EASTMAIN

# EASTMAIN RESOURCES INC.

# Condensed Interim Consolidated Financial Statements

## Three Months Ended January 31, 2016
## (Expressed in Canadian Dollars)
## (Unaudited)

Responsibility for condensed interim consolidated financial statements:

The accompanying unaudited condensed interim consolidated financial statements ("interim financial statements") for Eastmain Resources Inc. ("Eastmain" or the "Company") have been prepared by management in accordance with International Financial Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") appropriate to the circumstances, and approved by the Audit Committee. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these interim financial statements have been fairly presented. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2015.

Auditors' involvement

The auditors of Eastmain Resources Inc. have not performed any review of the interim financial statements for the three months ended January 31, 2016 and January 31, 2015.

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# EASTMAIN RESOURCES INC.

**Condensed Interim Consolidated Statements of Financial Position**

(Unaudited and Expressed in Canadian Dollars)

| | Notes | January 31, 2016 | October 31, 2015 |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | $ 1,156,657 | $ 1,590,789 |
| Marketable securities maturing in one year | 6 | 1,559,271 | 1,588,575 |
| Prepaid and sundry receivables | 7 | 349,067 | 1,399,328 |
| | | 3,064,995 | 4,578,692 |
| Marketable securities | 6 | 248,202 | 512,664 |
| Property and equipment | 8 | 50,062 | 54,126 |
| Exploration and evaluation | 9 | 58,444,892 | 57,261,681 |
| | | $ 61,808,151 | $ 62,407,163 |
| **Liabilities and Shareholders' Equity** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 10 | $ 311,540 | $ 1,074,609 |
| Deferred income taxes | 18 | 4,800,770 | 4,761,126 |
| | | 5,112,310 | 5,835,735 |
| Shareholders' equity | | | |
| Share capital | 12 | 71,628,121 | 71,364,347 |
| Contributed surplus | | 12,040,060 | 11,986,810 |
| Deficit | | (26,972,340) | (26,779,729) |
| | | 56,695,841 | 56,571,428 |
| | | $ 61,808,151 | $ 62,407,163 |

APPROVED ON BEHALF OF THE BOARD

Donald J. Robinson – Director

James L. Bezeau - Chief Financial Officer

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

# EASTMAIN RESOURCES INC.

**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited and Expressed in Canadian Dollars)

| | Notes | | January 31, 2016 | | 2015 |
|---|---|---|---|---|---|
| Operating expenses | | | | | |
| General and administrative | 15 | $ | 401,450 | $ | 204,335 |
| Impairment of exploration and evaluation assets | 9 | | 11,736 | | 39,743 |
| Operating loss before the following | | | (413,186) | | (244,078) |
| Interest and other income | | | 19,288 | | 10,232 |
| Realized gain (loss) on marketable securities | | | 548 | | (1,721) |
| Unrealized gain (loss) on marketable securities | 6 | | 90,783 | | (123,301) |
| Premium on flow-through shares | 11 | | 149,600 | | 134,363 |
| Net loss before income taxes | | | (152,967) | | (224,505) |
| Deferred income tax expense | | | (39,644) | | (33,325) |
| Net loss and comprehensive loss | | $ | (192,611) | $ | (257,830) |
| Loss per common share, basic and dilutive | 16 | $ | (0.001) | $ | (0.002) |

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

# EASTMAIN RESOURCES INC.

**Condensed Interim Consolidated Statements of Cash Flows**

(Unaudited and Expressed in Canadian Dollars)

| | Notes | January 31, 2016 | 2015 |
|---|---|---|---|
| **Operating activities** | | | |
| Comprehensive loss for the period | | $ (192,611) | $ (257,830) |
| Depreciation | | 4,064 | 5,318 |
| Impairment of exploration and evaluation assets | | 11,736 | 39,743 |
| Unrealized loss (gain) on marketable securities | | (90,783) | 123,301 |
| Premium on flow-through shares | | (149,600) | (134,363) |
| Deferred income taxes | | 39,644 | 33,325 |
| Stock-based compensation | | 53,250 | - |
| Prepaid and sundry receivables | | 288,664 | 48,484 |
| Accounts payable and accrued liabilities | | (763,069) | 27,892 |
| | | (798,705) | (114,130) |
| **Financing activities** | | | |
| Proceeds on issue of common shares | | 440,000 | 3,894,625 |
| Share issue costs | | (26,626) | (267,957) |
| | | 413,374 | 3,626.668 |
| **Investing activities** | | | |
| Exploration and evaluation expenditures | | (1,194,947) | (1,295,782) |
| Government exploration tax credits received | | 761,597 | - |
| Proceeds from sale of property option | | - | 50,000 |
| Purchase of marketable securities | | - | (758,192) |
| Proceeds on sale and redemption of marketable securities | | 384,549 | 743,790 |
| | | (48,801) | (1,260,184) |
| Change in cash and cash equivalents | | (434,132) | 2,252,354 |
| Cash and cash equivalents, beginning of the period | | 1,590,789 | 1,211,517 |
| Cash and cash equivalents, end of the period | 5 | $ 1,156,657 | $ 3,463,871 |

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

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# EASTMAIN RESOURCES INC.

**Condensed Interim Consolidated Statements of Shareholders' Equity**

(Unaudited and Expressed in Canadian Dollars)

| | Common shares # | Common shares $ | Reserves: Warrants # | Reserves: Warrants $ | Reserves: Contributed surplus $ | Deficit $ | Shareholders' equity $ |
|---|---|---|---|---|---|---|---|
| **Balance as at November 1, 2015** | 133,039,815 | 71,364,347 | - | - | 11,986,810 | (26,779,729) | 56,571,428 |
| Private placements | 880,000 | 440,000 | | | | | 440,000 |
| Share issue expenses | | (26,626) | | | | | (26,626) |
| Premium on issue of flow-through shares | | (149,600) | | | | | (149,600) |
| Share-based compensation issued | | | | | 53,250 | | 53,250 |
| Comprehensive loss for the period | | | | | | (192,611) | (192,611) |
| **Balance as at January 31, 2016** | 133,919,815 | 71,628,121 | - | - | 12,040,060 | (26,972,340) | 56,695,841 |

| | Common shares # | Common shares $ | Reserves: Warrants # | Reserves: Warrants $ | Reserves: Contributed surplus $ | Deficit $ | Shareholders' equity $ |
|---|---|---|---|---|---|---|---|
| **Balance as at November 1, 2014** | 120,194,507 | 68,880,757 | 6,768,750 | 250,444 | 11,408,667 | (25,926,233) | 54,613,635 |
| Private placements | 12,467,308 | 3,894,625 | | | | | 3,894,625 |
| Share issue expenses | | (267,957) | | | | | (267,957) |
| Premium on issue of flow-through shares | | (583,952) | | | | | (583,952) |
| Comprehensive loss for the period | | | | | | (257,830) | (257,830) |
| **Balance as at January 31, 2015** | 132,661,815 | 71,923,473 | 6,768,750 | 250,444 | 11,408,667 | (26,184,063) | 57,398,521 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Eastmain Resources Inc. (the "Company" or “Eastmain”) and its wholly-owned subsidiary, Eastmain Mines Inc., are engaged in the acquisition and exploration of resource properties within Canada. The Company is a publicly-held company incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the Toronto Stock Exchange under the symbol “ER”. The Company’s registered office address is 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada M5C 2C5.

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

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration-stage Company, Eastmain does not have any sources of revenue and historically has incurred recurring operating losses. As at January 31, 2016, the Company had working capital of $2,753,455 (October 31, 2015 – $3,504,083) and shareholders’ equity of $56,695,841 (October 31, 2015 – $56,571,428). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going-concern assumption was not appropriate for these interim financial statements it would be necessary to restate the Company’s assets and liabilities on a liquidation basis.

## 2. BASIS OF PRESENTATION

### a) Statement of compliance

These interim financial statements of the Company have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted.

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

These interim financial statements for the quarter ended January 31, 2016 were reviewed and authorized for issue by the Board of Directors on March 11, 2016.

### b) Basis of measurement

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

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

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

### c) Basis of consolidation

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

(Unaudited and Expressed in Canadian Dollars)

## 3. CHANGES IN ACCOUNTING STANDARDS NOT YET EFFECTIVE

***Financial Instruments***

IFRS 9 – *Financial Instruments*, issued by the IASB in October 2010, is intended to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*, using a single approach to determine whether a financial asset is measured at amortized cost or fair value, thereby reducing the complexity of the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash-flow characteristics of each financial asset. Most of the requirements in IAS 39 for the classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires use of a single method of impairment determination, which replaces the multiple methods available under IAS 39. The standard will be effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact this financial standard is expected to have on its consolidated financial statements.

## 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these interim financial statements under IFRS requires management to make certain estimates, judgements and assumptions of the impacts from uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses during the reporting period. Judgements and estimates used in the preparation of the Company's interim financial statements are consistent with those applied and disclosed in Notes 3 and 4 of the Company's audited consolidated financial statements for the year ended October 31, 2015. Although the estimates are based on management's best knowledge of the amounts, events, or actions, actual results may differ from those estimates and these differences could be material.

## 5. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

| | January 31, 2016 | October 31, 2015 |
|---|---|---|
| Cash | $ 752,595 | $ 1,112,054 |
| Cash equivalents | 404,062 | 478,735 |
| | $ 1,156,657 | $ 1,590,789 |

## 6. MARKETABLE SECURITIES

### a) Marketable securities held

Bonds and other securities are recorded at fair value. Investments in bonds bear interest at annual rates ranging from 0.95% to 4.35%, maturing between June 15, 2016 and July 18, 2016. Investments in public companies consist of shares in Dianor Resources Inc., which were acquired in exchange for geological data; shares of Threegold Resources Inc., received as a dividend from Dianor Resources Inc.; shares in Kaizen Discovery Inc., Meryllion Resource Corp. and Western Lithium Corporation received in exchange for prospecting permits and mineral claims issued to Western Uranium Corporation and subsequent capital restructurings and reorganizations within that company; shares in Honey Badger Exploration Inc., received in conjunction with an option to acquire a 50% interest in the Radisson property; and shares in Darnley Bay Resources Limited, acquired in conjunction with an option agreement, whereby under fulfillment of certain obligations, Darnley Bay can acquire a 50% interest in the Lac Lessard property.

(Unaudited and Expressed in Canadian Dollars)

## 6. MARKETABLE SECURITIES (Continued)

**Marketable securities held**

| | Shares | January, 31 2016 | Shares | October 31, 2015 |
|---|---|---|---|---|
| GIC's and investment grade bonds | | $ 1,559,271 | | $ 1,957,980 |
| Darnley Bay Resources Limited | 1,600,000 | 32,000 | 1,600,000 | 32,000 |
| Dianor Resources Inc. common shares | 500,000 | - | 500,000 | - |
| Honey Badger Exploration common shares | 5,323,980 | 133,100 | 5,323,980 | 26,620 |
| Kaizen Discovery Inc. common shares | 107,867 | 10,787 | 107,867 | 20,495 |
| Meryllion Resource Corp. common shares | 107,867 | 1,078 | 107,867 | 539 |
| Threegold Resources Inc. common shares | 12,380 | - | 12,380 | - |
| Western Lithium Corporation common shares | 169,612 | 71,237 | 169,612 | 63,605 |
| Investments | | 1,807,473 | | 2,101,239 |
| Less current portion | | 1,559,271 | | 1,588,575 |
| Long term portion | | $ 248,202 | | $ 512,664 |

### b) Hedging activities

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

## 7. PREPAID AND SUNDRY RECEIVABLES

| | January 31, 2016 | October 31, 2015 |
|---|---|---|
| Sales tax input credits recoverable | $ 238,681 | $ 188,238 |
| Sundry accounts receivable | 10,213 | 346,509 |
| Government resource tax credits | - | 761,597 |
| Advances and prepaid expenses | 100,173 | 102,984 |
| | $ 349,067 | $1,399,328 |

## 8. PROPERTY AND EQUIPMENT

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

| | Computer equipment | Field equipment | Total |
|---|---|---|---|
| **Cost** | | | |
| As at November 1, 2015 | $ 58,114 | $ 398,536 | $ 456,650 |
| As at January 31, 2016 | 58,114 | 398,536 | 456,650 |
| **Accumulated depreciation** | | | |
| As at November 1, 2015 | 49,340 | 353,184 | 402,524 |
| Additions for the period | 660 | 3,404 | 4,064 |
| As at January 31, 2016 | 50,000 | 356,588 | 406,588 |
| **Net book value January 31, 2016** | $ 8,114 | $ 41,948 | $ 50,062 |

(Unaudited and Expressed in Canadian Dollars)

### 8. PROPERTY AND EQUIPMENT (Continued)

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

### 9. EXPLORATION AND EVALUATION

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

**Project expenditures for the three months ended January 31, 2016**

| Project | Drilling & assays | Technical surveys | Project acquisition & maintenance | Gross expenditures | Income tax credits | 2016 Net Expenditures |
|---|---|---|---|---|---|---|
| **Clearwater** | $ 961,801 | $ 194,914 | $ - | $ 1,156,715 | $ - | $ 1,156,715 |
| **Eastmain Mine** | - | 12,102 | - | 12,102 | - | 12,102 |
| **Éléonore South** | - | 2,971 | 7,242 | 10,213 | - | 10,213 |
| **Ruby Hill** | - | - | 1,260 | 1,260 | - | 1,260 |
| **Reservoir** | (997) | 630 | 630 | 263 | - | 263 |
| **Lac Hudson** | - | - | - | - | - | - |
| **Lac Elmer** | - | - | - | - | - | - |
| **Radisson** | - | - | - | - | - | - |
| **Road King** | - | - | - | - | - | - |
| **Lac Lessard** | 11,064 | 2,700 | 630 | 14,394 | - | 14,394 |
| **Total** | $ 971,868 | $ 213,317 | $ 9,762 | $ 1,194,947 | $ - | $ 1,194,947 |

(Unaudited and Expressed in Canadian Dollars)

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

**Cumulative acquisition, exploration and evaluation expenditures as at January 31, 2016**

| Project | Balance November 1, 2015 | 2016 Net expenditures | Write-downs | Recoveries | Balance January 31, 2016 |
|---|---|---|---|---|---|
| Clearwater | $ 41,379,457 | $ 1,156,715 | $ - | $ - | $ 42,536,172 |
| Eastmain Mine | 13,593,205 | 12,102 | - | - | 13,605,307 |
| Éléonore South | - | 10,213 | (10,213) | - | - |
| Ruby Hill | - | 1,260 | (1,260) | - | - |
| Reservoir | - | 263 | (263) | - | - |
| Lac Hudson | 951,171 | - | - | - | 951,171 |
| Lac Elmer | 826,871 | - | - | - | 826,871 |
| Radisson | - | - | - | - | - |
| Road King | 301,779 | - | - | - | 301,779 |
| Lac Lessard | 209,198 | 14,394 | - | - | 223,592 |
| | $ 57,261,681 | $ 1,194,947 | $(11,736) | $ - | $ 58,444,892 |

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

| Project | Drilling & assays | Technical surveys | Project acquisition & maintenance | Gross expenditures | Income tax credits | 2015 Net Expenditures |
|---|---|---|---|---|---|---|
| Clearwater | $ 1,006,544 | $ 190,377 | $ - | $ 1,196,921 | - | $ 1,196,921 |
| Eastmain Mine | - | 26,280 | 673 | 26,953 | - | 26,953 |
| Éléonore South | - | 200 | 1,947 | 2,147 | - | 2,147 |
| Ruby Hill | - | 11,179 | 6,096 | 17,275 | - | 17,275 |
| Lac Hudson | - | - | 3,540 | 3,540 | - | 3,540 |
| Lac Elmer | - | 14,400 | - | 14,400 | - | 14,400 |
| Radisson | - | - | 20,320 | 20,320 | - | 20,320 |
| Road King | - | 382 | 13,843 | 14,225 | - | 14,225 |
| Lac Lessard | - | - | - | - | - | - |
| **Total** | $ 1,006,544 | $ 242,818 | $ 46,419 | $ 1,295,781 | - | $ 1,295,781 |

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

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

## 9. EXPLORATION AND EVALUATION (Continued)

***Impairment of exploration and evaluation assets;***

The Company recognizes impairment on certain properties because there are indications that the carrying amount of these assets exceeds their current demonstrable recoverable amounts. During the first quarter of 2016, ongoing expenditures on these properties were written down by $11,736 (2015 – $39,742). Under certain conditions, these impairment charges may be reversed. 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.

As at January 31, 2016 the Company is entitled to mining duties and resource investment related income tax credits from the Ministry of Natural Resources (Québec) and The Ministry of Revenue (Québec) of approximately $120,000 (October 31, 2015 – $120,000). The Company does not record these refunds in the financial statements until such time as they are confirmed by the government.

### a) Clearwater Project

Eastmain holds 100% interest in the Clearwater Project, located in the central portion of the Eastmain River Greenstone Belt within the James Bay Mining District of Québec. The property, which hosts the Eau Claire Gold Deposit, consists of map designated claims (CDC's) covering an area of 200.68 km$^2$. The deposit is royalty free, thereby entitling the Company to the unencumbered ability to structure future royalty agreements on the Eau Claire Gold Deposit at its sole discretion. Clearwater is in the advanced exploration stage.

### b) Eastmain Mine Project

The Eastmain Mine project hosts the Eastmain Mine Gold Deposit. The Eastmain Mine property comprises 152 mineral claims and an industrial lease. Located in the easternmost part of the Upper Eastmain River Greenstone Belt of the James Bay District of Northern Québec, the project covers approximately 8,014 hectares of highly prospective terrain. The Company holds a 2% NSR on all production exceeding 250,000 ounces of gold. Franco Nevada Corporation and Osisko Gold Royalties Ltd. jointly hold a 2.3% NSR applicable only to the first 250,000 ounces of gold produced and subject to a reduction should the price of gold fall below USD $750. Eastmain Mine is in the advanced exploration stage.

### c) Éléonore South Project

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

### d) Ruby Hill Project

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

### e) Reservoir Project

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

(Unaudited and Expressed in Canadian Dollars)

## 9. EXPLORATION AND EVALUATION (Continued)

### f) Lac Hudson Project

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

### g) Lac Elmer Project

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

### h) Radisson Project

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

### i) Road King Project

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

### j) Lac Lessard Project

The Company holds 100% interest in this very-early-exploration-stage property, which covers approximately 25 km$^2$ of the Otish Basin area of the James Bay Mining District of Québec. The Company has entered into an agreement with Darnley Bay Resources Limited (DBL) whereby DBL has an option to earn a 50% undivided interest in the Lac Lessard project in exchange for 8 million DBL common shares as well as $2.5 million in exploration expenditures and annual cash payments of $50,000 over a four-year period. The first year's commitments under the option agreement have essentially been met.

### k) Lidge Project

The Company holds 100% interest in this very-early- to early-stage exploration property, which is located in a highly-prospective geological regime within the James Bay Mining District of Québec.

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | January 31, 2016 | October 31, 2015 |
|---|---|---|
| Accounts payable and accrued liabilities | $ 279,451 | $ 958,430 |
| Government remittances payable | 26,089 | 46,597 |
| Due to related parties | 6,000 | 69,582 |
| | $ 311,540 | $ 1,074,609 |

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

In December 2015 the Company raised $440,000 by issuing flow-through shares. The premium paid by investors in excess of the market price of the shares was $149,600.

(Unaudited and Expressed in Canadian Dollars)

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

| | Flow-through premium liability | Flow-through pending commitment |
|---|---|---|
| Balance, November 1, 2015 | $ - | $ - |
| December 2015 flow-through issues | 149,600 | 440,000 |
| Reduction for expenses incurred | (149,600) | (440,000) |
| Balance, January 31, 2016 | $ - | $ - |

| | Flow-through premium liability | Flow-through pending commitment |
|---|---|---|
| Balance, November 1, 2014 | $ - | $ - |
| December 2014 flow-through issues | 583,952 | 3,450,625 |
| Reduction for expenses incurred | (134,363) | (793,363) |
| Balance, January 31, 2015 | $ 449,589 | $ 2,656,262 |

### 12. SHARE CAPITAL

**a) Authorized share capital**

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

i) In December 2015 the Company issued 880,000 flow-through common shares in a non-brokered private placement, at a price of $0.50 per share, for aggregate gross proceeds of $440,000. The shares issued were subject to a hold period of four months. No finder's fees were associated with the financing. In accordance with income tax legislation, the Company renounced resource expenditures of $440,000 in favour of the investors with an effective date of December 31, 2015 for activities funded by this flow-through share arrangement. The liability for flow-through premium derived from the issue was $149,600.

**b) Share purchase option plan**

In November 2015, 250,000 share purchase options with an exercise price of $0.36 were issued to a director. The options fully vested on the date of issue. The estimated fair value of the grant was $53,250 using the Black-Scholes option pricing model with the following assumptions: dividend yield of $0.00; expected volatility factor of 57.6%; a risk-free interest rate of 1.43% and an expected average term of 7.5 years. The cost of the grant was recognized as a general and administrative expense.

| Stock options | Number of options | Weighted average exercise price |
|---|---|---|
| Outstanding, November 1, 2015 | 7,618,605 | $ 0.69 |
| Granted | 250,000 | $ 0.36 |
| Expired | (250,000) | $ 0.72 |
| Outstanding, January 31, 2016 | 7,618,605 | $ 0.68 |

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

(Unaudited and Expressed in Canadian Dollars)

## 12. SHARE CAPITAL (Continued)

### b) Share purchase option plan (Continued)

Stock options outstanding as at January 31, 2016

| Expiry date | Black-Scholes value ($) | Number of Options | Exercise price ($) |
|---|---|---|---|
| June, 2017 | 102,080 | 168,605 | 0.78 |
| June, 2017 | 60,300 | 100,000 | 0.77 |
| April, 2020 | 192,750 | 250,000 | 1.35 |
| June, 2020 | 536,250 | 750,000 | 1.27 |
| September, 2020 | 41,600 | 50,000 | 1.46 |
| April, 2021 | 224,250 | 250,000 | 1.51 |
| June, 2021 | 395,850 | 650,000 | 1.15 |
| April, 2022 | 158,250 | 250,000 | 1.05 |
| June, 2022 | 384,200 | 850,000 | 0.88 |
| September, 2022 | 35,925 | 75,000 | 0.96 |
| June, 2023 | 170,000 | 1,000,000 | 0.33 |
| September, 2023 | 27,900 | 150,000 | 0.36 |
| June, 2024 | 219,810 | 1,275,000 | 0.30 |
| June, 2025 | 274,800 | 1,200,000 | 0.38 |
| October, 2025 | 66,885 | 350,000 | 0.32 |
| November, 2025 | 53,250 | 250,000 | 0.36 |
| | 2,944,100 | 7,618,605 | 0.68 |

Options outstanding and exercisable January 31, 2016

| Exercise price range | Number outstanding | Weighted average remaining contractual life | Weighted average exercise price | Number exercisable |
|---|---|---|---|---|
| $ 0.01 - $ 0.50 | 4,225,000 | 8.67 years | $ 0.34 | 4,225,000 |
| $ 0.51 - $ 1.00 | 1,193,605 | 5.73 years | $ 0.86 | 1,193,605 |
| $ 1.01 - $ 1.50 | 1,950,000 | 4.68 years | $ 1.22 | 1,950,000 |
| $ 1.51 - $ 2.00 | 250,000 | 5.24 years | $ 1.51 | 250,000 |

### b) Warrants

There were no warrants outstanding as at January 31, 2016.

## 13. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to ensure that there are adequate resources to sustain operations and to continue as a going concern, to maintain adequate levels of funding to support acquisition and exploration of mineral projects, to maintain investor and market confidence, and to provide returns to shareholders. The Company may manage its capital structure by issuing new shares, adjusting capital spending or disposing of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but relies on management's expertise to sustain future development of the business.

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

## 13. CAPITAL MANAGEMENT (Continued)

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

Management considers its capital structure to consist of equity attributable to equity holders of the Company, comprising issued share capital, contributed surplus, warrants and accumulated deficit, which as at January 31, 2016 totalled $56,695,841.

There were no changes in management's approach to capital management during the three months ended January 31, 2016. The Company is not subject to externally imposed capital requirements.

## 14. FINANCIAL RISK FACTORS

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

### a) Fair value

Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair-value estimates are based on quoted market values and other valuation methods.

### b) Credit risk

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

### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2016, the Company had current assets of $3,064,995 to settle current liabilities of $311,540. All of the company's financial liabilities have contractual maturities of 30 days or less.

During the three months ended January 31, 2016, major cash inflows to the Company were comprised of net proceeds of $413,374 through the issue of flow-through common shares and $761,597 from income tax credits received. 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, 2016.

## 14. FINANCIAL RISK FACTORS (Continued)

***Foreign currency risk***

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

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

i. Cash and cash equivalents are subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash and cash equivalent balances. As such, the Company does not have significant interest rate risk.

ii. $604,693 of the Company's $1,807,473 investment in marketable securities is subject to market fluctuations. If the fair value of the Company's investment in marketable securities as at January 31, 2016 had increased or decreased by 25%, with all other variables held constant, the comprehensive loss and equity for the three months ended January 31, 2016 would have been approximately $151,173 higher or lower.

## 15. GENERAL AND ADMINISTRATIVE EXPENSES

| | Three months ended January 31, 2016 | 2015 |
|---|---|---|
| Depreciation | $ 4,064 | $ 5,318 |
| General and office | 281,071 | 170,662 |
| Professional fees | 63,065 | 28,355 |
| Stock option compensation | 53,250 | - |
| | $ 401,450 | $ 204,335 |

## 16. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended January 31, 2016 was based on the loss attributable to common-share holders of $192,611 (2015 – $257,830) and the weighted average number of common shares outstanding of 133,565,902 (2015 –127,241,246). Diluted loss per share does not include the effect of 7,618,605 stock options (2015 – 6,068,605) and effect of warrants which was nil at January 31, 2016 (2015 – 6,768,750) as they are anti-dilutive.

## 17. RELATED PARTY TRANSACTIONS

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

### a) Transactions with related parties

| | Three months ended January 31, 2016 | 2015 |
|---|---|---|
| Donald Robinson (i) | $ 57,900 | $ 57,900 |
| Shawonis Explorations and Enterprises Ltd. (ii) | $ 50,873 | $ 41,895 |
| QB 2000 Inc. (iii) | $ 15,600 | $ 14,950 |

(Unaudited and Expressed in Canadian Dollars)

## 17. RELATED PARTY TRANSACTIONS (Continued)

### a) Transactions with related parties (Continued)

i. Donald Robinson is the President and Chief Executive Officer of Eastmain Resources Inc. and a member of the Board of Directors of Eastmain Resources Inc. Fees paid to Donald Robinson are related to professional geological exploration as the Company's chief geologist, management services and office rental. As at January 31, 2016, $6,000 was due to Dr. Robinson (October 31, 2015 – $3,000).

ii. The Exploration Manager of Eastmain Resources Inc. is the president of Shawonis Explorations and Enterprises Ltd. and is related to the Chief Executive Officer of Eastmain Resources Inc. Fees paid to Shawonis Explorations and Enterprises Ltd. are related to professional geological exploration and management services. As at January 31, 2016, the amount due to Shawonis Explorations and Enterprises Ltd. was nil (October 31, 2015 – $50,423).

iii. The Chief Financial Officer of Eastmain Resources Inc. is the president of QB 2000 Inc. Fees paid to QB 2000 Inc. are related to the functions of Chief Financial Officer. As at January 31, 2016, the amount due to QB2000 Inc. was nil (October 31, 2015 – $16,159).

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

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

| | Three months ended January 31, | |
|---|---|---|
| | 2016 | 2015 |
| Salaries and benefits | $ 92,700 | $ 75,200 |
| Share-based compensation | $ 53,250 | $ - |
| | $ 145,950 | $ 75,200 |

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

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

## 18. PROVISION FOR INCOME TAXES

Income taxes on interim results have been estimated and apportioned at a reasonable approximation of the deferred income tax liability that will be applicable to the operating results for the full fiscal year.

## 19. SUBSEQUENT EVENTS

There were no transactions that would materially affect the Company's financial position.