EASTMAIN

EASTMAIN RESOURCES INC.

Condensed Interim Consolidated Financial Statements

Six months ended April 30, 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. 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 six months ended April 30, 2016 and April 30, 2015.

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EASTMAIN RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited and Expressed in Canadian Dollars)

	Notes	April 30, 2016	October 31, 2015
Assets			
Current assets			
Cash and cash equivalents	5	$ 4,339,172	$ 1,590,789
Marketable securities maturing in one year	6	1,019,895	1,588,575
Prepaid and sundry receivables	7	269,106	1,399,328
		5,628,173	4,578,692
Marketable securities	6	234,506	512,664
Property and equipment	8	45,996	54,126
Exploration and evaluation	9	58,686,540	57,261,681
		$ 64,595,215	$ 62,407,163
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	10	$ 1,353,502	$ 1,074,609
Deferred income taxes	18	4,414,005	4,761,126
		5,767,507	5,835,735
Shareholders' equity			
Share capital	12	76,373,600	71,364,347
Warrants		119,300	
Contributed surplus		12,154,311	11,986,810
Deficit		(29,819,503)	(26,779,729)
		58,827,708	56,571,428
		$ 64,595,215	$ 62,407,163

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)

		Three months ended April 30,		Six months ended April 30,	
	Notes	2016	2015	2016	2015
Operating expenses					
General and administrative	15	$ 3,313,446	$ 187,240	$ 3,714,896	$ 391,575
Impairment of exploration and evaluation assets	9	51,381	46,700	63,117	86,443
Operating loss before the following		(3,364,827)	(233,940)	(3,778,013)	(478,018)
Interest and other income		7,659	20,132	26,947	30,364
Realized loss on marketable securities		(83,118)	(60,183)	(82,570)	(61,904)
Unrealized gain (loss) on marketable securities	6	206,358	(12,637)	297,141	(135,938)
Premium on flow-through shares	11	-	68,671	149,600	203,034
Net loss before income taxes		(3,233,928)	(217,957)	(3,386,895)	(442,462)
Deferred income tax recovery (expense)		386,765	(20,479)	347,121	(53,804)
Net loss and comprehensive loss		$ (2,847,163)	(238,436)	(3,039,774)	$ (496,266)
Loss per share – basic and dilutive	16	$ (0.021)	$ (0.002)	$ (0.023)	$ (0.004)

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)

	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
	$	$	$	$
Operating activities				
Comprehensive net loss for the period	(2,847,163)	(238,436)	(3,039,774)	(496,266)
Amortization	4,066	5,321	8,130	10,639
Impairment of exploration and evaluation assets	51,381	46,700	63,117	86,443
Unrealized (gain) loss on marketable securities	(206,358)	74,541	(297,141)	197,842
Premium on flow-through shares	-	(68,671)	(149,600)	(203,034)
Share-based compensation	167,501	-	220,751	-
Deferred income taxes	(386,765)	20,479	(347,121)	53,804
Prepaid and sundry receivables	79,961	123,021	368,625	171,505
Accounts payable and accrued liabilities	1,041,961	33,018	278,892	60,910
	(2,095,416)	(4,027)	(2,894,121)	(118,157)
Financing activities				
Proceeds on issue of common shares	5,100,000	-	5,540,000	3,894,625
Exercise of warrants	-	170,100	-	170,100
Exercise of options	90,000	-	90,000	-
Share issue costs	(407,271)	-	(433,897)	(267,957)
	4,782,729	170,100	5,196,103	3,796,768
Investing activities				
Exploration and evaluation expenditures	(201,112)	(444,242)	(1,396,059)	(1,740,024)
Government exploration tax credits	259,003	2,163	1,020,960	52,163
Purchase of marketable securities	-	(8,708)	-	(766,900)
Proceeds on sale and redemption of marketable securities	437,311	166,578	821,500	910,368
	495,202	(284,209)	446,401	(1,544,393)
Change in cash and cash equivalents	3,182,515	(118,136)	2,748,383	2,134,218
Cash and cash equivalents, beginning of the period	1,156,657	3,463,871	1,590,789	1,211,517
Cash and cash equivalents, end of the period	4,339,172	3,345,735	4,339,172	3,345,735

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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	11,379,999	5,540,000					5,540,000
Share issue expenses		(433,897)					(433,897)
Premium on issue of flow-through shares		(149,600)					(149,600)
Shares issued for acquisition of claims	60,000	28,800					28,800
Share-based compensation issued					220,751		220,751
Share-based compensation exercised	250,000	143,250			(53,250)		90,000
Warrants issued		(119,300)	499,999	119,300			-
Comprehensive loss for the period						(3,039,774)	(3,039,774)
Balance as at April 30, 2016	144,729,814	76,373,600	499,999	119,300	12,154,311	(29,819,503)	58,827,708

	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)
Warrants exercised	378,000	184,086	(378,000)	(13,986)			170,100
Comprehensive loss for the period						(496,266)	(496,266)
Balance as at April 30, 2015	133,039,815	72,107,559	6,390,750	236,458	11,408,667	(26,422,499)	57,330,185

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 the 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 April 30, 2016, the Company had working capital of $4,274,671 (October 31, 2015 - $3,504,083) and shareholders’ equity of $58,827,708 (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

The unaudited condensed interim consolidated 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 period ended April 30, 2016 were reviewed and authorized for issue by the Board of Directors on June 6, 2016.

b) Basis of measurement

These consolidated 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.

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,* IAS 39*,* 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 financial assets. 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 the 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 final standard is expected to have on its consolidated financial statements.

(Unaudited and Expressed in Canadian Dollars)

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 these estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates and these differences could be material.

5. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

	April 30, 2016	October 31, 2015
Cash	$ 4,339,172	$ 1,112,054
Cash equivalents	-	478,735
	$ 4,339,172	$ 1,590,789

On April 7, 2016, Integra Gold Corp. ("Integra") announced a strategic private placement into the Company. In closing the private placement on May 10, 2016, the Company issued 3,100,000 flow-through common shares at $0.50 per share and 12,800,000 units at $0.35 per unit to Integra for gross proceeds of $6,030,000 (the "Integra Private Placement"). As the Integra Private Placement closed subsequent to period end, the transaction is disclosed as a subsequent event (Note 19). Cash and cash equivalents at June 6th, 2016 totaled $9,740,156.

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 Lithium Americas Corp. (formerly Western Lithium Corp.) were received as a result of a sale of prospecting permits and mineral claims to Western Uranium Corp.; shares in Honey Badger Exploration Inc., were received in conjunction with an option to acquire a 50% interest in the Radisson property; and shares of Darnley Bay Resources were acquired in conjunction with an option enabling Darnley Bay Resources to acquire a 50% interest in the Lac Lessard project.

	Shares	April, 30, 2016	Shares	October 31, 2015
GIC's and investment grade bonds		$ 1,067,896		$ 1,957,980
Darnley Bay Resources Limited	1,600,000	16,000	1,600,000	32,000
Dianor Resources Inc. common shares	500,000	-	500,000	-
Honey Badger Exploration common shares	4,973,980	159,719	5,323,980	26,620
Kaizen Discovery Inc. common shares	107,867	10,247	107,867	20,495
Meryllion Resource Corp. common shares	107,867	539	107,867	539
Threegold Resources Inc. common shares	12,380	-	12,380	-
Lithium Americas Corp. common shares	-	-	169,612	63,605
Investments		1,254,401		2,101,239
Less current portion		1,019,895		1,588,575
Long term portion		$ 234,506		$ 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

	April, 30 2016	October 31, 2015
Sales tax input credits recoverable	$ 258,720	$ 188,238
Sundry accounts receivable	10,213	346,509
Government resource tax credits	-	761,597
Advances and prepaid expenses	173	102,984

(Unaudited and Expressed in Canadian Dollars)

	$ 269,106	$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
Additions for the period	0	0	0
As at April 30, 2016	58,114	398,536	456,650
Accumulated depreciation			
As at November 1, 2015	49,340	353,184	402,524
Additions for the period	1,318	6,812	8,130
As at April 30, 2016	50,658	359,996	410,654
Net book value April 30, 2016	$ 7,456	$ 38,540	$ 45,996

	Computer equipment	Field equipment	Total
Cost			
As at November 1, 2014	$ 58,114	$ 397,786	$ 455,900
Additions for the period	0	0	0
As at April 30, 2015	58,114	397,786	455,900
Accumulated depreciation			
As at November 1, 2014	45,729	333,982	379,711
Additions for the period	1,382	9,257	10,639
As at April 30, 2015	47,111	343,239	390,350
Net book value April 30, 2015	$ 11,003	$ 54,547	$ 65,550

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 six months ended April 30, 2016

Project	**Drilling & assays**	**Technical surveys**	**Project acquisition & maintenance**	**Gross Expenditures**	**Income tax credits**	**2016 Net Expenditures**
Clearwater	$ 982,962	$ 476,124	$ -	$ 1,459,086	$(259,003)	$ 1,200,083
Eastmain Mine	17,400	19,073	-	36,473	-	36,473
Éléonore South	-	3,937	10,213	14,150	-	14,150
Ruby Hill	5,859	4,321	-	10,180	-	10,180
Reservoir	(997)	630	4,117	3,750	-	3,750
Lac Hudson	-	-	14,607	14,607	-	14,607
Lac Elmer	-	640	151,771	152,411	-	152,411
Radisson	-	-	945	945	-	945
Road King	-	-	-	-	-	-
Lac Lessard	11,142	2,700	7,442	21,284	-	21,284
Other	-	-	34,092	34,092	-	34,092
Total	$1,016,366	$ 507,425	$ 223,187	$ 1,746,978	$(259,003)	$ 1,487,975

(Unaudited and Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION (Continued)

Cumulative acquisition, exploration and evaluation expenditures as at April 30, 2016

Project	Balance November 1, 2015	2016 Net expenditures	Write-downs	Recoveries	Balance April 30, 2016
Clearwater	$ 41,379,457	$ 1,200,083	$ -	$ -	$ 42,579,540
Eastmain Mine	13,593,205	36,473	-	-	13,629,678
Éléonore South	-	14,150	(14,150)	-	-
Ruby Hill	-	10,180	(10,180)	-	-
Reservoir	-	3,750	(3,750)	-	-
Lac Hudson	951,171	14,607	-	-	965,778
Lac Elmer	826,871	152,411	-	-	979,282
Radisson	-	945	(945)	-	-
Road King	301,779	-	-	-	301,779
Lac Lessard	209,198	21,284	-	-	230,482
Other	-	34,092	(34,092)	-	-
	$ 57,261,681	$ 1,487,975	$(63,117)	$ -	$ 58,686,539

Project expenditures for the six months ended April 30, 2015

Project	Drilling & assays	Technical surveys	Project acquisition & maintenance	Gross expenditures	Grants	2015 Net Expenditures
Clearwater	$ 1,129,263	$ 348,673	$ 35,313	$ 1,513,249	$ (2,163)	$ 1,511,086
Eastmain Mine	6,339	68,694	13,764	88,797	-	88,797
Éléonore South	367	1,976	-	2,343	-	2,343
Ruby Hill	976	36,677	23,504	61,157	-	61,157
Reservoir	1,993	-	-	1,993	-	1,993
Lac Hudson	-	5,921	998	6,919	-	6,919
Lac Elmer	2,979	14,400	2,048	19,427	-	19,427
Radisson	-	-	20,950	20,950	-	20,950
Road King	-	10,332	14,857	25,189	-	25,189
Lac Lessard	-	-	-	-	-	-
Total	$ 1,141,917	$ 486,673	$111,434	$ 1,740,024	$ (2,163)	$ 1,737,861

Cumulative acquisition, exploration and evaluation expenditures as at April 30, 2015

Project	Balance November 1, 2014	2015 Net expenditures	Write-downs	Recoveries	Balance April 30, 2015
Clearwater	$ 39,448,418	$ 1,511,086	$ -	$ -	$ 40,959,504
Eastmain Mine	13,462,168	88,797	-	-	13,550,965
Éléonore South	-	2,343	(2,343)	-	-
Ruby Hill	-	61,157	(61,157)	-	-
Reservoir	-	1,993	(1,993)	-	-
Lac Hudson	928,369	6,919	-	-	935,288
Lac Elmer	821,254	19,427	-	-	840,681
Radisson	-	20,950	(20,950)	-	-
Road King	276,658	25,189	-	-	301,847
Lac Lessard	335,924	-	-	(130,000)	205,924
	$ 55,272,791	$ 1,737,861	$(86,443)	$(130,000)	$ 56,794,209

(Unaudited and Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION (Continued)

Impairment of exploration and evaluation assets;
In 2014, the Company recognized impairment on certain properties because there were indications that the carrying amount of these assets exceeded their demonstrable recoverable amounts. During the six months ended April 30, 2016, ongoing expenditures on these properties were written down by $63,117 (2015 - $86,443). 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 April 30, 2016 the Company is entitled to mining duties and investment related 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 confirmed by the respective agencies.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2016	October 31, 2015
Accounts payable and accrued liabilities	$ 1,062,999	$ 958,430
Government remittances payable	290,503	46,597
Due to related parties	-	69,582
	$1,353,502	$ 1,074,609

The large increase in accounts payable and accrued liabilities pertain to costs associated with the proxy contest in Q2.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY AND EXPENDITURE COMMITTMENT

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

In April 2016, the Company raised $4,750,000 by issuing flow-through common shares. The premium paid by investors in excess of the market price of the shares was nil. In accordance with flow-through regulations, the Company is committed to incur eligible exploration expenditures before December 31, 2017 in the amount of $4,750,000 which will be renounced to investors in December 2016.

	Flow-through premium liability	Flow-through spending commitment
Balance, November 1, 2015	$ -	$ -
December 2015 flow-through issue	149,600	440,000
Reduction for expenses incurred	(149,600)	(440,000)
April 2016 flow-through issue	-	4,750,000
Reduction for expenses incurred	-	(75,230)
Balance, April 30, 2016	$ -	$ 4,674,770

	Flow-through premium liability	Flow-through spending commitment
Balance, November 1, 2014	$ -	$ -
December 2014 flow-through issues	583,952	3,450,625
Reduction for expenses incurred	(203,034)	(1,199,749)
Balance, April 30, 2015	$ 380,918	$ 2,250,876

In a subsequent event to the reporting period, 3,100,000 flow-through shares were issued at $0.50 per share as part of the Integra Private Placement. As a result of this transaction, the Company's flow-through commitment balance subsequently increased to $6,224,770 (Note 19).

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 entered into a non-brokered private placement agreement consisting of 880,000 flow-through units at a price of $0.50 per unit for aggregate gross proceeds of $440,000. The secruities 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.

(Unaudited and Expressed in Canadian Dollars)

12. SHARE CAPITAL (Continued)

ii. In April 2016, the Company issued 60,000 common shares at $0.48 per share to remedy the status of certain claims.

iii. In April 2016 the Company entered into a non-brokered private placement consisting of 9,500,000 flow-through common shares priced at $0.50 per share and 999,999 units priced at $0.35 per unit for aggregate gross proceeds of $5,100,000. Each unit consisted of one common share and one-half of one transferrable common share purchase warrant. The secruities issued were subject to a hold period of four months. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of $0.50 until October 11, 2018. Issue costs in connection with the offer, including warrants, were $248,697. Finder's fees of $304,500 for the placement agent were equal to 6% of the gross proceeds of the financing. In accordance with income tax legislation, the Company renounced resource expenditures of $4,750,000 in favour of the investors with an effective date of December 31, 2016. There was no liability for flow-through premium derived from this issue.

b) Share purchase option plan

i. 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 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.

ii. In March 2016, 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 $56,125 using the Black-Scholes option pricing model with the following assumptions: dividend of $0.00; expected volatility factor of 62.6%; a risk-free interest rate of 1.02% and an expected average term of 7.5 years. The cost of the grant was recognized as a general and administrative expense.

iv. In April 2016, 375,000 share purchase options with an exercise price of $0.48 were issued to executives as part of a termination settlement. The estimated fair value of the grant was $111,376 using the Black-Scholes option pricing model with the following assumptions: dividend of $0.00; expected volatility of 69.9%; a risk-free rate of 0.85% and an expected average term of 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	875,000	$ 0.41
Exercised	(250,000)	$ 0.36
Expired	(250,000)	$ 0.72
Outstanding, April 30, 2016	7,993,605	$ 0.67

Stock options	Number of options	Weighted average exercise price
Outstanding, November 1, 2014	6,068,605	$ 0.78
Outstanding, April 30, 2015	6,068,605	$ 0.78

Options outstanding and exercisable as at April 30, 2016

Exercise price range	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable
$ 0.01 - $ 0.50	4,600,000	8.45 years	$ 0.34	4,225,000
$ 0.51 - $ 1.00	1,193,605	5.88 years	$ 0.86	1,193,605
$ 1.01 - $ 1.50	1,950,000	4.44 years	$ 1.22	1,950,000
$ 1.51 - $ 2.00	250,000	4.95 years	$ 1.51	250,000

(Unaudited and Expressed in Canadian Dollars)

12. SHARE CAPITAL (Continued)

Stock options outstanding as at April 30, 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
March, 2026	56,125	250,000	0.36
April, 2021	111,376	375,000	0.48
	3,058,351	7,993,605	0.67

c) Warrants

In April 2016, 499,999 share purchase warrants with an exercise price of $0.50, expiring in October 2018, were issued as part of a private placement share issue. The estimated fair value of the warrants was $119,300 using the Black-Scholes option pricing model with the following assumptions: dividend of $0.00; expected volatility factor of 80.1%; a risk free interest rate of 0.55% and an expected term of 2.5 years.

Warrants outstanding as at April 30, 2016.

	Number of warrants	Weighted average exercise price
Outstanding, November 1, 2014	6,768,750	$ 0.45
Exercised	378,000	$ 0.45
Outstanding, April 30, 2015	6,390,750	$ 0.45
Expired	(6,390,750)	$ 0.45
Outstanding, November 1, 2015	-	$ -
Issued	499,999	$ 0.50
Outstanding, April 30, 2016	499,999	$ 0.50

Subsequent to quarter-end, 6,400,000 share purchase warrants were issued in conjunction with the Integra Private Placement. Each warrant has an exercise price of $0.50 and expires 30 months from the closing of the Integra Private Placement (Note 19).

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 at April 30, 2016 totalled $58,827,708.

There were no changes in management's approach to capital management during the six months ended April 30, 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 of which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

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

c) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2016, the Company had current assets of $5,628,173 to settle current liabilities of $1,353,502. All of the company's financial liabilities have contractual maturities of 30 days or less. Cash and cash equivalents at June 6th, 2016 totaled $9,740,156.

During the six months ended April 30, 2016, major cash inflows to the Company were; net proceeds of 5,196,103 through the issue of flow-through shares and non-flow-through shares; the exercise of stock options; and $259,003 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 April 30, 2016.

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:

(Unaudited and Expressed in Canadian Dollars)

14. FINANCIAL RISK FACTORS (Continued)

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. $585,825 of the Company's $1,254,401 investment in marketable securities is subject to market fluctuations. If the fair value of the Company's investment in marketable securities at April 30, 2016 had increased or decreased by 25%, with all other variables held constant, the comprehensive loss and equity for the six months ended April 30, 2016 would have been approximately $146,456 higher or lower.

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended April 30, 2016	Three months ended April 30, 2015	Six months ended April 30, 2016	Six months ended April 30, 2015
Amortization	$ 4,066	$ 5,321	$ 8,130	$ 10,639
General and office	1,338,082	171,708	1,619,153	342,370
Professional fees	365,583	10,211	428,648	38,566
Stock option compensation	167,501	-	220,751	-
Contract termination costs	1,438,214	-	1,438,214	-
	$3,313,446	$ 187,240	$3,714,896	$ 391,575

In early 2016, the Company received a Notice of Nomination for new Directors from representatives of Columbus Gold Corp. ("Columbus"). The nomination sought to replace the Board of Directors of the Company with nominees of Columbus (the "Proxy Contest") at the Company's annual meeting of shareholders scheduled for April 29, 2016 (the "AGM"). The Company commissioned financial and legal advisors as well as a special independent committee (the "Special Committee") to oversee the process. In connection with the Proxy Contest, the Special Committee considered a number of strategic alternatives. Among the alternatives considered was a proposal by Integra which included the Integra Private Placement that was ultimately recommended by the Special Committee, and Columbus withdrew its Notice of Nomination. In conjunction with the evolution of the Company, the Company agreed to management transitions including the resignation of CEO Don Robinson, CFO James Bezeau and Exploration Manager Cathy Butella, all effective April 28, 2016. Existing Director, Claude Lemasson, was appointed President & CEO. In addition to recent appointees Chairman Laurie Curtis, President & CEO Claude Lemasson and Director Michael Hoffman, the Company also nominated Blair Schultz and Timo Jauristo to the Board. George Salamis and Stephen De Jong were also nominated on behalf of Integra for election at the AGM. All nominees were elected by shareholders at the AGM on April 29, 2016. The costs to evaluate strategic alternatives and defence of the Proxy Contest were $622,450. Termination payments for the three executives were $1,572,672, additional fees paid to six directors were $190,000 and financing costs were $550,000. The aggregate was approximately $2,935,000, resulting in a significant variance to general and office expenditures in Q2 2015.

16. LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended April 30, 2016 was based on the loss attributable to common-share holders of $3,039,774 (2015 - $496,266) and the weighted average number of common shares outstanding of 134,861,793 (2015 - 120,164,507). Diluted loss per share does not include the effect of 7,618,605 stock options (2015 - 6,068,605) and 499,999 (2015 – 6,768,750) warrants 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 April 30, 2016	Three months ended April 30, 2015	Six months ended April 30, 2016	Six months ended April 30, 2015
Donald Robinson (i)	$ 56,700	$ 59,700	$ 119,400	$ 119,400
Shawonis Explorations and Enterprises Ltd. ("Shawonis") (ii)	$ 58,873	$ 32,850	$ 109,746	$ 74,835
QB 2000 Inc. (iii)	$ 15,600	$ 14,950	$ 31,200	$ 29,900

Transactions with related parties ceased April 29, 2016.

i. Donald Robinson was the former President and Chief Executive Officer of Eastmain Resources Inc. and a member of the Board of Directors of Eastmain Resources Inc. to April 29, 2016. Fees paid to Donald Robinson are related to professional geological exploration and management services and office rental. At April 30, 2016, the amount due Mr. Robinson was nil. (October 31, 2015 - $3,000).

(Unaudited and Expressed in Canadian Dollars)

ii. The Exploration Manager of Eastmain Resources Inc., to April 29, 2016 is the president of Shawonis Explorations and Enterprises Ltd. and is related to the former Chief Executive Officer of Eastmain Resources Inc. Fees paid to Shawonis Explorations and Enterprises Ltd. are related to professional geological exploration and management services. At April 30, 2016, the amount due to Shawonis Explorations and Enterprises Ltd. was nil (October 31, 2015 - $37,517).

17. RELATED PARTY TRANSACTIONS (Continued)

iii. The Chief Financial Officer of Eastmain Resources Inc., to April 29, 2016 is the president of QB 2000 Inc. Fees paid to QB 2000 Inc. are related to the Chief Financial Officer function. At April 30, 2016, the amount due to QB 2000 Inc. was nil (October 31, 2015 - $16,894).

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

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

	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
Salaries and benefits	$ 240,700	$ 72,200	$333,900	$144,400
Share-based compensation	56,125	-	109,375	-
	$ 296,825	$ 72,200	$443,275	$144,400

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

Certain officers have employment or service contracts with the Company which invoked termination payments on April 28, 2016. Certain directors received remuneration as a result of the mandate of the Special Committee being fulfilled. Officers and directors are entitled to share-based compensation 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.

As at October 31, 2015, the Company has non-capital losses available for deduction of $9,704,876 which begin to expire in 2026 and unused capital losses of $438,844 which have no expiry date. In addition, the Company has Canadian exploration and development expenditures available to reduce future years' taxable income of approximately $27,000,000. The tax benefit of these amounts may be carried forward indefinitely.

19. SUBSEQUENT EVENTS

On May 10 2016, the Company issued 3,100,000 flow-through common shares at $0.50 per share and 12,800,000 units at $0.35 per unit pursuant to the Integra Private Placement for gross proceeds of $6,030.000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire an additional common share, at a price of $0.50 for a period of 30 months from closing of the Integra Private Placement.

Issue costs in connection with the Integra Private Placement are estimated to be $20,000. There were no brokerage commissions, finder's fees or warrants and no flow-through premium was associated with this issue. In accordance with income tax legislation, the Company will renounce resource expenditures of $1,550,000 in favour of the investors with an effective date of December 31, 2016 for activities funded by this flow-through share arrangement.