trenching and extend to depth. The second priority area has been identified 500 metres east of the 450 West trench area where multiple hinge zones have been intersected in drilling within an area 250 metres in length at elevations ranging from 100 to 300 metres below surface. Additional definition drilling is planned to evaluate the lateral and vertical continuity of this mineralization.

Q3 2015 Exploration

During the quarter an updated Technical Report on the Eau Claire Block Model Resource, Clearwater Project was filed on SEDAR. The mineral resource statement confirms that Eau Claire compares very favourably relative to other undeveloped gold deposits in North America, ranking as the 2nd highest grade open pit prospect (containing >500,000 ounces of gold with a grade >1.5 g/t Au). In addition there is potential to grow the measured and indicated resources and improve the underground grade.

Preliminary Economic Assessment

G Mining Services, Golder Associates and EnviroCree have initiated the PEA commencing with a site visit to the project. Work to date includes validating the block model and running different Open pit and Underground mining scenarios on the existing SRK Geological Mineral Resource model, based on various inputs including metal price and currency exchange. The site visit included a review of infrastructure to evaluate road access and power, in addition to basic design work for the camp, administration building and crusher selection.

Additional metallurgical testwork has been implemented to obtain more precision on the grade-recovery curve for lower grade material. A geotechnical logging program has been initiated to assess the rock mechanics of the deposit.

2015 Trenching and Drilling

Surface trench mapping and sampling on targets east of the gold deposit has been on-going across the Eau Claire trend and is focused on the search for additional gold resources. Gold-bearing quartz-tourmaline veins and alteration zones comparable to Eau Claire are prevalent across this corridor. Thirteen trenches have been mapped and 650 channel samples collected and submitted for assay.

Definition drilling will continue to focus on converting and upgrading resources from Inferred to Measured and Indicated, categories within the Eau Claire deposit for both potential Open pit and Underground resources. Previous wide-spaced drilling within the 450 West Zone has defined a very high-priority corridor that extends laterally for one kilometre between 100 and 400 metres depth. Multiple "hinge zones" have been intersected within this corridor and require additional follow-up.

A \$2.0 million exploration program has been budgeted for 2015 to complete a preliminary economic assessment on the Eau Claire deposit and continue expanding Measured and Indicated gold resources.

The Company's net investment in the Clearwater project to July 31, 2015 is \$40.3 million.

Eastmain Mine

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. Access to the project has improved significantly with Plan Nord's newly constructed permanent road to the district – Route 167 North. The Company has converted the mine infrastructure footprint to an industrial lease.

⁽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.*

Previous Exploration

Four high-priority targets have been outlined 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 recommended 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 intent 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 for the next phase of exploration in 2016.

The Company's net investment in the Eastmain Mine project to July 31, 2015 is \$13.6 million.

Ruby Hill

The Company holds 100% interest in 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 warranted 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 July 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 effect 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 previous results additional expenditures are warranted.

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 completed previously 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). Previous field work consisting of geological mapping, prospecting and soil sampling confirmed that the property is underlain by a kilometer-sized ultramafic pyroxenite intrusion containing elevated concentrations of Ni-Cu-PGM-Au.

During the quarter a diamond drill program was initiated to test priority targets. The program was funded by Darnley Bay Resources Limited ("DBL") as part of its earn-in requirement, whereby DBL has been granted 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 \$500,000 work commitment in 2015. Eastmain is the project manager.

Drill hole LL15-02 collared within the Crete-du-Coq ultramafic intrusion intersected disseminated sulphides over a 12.5-metre interval assaying 0.38% nickel and 0.13% copper. Semi-massive sulphides intersected at the bottom of this interval assayed 1.08% nickel and 0.31% copper over a length of 2.5 metres. A second five-metre interval of disseminated nickel sulphides containing 0.41% nickel and 0.09% copper was also intersected from 126.0 to 131.0 metres down-hole.

Drill hole LL15-10 was completed to test a strong airborne induced polarization (IP) anomaly corresponding with a strong magnetic feature. This hole intersected an average of 0.29% nickel across 198.4 metres within a fine grained, magnetite-bearing ultramafic rock. As with the previous intersection this drill hole did not reach the lower contact of the ultramafic intrusion.

The Company's net investment in the Lac Lessard project to July 31, 2015, is \$0.2 million.

Lac Hudson

The Lac Hudson project is located within the central part of the Eastmain River Greenstone Belt, 35 kms west of Clearwater, and lateral to the Eau Claire gold deposit. 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. Prospecting and geological targeting is proposed for 2016.

The Company's net investment in the Lac Hudson project to July 31, 2015, is \$0.8 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 proposed for the 2016 field season.

The Company's investment in the project to July 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 proposed for the 2016 field season.

The Company's investment in the project to July 31, 2015, 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 July 31, 2015, the Company had working capital of \$4,580,106 (October 31, 2014 – \$2,499,336) and shareholders' equity of \$57,249,696 (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 July 31, 2015 compared to the three months ended July 31, 2014:

Net loss for the quarter ended July 31, 2015 was \$315,689 (2014 – \$206,936) a variance of \$108,753 (52.6%).

- General and administrative expenses were \$335,025 (2014 – \$256,958) a variance of \$78,067 (30.4%).
- Impairment of exploration and evaluation assets was \$33,703 (2014 – \$0) a variance of \$33,703. 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 decline in commodity values during the 4th quarter of fiscal 2014, which was reflected in the decrease of the Company's share price prompting management's decision to limit its exploration activity while the cost of capital was at a premium under these market conditions. 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 \$27,814 (2014 – \$10,578) a variance of \$17,236 (162.9%) as a result of interest on resource investment tax credits receivable.
- The unrealized loss on investment revaluation for the quarter was \$75,884 (2014 – \$40,159) a variance of \$35,725 (89%). The loss is attributable to the decline in market values of the common shares in resource companies held by the Company detailed in Note 6 to the interim financial statements.
- Premium income from flow-through shares was \$137,563 (2014 – \$188,222) a variance of \$50,659 (26.9%) 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 \$36,454 (2014 – \$108,619) a variance of \$72,165 (66.4%). 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.

Nine months ended July 31, 2015 compared to the nine months ended July 31, 2014:

Net loss was \$811,955 (2014 – income of \$379,009) a variance of \$1,190,964.

- General and administrative expenses were \$726,600 (2014 – \$735,558) a variance of \$8,958 (1.2%).
- Impairment of exploration and evaluation assets was \$120,146 (2014 – \$0) a variance of \$120,146.
- The unrealized loss on investment revaluation was \$211,822 (2014 – gain of \$232,873) a variance of \$444,695. The loss is attributable to the decline in market values of the common shares in resource companies held by the Company detailed in Note 6 to the interim financial statements. The Company also incurred realized losses of \$61,904 on the disposal of shares.
- Premium income from flow-through shares was \$340,597 (2014 – \$1,207,918) a variance of \$867,321 (71.8%).
- Deferred income taxes were \$90,258 (2014 – \$378,838) a variance of \$288,580 (76.2%). 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 07/31/2015	Quarter ended 04/30/2015	Quarter ended 01/31/2015	Quarter ended 10/31/2014
Interest / other income	\$ 27,814	\$ 20,132	\$ 10,232	\$ 10,405
Comprehensive loss	\$(315,689)	\$(238,436)	\$(257,830)	\$(9,572,669)
Per share basic	\$(0.0024)	\$(0.0018)	\$(0.0020)	\$(0.0803)
Per share diluted	\$(0.0024)	\$(0.0018)	\$(0.0020)	\$(0.0803)
Trading range of shares				
High	\$0.49	\$0.62	\$0.38	\$0.40
Low	\$0.29	\$0.29	\$0.17	\$0.21

	Quarter ended 07/31/2014	Quarter ended 04/30/2014	Quarter ended 01/31/2014	Quarter ended 10/31/2013
Interest / other income	\$ 10,578	\$ 29,034	\$ 13,002	\$ 27,976
Comprehensive income (loss)	\$ (206,936)	\$ 19,341	\$ 566,604	\$ (945,814)
Per share basic	\$(0.0017)	\$0.0002	\$0.0049	\$(0.0089)
Per share diluted	\$(0.0017)	\$0.0002	\$0.0049	\$(0.0089)
Trading range of shares				
High	\$0.47	\$0.56	\$0.44	\$0.48
Low	\$0.28	\$0.28	\$0.21	\$0.26

Significant charges included in the amounts above are as follows:

07/31/2015

Comprehensive net loss includes: flow-through share premium income of \$137,563; deferred income tax of \$36,454 and; a charge of \$117,600 for stock option compensation; an unrealized loss on investment valuation of \$75,884 and; an impairment charge of \$33,703.

04/30/2015

Comprehensive net loss includes: flow-through share premium income of \$68,671; deferred income tax of \$20,479; a realized loss on disposal of investments of \$60,183; an unrealized loss on investment revaluation of \$12,637 and; an impairment charge of \$46,700.

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 investment revaluation of \$134,363 and; an impairment charge of \$39,743.

10/31/2014

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

07/31/2014

Comprehensive net loss 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 investment revaluation 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 investment revaluation 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 investment revaluation 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 investment revaluation of \$8,818.

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 July 31, 2015, the Company's carrying value of exploration and evaluation assets, net of recoveries and impairment charges was \$56,151,822 (October 31, 2014 - \$55,272,791).

Exploration and evaluation expenditures by quarter:

	<u>Q3 2015</u>	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>	<u>Q1 2014</u>
Clearwater							
Drilling and assays	163,450	122,719	1,006,544	482,506	113,098	261,861	2,190,149
Technical surveys	298,901	158,296	190,377	404,530	171,399	115,892	175,435
Acquisition and maint.	12,780	35,313	-	-	12,326	-	-
Resource tax credits	(1,146,305)	(2,163)	-	(113,963)	-	(1,660,179)	-
Total Clearwater	(671,174)	314,165	1,196,921	773,073	296,823	(1,282,426)	2,365,584
Eastmain Mine							
Drilling and assays	83	6,339	-	21,345	3,635	1,373	158,593
Technical surveys	39,749	42,414	26,280	103,642	150,566	4,823	32,303
Acquisition and maint.	630	13,091	673	-	-	-	6,011
Resource tax credits	-	-	-	(15,950)	-	(232,300)	-
Total Eastmain Mine	40,462	61,844	26,953	109,037	154,201	(226,104)	196,907
Éléonore South							
Drilling and assays	1,202	367	-	1,564	100	534	730
Technical surveys	-	1,776	200	14,918	1,943	12	1,500
Acquisition and maintenance	-	(1,947)	1,947	23,781	4,382	3,654	4,315
Total Éléonore	1,202	196	2,147	40,263	6,425	4,200	6,545
Ruby Hill							
Drilling and assays	-	976	-	60,706	1,315	-	-
Technical surveys	24,997	25,498	11,179	152,023	176,199	8,793	294,262
Acquisition and maint.	32	17,408	6,096	-	6,580	10,219	(6,048)
Total Ruby Hill	25,029	43,882	17,275	212,729	184,094	19,012	288,214

Reservoir							
Drilling and assays	2,442	1,993	-	1,420	5,760	85,504	477,748
Technical surveys	2,334	-	-	9,896	6,099	8,389	122,864
Acquisition and maint.	-	-	-	-	6,152	58	13,389
Total Reservoir	4,776	1,993	-	11,316	18,011	93,951	614,001
	<u>Q3 2015</u>	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>	<u>Q1 2014</u>
Lac Hudson							
Technical surveys	1,534	5,921	-	14,362	26,504	22,399	2,483
Acquisition and maint.	1,260	(2,542)	3,540	-	-	38,723	-
Total Lac Hudson	2,794	3,379	3,540	14,362	26,504	61,122	2,483
Lac Elmer							
Drilling and assays	-	2,979	-	-	-	-	-
Technical surveys	(14,400)	-	14,400	315	85,777	125,520	82
Acquisition and maint.	-	2,048	-	4,191	-	18,518	-
Total Lac Elmer	(14,400)	5,027	14,400	4,506	85,777	144,038	82
Radisson							
Technical surveys	-	-	-	630	630	-	-
Acquisition and maint.	1,644	630	20,320	-	5,969	-	-
Total Radisson	1,644	630	20,320	630	6,599	-	-
Road King							
Technical surveys	(382)	9,950	382	-	-	-	-
Acquisition and maint.	313	1,014	13,843	4,707	19,653	-	69,003
Total Road King	(69)	10,964	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	1,052	-	-	-	4,898	2,520	27,927
Acquisition and maint.	-	-	-	-	-	4,572	-
Total Lidge	1,052	-	-	-	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
Acquisition and maint.	-	-	-	-	-	-	6,072
Total Lac Lessard	-	-	-	65,143	79,763	15,431	126,561
Total net expenditures	(608,684)	442,080	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.

At July 31, 2015, the Company had current assets of \$5.1 million and current liabilities of \$0.5 million yielding a working capital of \$4.6 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.

At July 31, 2015 the Company held investments of \$0.5 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 July 31, 2015 were \$1,520,272 which included a confirmed payment of resource investment tax credits of \$1,165,118. Also included was \$140,182 for recoverable sales taxes, which are

subject to verification and normally refunded within 60 to 90 days of the claim. Refunds of taxes are not considered a financial instrument since governments are not obligated to make these payments. Other accounts receivable, advances and prepaid amounts were \$214,972.

At July 31, 2015, trade accounts payable and accrued liabilities were \$292,835 including payroll withholdings of \$25,146 and amounts due to related parties of \$26,288. Trade accounts are normally settled within 30 days. Flow-through premiums are amortized to income in proportion to eligible Canadian exploration expenditures (CEE) incurred.

The Company has an estimated \$0.7 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 July 31, 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 nine months July 31, 2015, the Company received net proceeds of \$3.8 million from shares issued to fund fiscal 2015 activities. During the same period, the Company spent \$2.0 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 July 31, 2015, qualifying expenditures of \$2,027,023 have 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 July 31, 2015 was \$60,245.

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 nine months ended July 31, 2015 was \$337,475 (2014 – \$336,510). The amount due to related parties July 31, 2015 was \$26,288 (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 September 14, 2015, there are 133,039,815 common shares outstanding and 7,268,605 share-purchase options with a weighted average exercise price of \$0.71, which would generate proceeds of \$5,181,512, 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 the 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 July 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.

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 year.

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 no exploration and evaluation expenditures were being contemplated and that some claims were 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 \$120,146 incurred on these properties during the current year 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 July 31, 2015, the Company had current assets of \$5,116,296 to settle current liabilities of \$536,190. 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 nine months ended July 31, 2015, the Company raised net proceeds of \$3,796,768 through the issue of flow-through shares, non-flow-through shares and the exercise of warrants to fund general exploration activities planned for fiscal 2015. In addition, resource tax credits of \$1,165,118 were received in August 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 July 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

Eau Claire is one of the highest-grade projects with potential for open pit extraction in North America. In addition there remains excellent exploration potential to further expand the size and improve the grade of this pit-constrained mineral resource and potential ramp-accessible underground mineralization. The Clearwater Project is transitioning from pure exploration towards an early pre-development stage with the initiation of the Preliminary Economic Assessment.

Our immediate objective for the Clearwater Project is to complete a preliminary economic assessment on the Eau Claire gold deposit while maintaining a resource expansion campaign through drilling. Resource growth at Eau Claire will focus on the newly developed 3D geological model as a predictive tool for a repetition of gold-bearing structures both laterally and beneath the M&I resource.

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 up to 21,500 metres of drilling, 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 subsequent events that would materially impact 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.Geol and Antoine Yassa, P.Geol are "qualified persons" within the meaning of National Instrument 43-101 of the Canadian Securities Administrators and have verified the data underlying the statements contained 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.