



EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED OCTOBER 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

General

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Eastmain Resources Inc. ("Eastmain", the "Company", "our" or "we") constitutes management's review of the factors that affected the Company's consolidated financial and operating performance for the year ended October 31, 2018. 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 audited consolidated financial statements for the year ended October 31, 2018, together with the notes thereto, which were prepared in accordance with *International Financial Reporting Standards* ("IFRS"). All amounts in the consolidated 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 January 28, 2019, 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, potential financial return of the Eau Claire project on the Clearwater property, the ability of the Company to continue as a going concern, 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 current 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; 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, as well as "Risks and Uncertainties" below. See "Cautionary Note Regarding Forward-Looking Statements" below.

This MD&A is dated January 28, 2019.

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 which are rock assemblages responsible for production of most of the world's historic gold supplies. The James Bay region

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is one of North America's newest gold districts. Here, the Company holds a 100% interest in two high-grade gold deposits – Eau Claire and the Eastmain Mine deposits – and holds approximately a 36.72% interest in Éléonore South, a mineral exploration joint venture, located immediately south of Les Mines Opinaca Ltée's, a wholly-owned subsidiary of Goldcorp Inc. ("Goldcorp"), Éléonore gold mine. The Company also holds several prospective exploration properties covering approximately 1,300 km² of this new and prospective mining district.

The Company intends to focus its 2019 exploration program on its flagship Clearwater property and the Éléonore South Joint Venture. At Clearwater, efforts will be dedicated to testing a variety of regional targets include the recently-announced Percival discovery, Serendipity and other surrounding targets. At Éléonore South, exploration will continue to follow-up on the Moni-Contact Trends discovery and JT prospect, with further surface sampling, trenching, stripping and drilling.

Selected Annual Financial Information

	Year ended October 31, 2018 (\$)	Year ended October 31, 2017 (\$)	Year ended October 31, 2016 (\$)
Revenues	-	-	-
Interest and other income	34,282	275,679	68,070
Net loss	(2,507,495)	(1,605,177)	(6,341,613)
Net loss per share - basic	(0.01)	(0.01)	(0.04)
Net loss per share - diluted	(0.01)	(0.01)	(0.04)
	As at October 31, 2018 (\$)	As at October 31, 2017 (\$)	As at October 31, 2016 (\$)
Total assets	89,311,466	84,388,262	78,194,631
Total non-current financial liabilities	7,631,160	6,735,115	3,814,739
Distribution or cash dividends	nil	nil	nil

- The net loss for the year ended October 31, 2018, consisted primarily of operating expenses of \$3,248,700, unrealized loss on marketable securities of \$147,477 and deferred income tax expense of \$896,045. This was offset by interest and other income of \$34,282, realized gain on marketable securities of \$144,110 and premium on flow-through shares of \$1,606,335.
- The net loss for the year ended October 31, 2017, consisted primarily of operating expenses of \$3,455,148, unrealized loss on marketable securities of \$43,029 and deferred income tax expense of \$2,920,376. This was offset by interest and other income of \$275,679 and premium on flow-through shares of \$4,537,697.
- The net loss for the year ended October 31, 2016, consisted primarily of general and administrative expenses of \$5,428,403, impairment of exploration and evaluation assets of \$2,476,563 and realized loss of \$82,570. This was offset by interest and other income of \$68,070, unrealized gain on marketable securities of \$481,866, premium on flow-through shares of \$149,600 and deferred income tax recovery of \$946,387.

Corporate Highlights – Year Ended October 31, 2018

General

- In May 2018, the Company announced an updated Mineral Resource Estimate and first-ever Preliminary Economic Assessment (PEA) for the Eau Claire project on the Clearwater property located in James Bay, Quebec. The Company notes the new Mineral Resource reflected an additional 14,884 metres of drilling and increased the Estimate by 62,000 ounces ("oz") at a grade

of 6.9 grams per tonne gold ("g/t Au"). Taking into account this increase, Eau Claire's mineral resources totaled (i) a **Measured & Indicated Mineral Resource of 853,000 gold ounces grading 6.18 g/t** and (ii) **an Inferred Mineral Resource of 500,000 gold ounces grading 6.53 g/t**.

- The PEA represented a key milestone for Eastmain as it provided the first-ever technical study assessing the potential profitability and project economics of developing a commercial mining operation at the Eau Claire gold deposit. Management notes that the robust economics presented continue to support future development initiatives as well as additional exploration to define additional gold. Full details can be found on www.sedar.com (or the following [link](#)), in addition to highlights below and in the "Key Projects – Clearwater Property" section.

Highlight results included: a 12-year mine life producing 950k gold ounces at total average cash costs of US\$486/oz (AISC US\$574/oz). Production is forecast to come from two open pits in the initial three years of the mine life with a transition to underground mining commencing in year two. **Assuming a US\$1,250/oz gold price and 0.77:1 \$C/US FX rate, the PEA indicated robust project economics including a C\$260MM after-tax NPV_{5%} and a 27% after-tax Internal Rate of Return (IRR)**. While the PEA reflected very robust results, Eastmain has identified additional opportunities to further improve project economics through exploration and refinement of project parameters.

- At the Clearwater property, the Company announced the discovery of a new gold mineralized zone at the Percival Prospect on November 13, 2018. The Percival discovery is located 14 km ESE of the Company's million-ounce Eau Claire project and represents a new and distinct style of mineralization on the property. Highlight intervals include **ER18-822: 1.46 g/t Au over 78.5 m** (beginning at 16.5 m downhole), including 4.46 g/t Au over 8.2 m and **ER18-823: 2.35 g/t Au over 87.0 m** (beginning 28.0 m downhole), including 5.76 g/t Au over 6.0 m.
- With additional drilling completed on Percival by the end of 2018, Eastmain also conducted a VTEM survey over the larger Knight-Serendipity horizon. The results of the VTEM survey are expected to be announced in late January and will be used to identify prospective exploration targets. As target generation is expected to complete shortly, the Company has already mobilized to commence a follow-up winter drill program on Percival and surrounding targets. Initial assay results from this program are expected in early March.
- In addition to the Percival discovery, Eastmain has identified a variety of new and existing targets at Clearwater which warrant further investigation. Previously tested targets including Snake Lake, Clovis and Serendipity while new prospects such as Beluga will also be assessed. The Company intends to continue reviewing and ranking these targets in conjunction with further regional exploration later in the year.
- The Company initiated a new 8,000 m drilling program for calendar H2/17-H2/18 at the Éléonore South Joint Venture ("ESJV"). Based on a variety of exploration initiatives including geophysical analysis, surface sampling, mapping, extensive stripping and drilling, the ESJV partners announced the discovery of a large gold system containing high-grade veins in October 2017. Drilling continued on the Moni Trend and the area surrounding the discovery throughout the year. In July 2018, Eastmain also resumed the role of operator on the ESJV on behalf of the joint venture partners.
- The Company completed 11,788 metres ("m") of drilling at the Eastmain Mine Project in the fiscal year; announced a discovery at the Julien target and completed a twin hole campaign in support of a new Mineral Resource Estimate. Eastmain also completed an Induced Polarization survey in a large area around the Julien target and two other target areas. The Company initiated review work on the conversion of the historic mineral resource to a new Mineral Resource Estimate in accordance with National Instrument 43-101 ("NI 43-101"), completing this work in December 2017.

- After completing its review work and drilling additional holes to verify historical data in 2017, Eastmain announced a new Mineral Resource Estimate at Eastmain Mine deposit in January 2018. The NI 43-101 compliant 2018 Mineral Resource Estimate includes (i) **an Indicated Mineral Resource of 0.9 million tonnes ("Mt") at an average grade of 8.2 g/t Au containing 236,500 ounces of gold** and (ii) **an 0.57 Mt at an average grade of 7.5 g/t Au for 139,300 gold ounces classified as Inferred Mineral Resources.**

Corporate Affairs & Finance

- During the year ended October 31, 2018, the Company granted 116,667 Restricted Stock Units ("RSU") to an employee under its RSU Plan. These RSU vested immediately as the RSU were taken in lieu of cash compensation.
- During the year ended October 31, 2018, the Company granted 675,000 RSU to certain employees under its RSU Plan. These RSU vest as follows: one-third of the options vested immediately, one-third vest on the first anniversary and one-third on the second anniversary.
- In January 2018, Ms. Tamara Brown was appointed to the Board of Directors. In conjunction with her appointment, 250,000 share purchase options with an exercise price of \$0.30 and expiry date of January 25, 2023 were issued to Ms. Brown. One-third of the options vested immediately. As Ms. Brown subsequently left the Board for professional reasons, the remaining options were canceled.
- In April 2018, 500,000 stock options with an exercise price of \$0.60 expired unexercised.
- On July 5, 2018, the Company completed a private placement consisting of the issue of 8,268,570 Federal flow-through shares at \$0.28 per share, 2,100,000 Quebec flow-through shares at \$0.30 and 11,935,321 units ("Units") at \$0.235 per common share for aggregate gross proceeds of \$5,750,000. Issue costs in connection with the offer were \$112,819 and underwriting's fees were \$303,758. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company for 2 years from the closing at a price of \$0.35. The net proceeds of the offering are expected to be used to fund exploration and development of the Company's mineral concessions in Quebec and for general corporate and working capital purposes. All securities issued pursuant to the offering are subject to a statutory hold period expiring November 6, 2018.
- In July 2018, Ms. Maura Lendon was appointed to the Board of Directors. The appointment of Ms. Lendon followed the resignation of Ms. Tamara Brown.
- In July 2018, Eastmain assumed operatorship for the Eleonore South Joint Venture (ESJV) on behalf of its joint venture partners, Azimut and Goldcorp. Since assuming this role, the Company has staffed, opened and is now overseeing the Eleonore South camp and commenced the current Phase 2 (2018) exploration program.
- In September 2018, 2,050,000 share purchase options with an exercise price of \$0.18 and expiry date of September 18, 2023 were issued to directors, management and certain employees of the Company. One-third of the options vested immediately, one-third vest on the first anniversary and one-third on the second anniversary.
- On October 11, 2018, 499,999 warrants with an exercise price of \$0.50 expired unexercised.

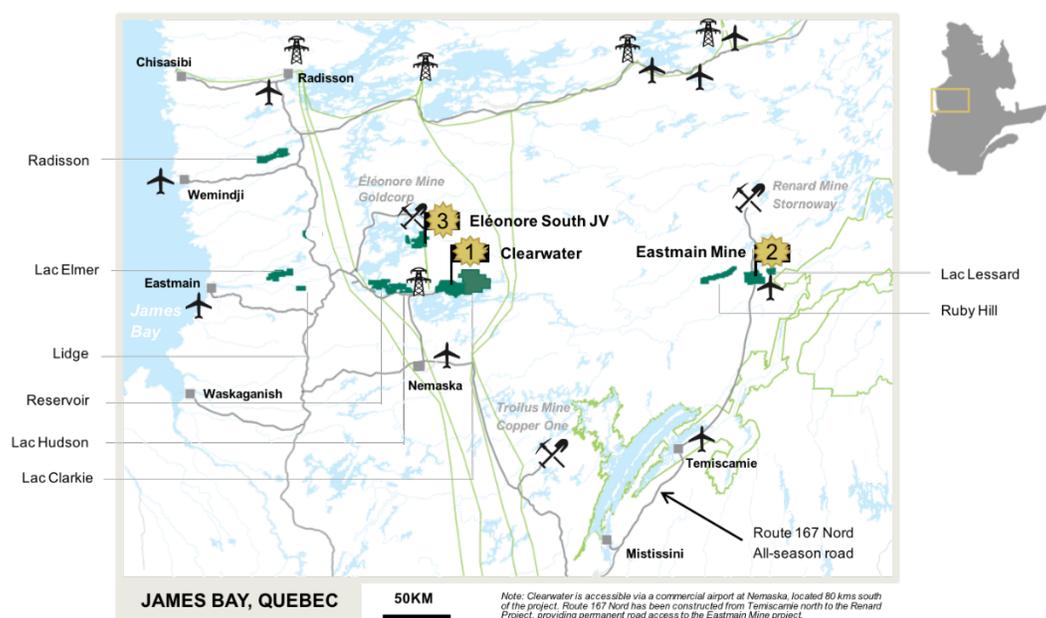
Exploration and Evaluation Activities

Eastmain owns a 100% interest in ten mineral properties and a 36.7% interest in one mineral property as summarized below. During the year 2017, the Company completed exploration activities on the Clearwater, Eastmain Mine, Éléonore South and Clarkie Properties.

All claims on all properties have been renewed or are otherwise in good standing as of October 31, 2018.

Eastmain Resources Properties in good standing in 2018

Property	Claim units	Hectares
Clearwater (Eau Claire)	412	22,283
Eastmain Mine	152	8,014
Éléonore South JV (36.7%)	282	14,760
Lac Clarkie	597	31,473
Lac Elmer	20	1,054
Lac Hudson	8	408
Lac Lessard	47	2,476
Lidge	36	1,901
Radisson	196	10,129
Reservoir	136	7,043
Ruby Hill (East and West)	268	14,485
Total	2,365	124,345



Key Projects

Clearwater Property (including the Eau Claire Project, the Percival Discovery & the Snake Lake Target)

Eastmain owns a 100% interest in the Clearwater property, host to the Eau Claire project, one of five known gold deposits in the James Bay region of Québec. The largest of these deposits is the Éléonore Gold Mine held by Les Mines Opinaca Ltée, a wholly-owned subsidiary of Goldcorp, which is located only 57 km due north of Clearwater and has a 2018 production forecast of 400,000 ounces of gold.

The Clearwater property covers about 220 km² of Archean geology similar to that underlying many of the major mining camps within the Canadian Shield. The most prevalent Archean gold deposits are associated with deep-seated regional structural breaks and deformation zones, often localized by the interaction of these structures with large intrusive bodies. Most gold production in these camps is derived from structurally-controlled, vein-hosted deposits in deformed and altered volcanic sequences.

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 km north of Montréal, 80 km north of a commercial airport at Nemiscau and less than 20 km northeast of Hydro Québec's EM-1 hydro-electric complex. The Eau Claire gold deposit is situated at the western end of the Clearwater property, 2.5 km from a Hydro Québec service road. A road accessible exploration base camp is located 5 km from the permanent road network. Drill roads access all areas of the Eau Claire project.

The Company's objective is to establish Eau Claire as a high-grade gold mineral resource that will support a profitable, stand-alone mining operation with a minimum ten-year mine life, based on prevailing metal prices. With the Eau Claire PEA announced in mid-2018, the Company has fulfilled this objective by clearly demonstrating the merits and robust economic potential of the Eau Claire project. In light of this achievement, the Company is now focused on two key initiatives (1) advancing engineering, environmental and permitting at Eau Claire and (2) regional exploration initiatives across the greater Clearwater property; all exploration activities are conducted to support the Company's "3-in-3 Exploration Vision" of defining three million gold ounces across the Eastmain portfolio.

Eau Claire Project

Located within the Clearwater property, the Eau Claire project is situated approximately one km north of a regional structural break which extends east-west for more than 100 km. Gold mineralization at the Eau Claire project is generally located within approximately EW-trending structurally-controlled, high-grade en-echelon quartz-tourmaline (QT) veins and adjacent altered wall rocks, as well as variable width ESE trending gold-bearing schist zones, or High Grade Schist ("HGS") veins, of altered gold-bearing rock. HGS zones are aligned parallel to the host rock foliation and interpreted to parallel the southern or hanging-wall side of the deposit. Host rocks have been folded and deformed (sheared) through several deformation events. Both gold bearing vein sets may occur as narrow intervals with tourmaline and develop into thick quartz-tourmaline veins with zoned tourmaline+/-actinolite+/-biotite+/-carbonate alteration halos which can measure up to several metres in thickness.

The deposit's QT veins occur as two distinctly oriented vein sets known as the 450W and 850W zones which form a crescent-shaped body covering a footprint approximately 100 m wide, extending for about 1.8 km in lateral extent and to a vertical depth in excess of 900 m. The 450W and 850W zones outcrop on topographic highs and surface stripping has exposed several veins within the deposit. The 450W Zone vein set is interpreted to be oriented at N 85°E / 45° to 60°S, plunging steeply to the southeast, sub-parallel to an F2 fold axis. The 850 West Zone vein set is oriented N 60° E, dipping sub-vertically and plunging gently to the southwest.

New Mineral Resource & PEA: On May 23, 2018, Eastmain announced an updated Mineral Resource Estimate and the first-ever Preliminary Economic Assessment (PEA) on the Eau Claire project. The new resource reflected an additional 19 drill holes totaling 14,884 metres. These holes were completed between September and November 2017 and increased Eau Claire's Mineral Resource Estimate by 62,000 oz at a grade of 6.9 g/t Au. Taking into account this addition, the updated Eau Claire Mineral Resource effective as of February 4, 2018 was as follows:

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Category	Open Pit (surface to 150 m)			Underground (150 m – 860 m)		
	Tonnes	(g/t Au)	Contained Au (oz)	Tonnes	(g/t Au)	Contained Au (oz)
Measured	574,000	6.66	123,000	332,000	6.56	70,000
Indicated	636,000	5.13	105,000	2,752,000	6.27	555,000
Measured & Indicated	1,210,000	5.86	228,000	3,084,000	6.30	625,000
Inferred	43,000	5.06	7,000	2,339,000	6.56	493,000

The announcement of the Eau Claire PEA represents a key milestone in that it provided the first-ever technical study assessing the potential profitability and project economics of developing a commercial mining operation at the Eau Claire gold deposit. The full Eau Claire PEA press release "Eastmain Announces Robust Preliminary Economic Assessment and Updated Mineral Resource Estimate at the Eau Claire Project" can be found at www.sedar.com (or at the following [link](#));

Key highlights from the Preliminary Economic Assessment (PEA) included:

<u>Metal Price & FX Assumptions</u>		<u>Mining Assumptions</u>	
Gold Price Assumption	US\$, 1,250	Mine Life	12 years
\$US/\$C	0.77:1	Daily Throughput (life of mine)	1,500 tpd
<u>Project Economics</u>		LOM Au Produced	951,000 oz
NPV _{5%} (pre-tax)	C\$381M	LOM Average Annual Production	79,200 oz/y
IRR (pre-tax)	32%	Average Annual Production (Yrs 1-10)	86,100 oz/y
NPV _{5%} (after-tax)	C\$260M	Total Open Pit Tonnes Processed	OP: 1.64 Mt
IRR (after-tax)	27%	Total Underground Tonnes Processed	UG: 4.76 Mt
Payback	3.1 years	Total Tonnes Processed	Total: 6.40 Mt
<u>Capital & Operating Cost Estimates</u>		<u>Avg. Open-Pit Head Grade (diluted)</u> OP: 3.78 g/t Au	
Pre-Production Capex	C\$175M	<u>Avg. Underground Head Grade (diluted)</u> UG: 5.24 g/t Au	
Sustaining Capex (life of mine)	C\$108M	<u>Avg. Consolidated Head Grade (diluted)</u> 4.86 g/t Au	
Avg. LOM Total Cash Costs (\$C)	C\$632/oz	<u>Process Plant Recovery</u> 95%	
Avg. LOM Total Cash Costs (\$US)	US\$486/oz		
AISC (\$C)	C\$746/oz		
AISC (\$US)	US\$574/oz		

Production is forecast to come from two open pits in the initial three years of the mine life with a transition to underground mining commencing in year two. While the PEA reflected very robust results, Eastmain has identified additional opportunities to further improve project economics. The most significant opportunity is believed to be growth-focused exploration activities. With various prospective targets identified within a 5 km radius of the Eau Claire project, the Company believes that additional near-surface discoveries could provide supplemental feed to support a larger production profile, enhance project economics and/or extend the current 12-year mine life. Accordingly, the Company is reviewing these targets with plans to resume exploration activities in the coming months.

Eastmain filed the NI 43-101 Technical Reports for both the updated Mineral Resource Estimate and Preliminary Economic Assessment for the Eau Claire Project on the Company's SEDAR profile page and on the Company's website. Please refer to "Scientific & Technical Disclosure" and "Cautionary Note Regarding Forward-Looking Statements" for further details.

Percival Discovery & Knight-Serendipity Volcano-Sedimentary Horizon

With PEA-related drilling completed in early 2018, Eastmain has shifted its focus towards reviewing and investigating new and existing exploration targets on the greater Clearwater land package. After completing prospecting and surface sampling programs in the summer of 2018, numerous targets were identified

including very encouraging results obtained from the Knight-Serendipity Volcano Sedimentary Horizon (KS horizon). The KS Horizon represents a volcano-sedimentary horizon which can be traced along a large regional fold and spans approximately 14km from the Knight target to Serendipity.

On the back of the summer program, diamond drilling commenced in the fall. In conjunction with this drill program, Eastmain announced the discovery of a new gold mineralized zone at Percival on November 13, 2018. The Percival discovery is located 14 km ESE of the Company's million-ounce Eau Claire gold deposit and represents a new and distinct style of mineralization on the property. Highlight intervals include **ER18-822: 1.46 g/t Au over 78.5 m** (beginning at 16.5 m downhole), including 4.46 g/t Au over 8.2 m and **ER18-823: 2.35 g/t Au over 87.0 m** (beginning 28.0 m downhole), including 5.76 g/t Au over 6.0 m.

With additional drilling completed on Percival by the end of 2018, Eastmain also conducted a VTEM survey over the larger, Knight-Serendipity trend to help vector in on prospecting exploration targets. With the results of the VTEM survey expected to be announced in February 2019.

In addition to Percival, Eastmain has identified a variety of new and existing targets which warrant further investigation. The Company intends to continue reviewing and ranking these targets in conjunction with planning for further regional exploration later in the year.

Eastmain has recently resumed exploration activities at both the Eau Claire project and the greater Clearwater camp. The 2019 drilling program will further test targets delineated along the KS Horizon, including Percival and Serendipity. The program will be based on new drilling information, as well as acquired geophysical and soil geochemistry information. Other targets in closer proximity to Eau Claire will also be investigated for potential drill testing later in the year.

Snake Lake Target

The Snake Lake Target is located 1.8 km east of the Eau Claire project, within the Clearwater property and along the Cannard Deformation Zone. Gold mineralization at the Snake Lake occurrence is similar to the Eau Claire project. As at Eau Claire, the entire sequence exhibits quartz tourmaline veining and has been heavily deformed and sheared resulting in the development of a deformation zone with strong and extensive foliation and local shearing.

In 2016, 4,512 m of drilling (20 holes) at Snake Lake returned encouraging near-surface gold results, with similar quartz-tourmaline related gold mineralization as observed at the Eau Claire project. Additionally, significant gold mineralization and high visible sulphide concentrations have been intersected in several holes. In 2017, the Company completed 3,685 m of drilling at Snake Lake, investigating volcanic stratigraphy to the south and west of the 2016 drilling. Drilling returned narrow, high-grade core intervals of quartz-tourmaline mineralized veins and shear zones and further drilling is being contemplated.

The Company's net investment in the Clearwater property to October 31, 2018, is \$61.2 million.

Lac Clarkie

The Lac Clarkie ("Clarkie") property is located immediately to the east of the Clearwater property, host of the Eau Claire project. The Clarkie claims represent 31,473 ha and together with Clearwater, the two properties cover 51,614 ha (516 km²) of prospective greenstone belt in the Eastmain/Opinaca district of James Bay, Quebec. Eastmain staked the Clarkie claims in July 2016.

In 2017, Eastmain conducted a grassroots exploration program including a 3,552 line-km helicopter-borne magnetometer survey, till sampling program and prospecting. The preliminary survey delineates three distinct geological domains on the property which may host analogues to the Éléonore Gold Mine (Northern Sedimentary Basin), the Éléonore South JV (Central Intrusive Complex) and the continuation of the Cannard Deformation Zone (greenstone belt) from Clearwater onto Clarkie.

In the summer and fall of 2017, 60-line km of till geochemical surveying was conducted concurrent with prospecting and surface sampling. Based on the results returned, the Company intends to re-assess the

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property and focus on specific targets recommended from interpretation of magnetic data along the Eastmain Deformation zone covered by the airborne survey.

The Company's net investment in the Clarkie Project to October 31, 2018, is \$0.5 million.

Eastmain Mine Project

The Eastmain Mine Project hosts a high-grade, gold-copper deposit within an extensive volcanic formation (Mine Trend) which extends across the property for over 10 km on a northwest to southeast strike. The Mine Trend follows a very distinctive geological horizon ("Mine Package"), which is comprised of a strongly deformed and altered sequence of rhyolitic tuffs and mafic to ultramafic flows.

The Eastmain Mine gold deposit, a copper-gold-silver, sulphide-rich deposit, consists of three high-grade, gold-rich zones known as the, "A", "B" and "C" Zones. The mine was developed and operated by MSV Resources in 1994. MSV mined approximately 100,000 tonnes of ore in 1995, producing 40,000 ounces at an average grade of 10.6 g/t Au.

The Eastmain Mine Project presents very attractive exploration and discovery opportunities for the Company as well as providing an ideally located camp for exploration of the Eastmain Mine and the Company's other nearby claim blocks covering large segments of the regional Upper Eastmain River Greenstone Belt. Examples of recent exploration success include the Julien discovery which was identified in 2016 after following up on surface sampling by trenching and limited drilling. Drilling in late 2016 returned highlight intervals including **42.4 g/t Au, 30.2 g/t Ag and 0.53% Cu over 10.5 m** hosted within a mineralized quartz vein with visible gold, at 15 m vertical depth.

Follow up of historic drilling in the Mine Trend included identifying the NW Zone. Hole EM17-126, drilled in late 2017, intersected a **2 m interval returning 9.33g/t Au, 23.8g/t Ag and 0.44% Cu** at a vertical depth of 220 m at 600 m to the NW of the A Zone Mineral Resource envelope. This intersection is located 100 m NW of historic hole 83CH029 which intersected a **1.5 m interval of 19.2 g/t Au, 7.85 g/t Ag** (no Cu analyzed) at a depth of 240 m. This area represents a potential new parallel zone at the Eastmain Mine deposit and will be a priority target for future drill evaluation.

A program of verification drilling in the Eastmain Mine deposit was completed in the Q1/2018 to substantiate historic drill hole results used in historic resource estimates by previous operators. These holes returned significant gold mineralization results including: **EM17-116 - 23.1 g/t Au over 4.4 m; EM17-118 - 12.9 g/t Au over 7.0 m and EM17-119 - 17.0 g/t Au over 3.0 m.**

The Company engaged P&E Mining Consultants Inc. ("P&E") in calendar Q3 2017 to review and assess the historical Eastmain Mine resource and prepare a Mineral Resource Estimate using the NI 43-101 standard. Through review of historical drill data from previous operators who conducted exploration and mining activities, and the completion of a twin hole program of historical bore holes during Q4 2017-Q1 2018, the Company issued a new Mineral Resource Estimate for the Eastmain Mine Gold Deposit in January 2018. The 2018 Mineral Resource Estimate describes (i) **Indicated Mineral Resources of 0.9 Mt at an average grade of 8.2 g/t Au containing 236,500 ounces of gold** and (ii) **Inferred Mineral Resources of 0.57 Mt at an average grade of 7.5 g/t Au containing 139,300 ounces of gold**. The Mineral Resource Estimate technical report has been posted on the Company's webpage and on Eastmain's SEDAR profile page.

While the Company continues to view the past-producing Eastmain Mine as an attractive high-grade deposit with significant exploration potential, the Company has elected to prioritize its near-term efforts on the Clearwater and Éléonore South Joint Venture properties due to the currently challenging capital markets environment. Concurrently, the Company continues to receive interest from third parties expressing interest in reviewing the Eastmain Mine project due to its track record of production, excellent infrastructure and robust grade profile.

The Company's net investment (inclusive of acquisition cost) in the Eastmain Mine project to October 31, 2018, is \$17.2 million.

Éléonore South Joint Venture Property

Éléonore South is an exploration drilling-stage project which lies in the Opinaca geologic Sub-province of James Bay, Québec. The project is immediately south of and contiguous with the Éléonore property held by Les Mines Opinaca Ltée, a wholly-owned subsidiary of Goldcorp, which hosts the multi-million-ounce Roberto gold deposit. The Éléonore South property is also located immediately west of and is contiguous with the Sirios Resources Inc. Cheechoo property.

Jointly held by Eastmain Resources Inc. (36.72%), Azimut Exploration Inc. ("Azimut") (26.57%), and Les Mines Opinaca Ltée. (36.71%), the property consists of 282 mining claims covering 147 km² of prospective land, contiguous with and underlain by the same rock formations as those found on Goldcorp's Éléonore mine property. Éléonore mine geology is interpreted to extend on to the Éléonore South property.

In H2/2016-H1/2017, the JV partners agreed to undertake a \$2 million work program, including 5,000 m of diamond drilling at the Éléonore South property. The 2016 program began in July 2016 with a mandate to test high-priority gold targets with detailed surface prospecting to increase the sampling density in seven target areas. The second phase of the program took place in early 2017 and included 14 (2,733 m) new drill holes. Assays from this drilling ranged from sub-1 g/t to over 38 g/t and included the highlight intercept of **4.88 g/t Au over 45.0 m** (see press release dated March 2, 2017).

For the H2/2017-H1/2018 field season, the joint venture (JV) partners approved a \$4 million work program. Eastmain's share of the program was approximately \$1.47 million, with all funding advanced to the JV by quarter-end. This program is double the previous year's program and reflects the JV partners' strong interest in further exploring the Éléonore South JV claims. Throughout 2017, a variety of exploration initiatives including geophysics, surface sampling, prospecting, mapping and drilling were completed by the end of the period and the JV partners announced a discovery of a high-grade gold-bearing vein system in the fall of 2017 at the Moni Prospect. This discovery was confirmed at surface by extensive channel sampling which results include **79.6 g/t Au over 4.25 m** and **79.5 g/t Au over 5.87 m** and boulder samples which returned assays from less than **1 g/t up to 1,500 g/t Au**.

Diamond drilling continued in 2018 with a continued focus on the area extending from the Moni, Trench and 101 Prospect located approximately 400 m southwest of Moni. Drilling and other surface sampling activities commenced in early February and continued into Q2/2018.

In July 2018, Eastmain assumed operatorship of the Éléonore South property on behalf of its JV partners. Since assuming this role, the Company has staffed, opened and is now overseeing the Eleonore South camp and commenced the current Phase 2 (H2/2018) exploration program. The new program focused in the eastern section of the Contact Trend at Éléonore South, and successfully identified and extended the known gold mineralization. Drilling also intersected mineralization northwards from the Contact Trend into a more central portion of the Cheechoo tonalite, within the large gold bearing system which extends at least 2 km long, and 600-700 m wide. At this time, the Company is awaiting assay results on 3,000 metres of drilling completed in late calendar 2018.

Due to earlier impairment charges in fiscal 2014, the Company's net remaining investment in the project to October 31, 2018, is \$2.9 million.

Exploration Project Pipeline

Ruby Hill East and West

The Company holds a 100% interest in certain mineral properties comprising the Ruby Hill project, located within the Upper Eastmain River Greenstone Belt of Northern Québec. The project, which consists of two separate claim blocks, referred to as the Ruby Hill East and Ruby Hill West blocks, covers approximately 10,600 ha of prospective geology similar to the key Mine Trend horizon at the Eastmain Mine gold-copper Project.

Ruby Hill West straddles the western limb of the Upper Eastmain River Greenstone Belt approximately 30 km northwest of the Eastmain Mine Project. Previous exploration successfully identified several mineralized

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targets on both Ruby Hill properties, having a similar gold-silver-copper signature to the Eastmain Mine gold deposit as well as finding mineralization near an interpreted structural break at Ruby Hill West.

The Company's net investment in the Ruby Hill project as at October 31, 2018, is \$nil. In accordance with IFRS analysis of impairment, expenditures for Ruby Hill have been written-off until such time as economic conditions permit a reversal of the impairment.

Lac Lessard

The Company holds a 100% interest in the Lac Lessard project. Located 15 km northeast of the Eastmain Mine project, Lac Lessard consists of 47 claims in one claim block covering 2,476 ha. Airborne VTEM and magnetic surveys previously completed by the Company indicate that a large portion of the property is underlain by the Crete-du-Coq ultramafic intrusion, a prospective host to nickel, copper, platinum group metals and gold (Ni-Cu-PGM-Au). Nine drill holes intersected the Crete-du-Coq ultramafic intrusion returning values ranging from below detection to as high as 1.08% Ni and 0.31% Cu over 2.5 m. At this time, there has been insufficient exploration to define a mineral resource at this target.

The Company's net investment in the Lac Lessard project to October 31, 2018, is \$0.2 million.

Reservoir

The Company holds a 100% interest in the Reservoir property which comprises 136 claims. The property covers approximately 7,043 ha, located in the Eastmain-Opinaca district of James Bay, Québec, approximately 60 km southwest of the Éléonore property held by Les Mines Opinaca Ltée, a wholly-owned subsidiary of Goldcorp, and approximately 45 km west of the Eau Claire gold deposit. This project hosts a large copper-gold occurrence in albite-altered volcanic-sedimentary rocks, similar to those hosting multi-million-ounce past producing gold mines in Timmins, Ontario.

Reservoir straddles the regional structural/stratigraphic break dividing volcanic and sedimentary domains. This break represents an important ore localizing event throughout the region. Previous trenching and drilling confirmed there is a significant kilometric-scale mineralizing system at Reservoir.

The Reservoir property will be evaluated for further exploration in 2019. Due to previous impairment analysis under IFRS, the Company's investment in Reservoir as at October 31, 2018 is recorded as \$nil. Expenditures for Reservoir have been written-off until such time as economic conditions permit a reversal of the impairment.

Lac Hudson

The Company holds a 100% interest in Lac Hudson. At the beginning of the year the property consisted of 82 claims with an area of 4,315 ha. Over the course of 2017, claims were allowed to lapse at the property as a result of a review of the property's potential. There are currently eight claims (408 ha). The claims are located immediately south of the Reservoir Project and 35 km west of Clearwater. Several gold and base metal occurrences have been detected in an iron formation on the property. The Lac Hudson property will continue to be evaluated in 2019.

The Company's net investment in the Lac Hudson project as at October 31, 2018, is \$nil. In accordance with IFRS analysis of impairment, expenditures for Lac Hudson have been written-off until such time as economic conditions permit a reversal of the impairment.

Lac Elmer

The Company owns a 100% interest in the Lac Elmer project is located at the western end of the Eastmain Greenstone Belt, approximately 35 km west of the LG2 highway and roughly 80 km west of the Reservoir property. The property currently consists of 20 claims covering 1,054 ha.

Previous drill and surface sampling returned assay results ranging from below detection (<5 ppb Au) to as high as 42 g/t Au. Encouraging drill results were obtained previously, including 50 g/t Ag and 0.5 g/t Au

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across 30 m within felsic volcanic rocks. Management believes the project's geological characteristics warrant additional exploration and the Lac Elmer property will be evaluated for further exploration in 2019.

The Company's net investment in the Lac Elmer project as at October 31, 2018, is \$nil. In accordance with IFRS analysis of impairment, expenditures for Lac Elmer have been written-off until such time as economic conditions permit a reversal of the impairment.

Radisson

The Company owns a 100% interest in Radisson which comprises 196 mineral claims covering approximately 10,129 ha located within the La Grande Greenstone Belt district of James Bay, Québec. The property straddles a structural and stratigraphic setting of similar age to the Éléonore property, held by Les Mines Opinaca Ltée, including a significant structural break which separates complex volcanic and sedimentary rocks. The Radisson property will be evaluated for further exploration in 2019.

Due to earlier impairment analysis under IFRS, the Company's net investment in the project as at October 31, 2018 is \$nil. Expenditures for Radisson have been written-off until such time as economic conditions permit a reversal of the impairment.

Lidge

The Company holds a 100% interest in Lidge, an early-stage exploration property located in a prospective geological regime within the James Bay District of Québec. High-density airborne magnetic surveys flown over Lidge in 2014 delineated several geophysical anomalies. No work is planned at the Lidge project in 2019.

The Company's net investment in the project to October 31, 2018, is \$nil. Under earlier IFRS impairment analysis expenditures for Lidge were written-down.

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 are 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 audited 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, the Company does not have any sources of revenue and historically has incurred recurring operating losses. At October 31, 2018, the Company had working capital of \$4,586,204 (October 31, 2017 - \$4,999,021) and shareholders' equity of \$79,208,258 (October 31, 2017 - \$74,744,936). 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 the audited consolidated 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 income is derived from the investment of funds for the period between the receipt of funds from equity placements and

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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 October 31, 2018, compared to the three months ended October 31, 2017:

- Net loss for the quarter was \$71,303 (2017 – income of \$82,153) a variance of \$153,456.
- Operating expenses were \$463,308 (2017 - \$884,362) a variance of \$421,054. The variance is primarily due to a decrease in corporate and administrative costs such as payroll, rent, legal and professional fees due to decreased corporate activity.
- Interest and other income was \$24,724 (2017 - \$65,786) a variance of \$41,062. The income was recorded during the period for interest earned on cash balances. The Company notes that the prior year figure includes rental income derived from third parties renting camp facilities for non-Eastmain exploration.
- The unrealized loss on marketable securities for the quarter was \$17,237 (2017 – loss of \$54,803) a variance of \$37,566. The loss is attributable to a decrease in market values of the common shares in resource companies held by the Company detailed in Note 6 to the audited consolidated financial statements.
- Premium income from flow-through common shares was \$355,350 (2017 – \$1,842,908) a variance of \$1,487,558. The premium on flow-through common shares is calculated as being the difference between the price paid by investors for flow-through common 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.
- Deferred income tax expense of \$78,616 (2017 – expense of \$887,376) a variance of \$965,992. Deferred income tax expense is largely affected by the amount of exploration expenditures, flow-through renunciation, and flow-through premium income and impairment charges recorded.

Twelve months ended October 31, 2018, compared to the twelve months ended October 31, 2017:

- Net loss was \$2,507,495 (2017 – \$1,605,177) a variance of \$902,318.
- Operating expenses were \$3,248,700 (2017 - \$3,455,148) a variance of \$206,448. The variance is primarily due to a decrease in corporate and administrative costs such as payroll, rent, legal and professional fees due to decreased corporate activity.
- Interest and other income was \$34,282 (2017 - \$275,679) a variance of \$241,397. The income was recorded during the period for interest earned on cash balances and rent income derived from third parties renting camp facilities for non-Eastmain exploration.
- The unrealized loss on marketable securities was \$147,477 (2017 – loss of \$43,029) a variance of \$190,506. The loss is attributable to a decrease in market values of the common shares in resource companies held by the Company detailed in Note 6 to the audited consolidated financial statements.
- The realized gain on marketable securities was \$144,110 (2017 – \$nil) a variance of \$144,110. The gain is attributable to the sale of marketable securities during the current period.
- Premium income from flow-through common shares was \$1,606,335 (2017 - \$4,537,697) a variance of \$2,931,362. The premium on flow-through common shares is calculated as being the difference between the price paid by investors for flow-through common 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.

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- Deferred income tax expense of \$896,045 (2017 – expense of \$2,920,376) a variance of \$2,024,31. Deferred income tax expense is largely affected by the amount of exploration expenditures, flow-through renunciation, and flow-through premium income and impairment charges recorded.

Summary of Quarterly Results

	Quarter ended 10/31/2018	Quarter ended 7/31/2018	Quarter ended 4/30/2018	Quarter ended 1/31/2018
Interest / other income	\$ 24,724	\$ 9,374	\$ 10,913	\$ 38,719
Comprehensive income (loss)	\$(71,303)	\$(610,740)	\$(765,231)	\$(1,060,221)
Per share basic	\$(0.0003)	\$(0.0030)	\$(0.0038)	\$(0.0054)
Per share diluted	\$(0.0003)	\$(0.0030)	\$(0.0038)	\$(0.0054)
Trading range of shares				
High	\$0.22	\$0.28	\$0.31	\$0.36
Low	\$0.16	\$0.19	\$0.16	\$0.28

	Quarter ended 10/31/2017	Quarter ended 7/31/2017	Quarter ended 4/30/2017	Quarter ended 1/31/2017
Interest / other income	\$ 65,786	\$ 23,110	\$ 157,010	\$ 29,773
Comprehensive loss	\$82,153	\$(255,135)	\$(338,125)	\$(1,094,069)
Per share basic	\$0.0004	\$(0.0014)	\$(0.0019)	\$(0.0062)
Per share diluted	\$0.0004	\$(0.0014)	\$(0.0019)	\$(0.0062)
Trading range of shares				
High	\$0.38	\$0.49	\$0.64	\$0.74
Low	\$0.28	\$0.30	\$0.44	\$0.38

Significant charges included in the amounts above are as follows:

10/31/2018

Comprehensive net loss includes: \$164,037 for share-based compensation; impairment of exploration and evaluation assets of \$21,907; an unrealized loss on marketable securities of \$17,237; a premium on flow-through shares of \$355,350; and a deferred income tax expense of \$78,616.

7/31/2018

Comprehensive net loss includes: \$80,676 for share-based compensation; impairment of exploration and evaluation assets of \$49,713; an unrealized gain on marketable securities of \$5,720; a premium on flow-through shares of \$145,176; and a deferred income tax expense of \$106,744.

4/30/2018

Comprehensive net loss includes: \$98,083 for share-based compensation; impairment of exploration and evaluation assets of \$102,023; a realized gain on marketable securities of \$144,110, an unrealized loss on marketable securities of \$166,013; a premium on flow-through shares of \$379,496; and a deferred income tax expense of \$301,958.

1/31/2018

Comprehensive net loss includes: \$155,790 for share-based compensation; impairment of exploration and evaluation assets of \$29,294; an unrealized gain on marketable securities of \$30,053; a premium on flow-through shares of \$726,313; and a deferred income tax expense of \$565,959.

10/31/2017

Comprehensive net income includes: \$212,166 for share-based compensation; impairment of exploration and evaluation assets of \$25,094; an unrealized loss on marketable securities of \$54,803; a premium on flow-through shares of \$1,842,908; and a deferred income tax expense of \$887,376.

7/31/2017

Comprehensive net loss includes: \$120,067 for share-based compensation; impairment of exploration and evaluation assets of \$13,526; an unrealized loss on marketable securities of \$126,053; a premium on flow-through shares of \$1,065,997; and a deferred income tax expense of \$668,000.

4/30/2017

Comprehensive net loss includes: \$118,375 for share-based compensation; impairment of exploration and evaluation assets of \$36,133; an unrealized loss on marketable securities of \$164,436; a premium on flow-through shares of \$1,598,347; and a deferred income tax expense of \$1,119,000.

1/31/2017

Comprehensive net loss includes: \$174,933 for share-based compensation; impairment of exploration and evaluation assets of \$57,729; an unrealized gain on marketable securities of \$302,263; a premium on flow-through shares of \$30,445; and a deferred income tax expense of \$246,000.

Risks and Uncertainties

The exploration, development and mining of mineral resources are highly speculative in nature and are subject to significant risks. In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Capital Requirements

Eastmain will require significant capital in order to fund its operating costs, to service future indebtedness and to explore and develop any project. Eastmain has no revenues and is wholly reliant upon external financing to fund all of its capital requirements. Eastmain will require additional financing from external sources to meet such requirements. There can be no assurance that such financing will be available to Eastmain or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of Eastmain, the interests of shareholders in the net assets of Eastmain may be diluted. Any failure of Eastmain to obtain financing on acceptable terms could have a material adverse effect on Eastmain's financial condition, prospects, results of operations and liquidity and require Eastmain to cancel or postpone planned capital investments.

Dependence on Mineral Exploration Projects

Any adverse development affecting the progress of Eastmain's exploration projects such as, but not limited to, obtaining financing on commercially suitable terms, hiring suitable personnel and contractors, or securing supply agreements on commercially suitable terms, delays in completion of exploration plans for any reason, or failure of exploration activities to generate satisfactory results, may have a material adverse effect on Eastmain and its business or prospects.

Metal Prices and Exchange Rates

The development and success of any project of Eastmain will be primarily dependent on the future price of gold and other metals. Gold and base metal prices are subject to significant fluctuation and are affected by a number of factors, which are beyond the control of Eastmain. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold and other precious and base metals has fluctuated widely in recent years, and future serious price declines could cause any future development of and commercial production from Eastmain's properties to be impracticable. Depending on the price of gold and other metals, projected cash flow from planned mining operations may not be sufficient and Eastmain could be forced to discontinue any development and may lose its interest in, or may be forced to

sell, some of its properties. Future production from Eastmain's mining properties is dependent on gold and base metal prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine plans using significantly lower gold and other metal prices could result in material write-downs of Eastmain's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting Eastmain's possible future reserve estimates and its financial condition, declining commodity prices may impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

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.

Government Regulation, Permits and Licenses

Eastmain's mineral exploration and potential development activities are subject to various laws governing prospecting, mining, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Many of the mineral rights and interests of Eastmain are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that Eastmain will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained; Eastmain's activities may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Where required, obtaining necessary permits and licenses can be a complex, time consuming process and Eastmain cannot assure that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Eastmain from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of such mining activities, and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on Eastmain and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competition

The mining industry is competitive in all of its phases. Eastmain faces strong competition from other exploration and mining companies in connection with the acquisition of properties producing or capable of

producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Eastmain. As a result of this competition, Eastmain may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the financial condition and any future revenues and operations of Eastmain could be materially adversely affected.

Exploration, Development and Operational Risk

The exploration for, and development of, mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical, and government regulations including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Eastmain not receiving an adequate return on invested capital.

Eastmain does not currently operate a mine on any of its properties. There is no certainty that the expenditures made by Eastmain towards the search for, and evaluation of, mineral deposits will result in discoveries of commercial quantities of ore.

Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration for, and development and production of, gold and other precious or base metals. Such hazards and risks include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Joint Venture Strategy

Eastmain's business strategy includes advancing the ESJV (in which Eastmain is one of three joint venture parties) and continuing to seek new joint venture opportunities to develop the company's existing properties and/or obtain new properties. The ability of the ESJV to conduct exploration activities depends upon the majority of the joint venture parties agreeing upon and funding the annual program. In the event a majority of the ESJV parties do not agree, advancement of the ESJV activities may become stalled. In pursuit of new joint venture opportunities, Eastmain may fail to select appropriate joint venture partners or negotiate acceptable arrangements, including arrangements to finance such opportunities or, where necessary, integrate the acquired businesses and their personnel into Eastmain's operations. Eastmain cannot assure that it can complete any business arrangement that it pursues on favorable terms, or that any business arrangements completed will ultimately benefit Eastmain's business.

Reliance on Management and Key Employees

The success of the operations and activities of Eastmain is dependent to a significant extent on the efforts and abilities of its management, a relatively small number of key employees, outside contractors, experts and other advisors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of its key employees, outside contractors, experts and other advisors. The loss of one or more of these persons, if not replaced, could adversely affect Eastmain's operations and financial performance. However, Eastmain has commenced the implementation of formal programs for succession and training of management. While it does not have key person insurance on its key employees at this time, provisions have been implemented for replacement of key staff in the event of one or more are lost unexpectedly.

No Assurance of Titles, Boundaries or Approvals

Titles to Eastmain's properties may be challenged or impugned by government action or other agencies, and title insurance is generally not available. Eastmain's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, Eastmain may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. Eastmain cannot assure that it will receive the necessary approval or permits to exploit any or all of its mineral projects in the future. The failure to obtain such permits could adversely affect Eastmain's operations.

Environmental Risks and Hazards

All phases of Eastmain's operations are subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The Company attempts to mitigate risk through the implementation of best practices related to safety protocols/procedures and the environment. Eastmain also relies on the efficient operation of safety and sanitation equipment onsite and regularly monitors and repairs this equipment as needed. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Eastmain's operations. Environmental hazards may exist on the properties in which Eastmain holds interests which are unknown to Eastmain at present and which have been caused by previous or existing owners or operators of the properties.

Uninsured Risks

Eastmain's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Eastmain's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although Eastmain maintains insurance to protect against certain risks in such amounts as it considers commercially reasonable, its insurance will not cover all of the potential risks associated with its operations. Eastmain may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Eastmain on affordable and acceptable terms. Eastmain might also become subject to liability for pollution or other hazards which may not be insured against or which Eastmain may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Eastmain to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

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 to the annual audited consolidated financial statements for the year ended October 31, 2018, 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 October 31, 2018, the Company's carrying value of exploration and evaluation assets, net of recoveries and impairment charges was \$82,022,988 (October 31, 2017 - \$76,062,242).

Project expenditures for the year ended October 31, 2018

Project	Drilling & assay \$	Technical surveys \$	Project acquisition & maintenance \$	2018 net expenditures \$
Clearwater	1,822,078	1,707,670	132,567	3,662,315
Eastmain Mine	480,000	537,474	15,299	1,032,773
Eléonore South	242,226	882,073	26,932	1,151,231
Ruby Hill	nil	8,048	33,002	41,050
Reservoir	nil	16,302	480	16,782
Lac Elmer	nil	1,595	465	2,060
Radisson	nil	14,398	47,187	61,585
Lac Lessard	nil	nil	120	120
Lac Clarkie	520	23,024	90,763	114,307
Other	nil	nil	81,460	81,460
Total	2,544,824	3,190,584	428,275	6,163,683

Cumulative acquisition, exploration and evaluation expenditures as at October 31, 2018

Project	Balance October 31, 2017 \$	2018 net expenditures \$	2018 Write-down \$	Balance October 31, 2018 \$
Clearwater	57,501,473	3,662,315	nil	61,163,788
Eastmain Mine	16,179,938	1,032,773	nil	17,212,711
Eléonore South	1,755,349	1,151,231	nil	2,906,580
Ruby Hill	nil	41,050	(41,050)	nil
Reservoir	nil	16,782	(16,782)	nil
Lac Elmer	nil	2,060	(2,060)	nil
Radisson	nil	61,585	(61,585)	nil
Lac Lessard	230,482	120	nil	230,602
Lac Clarkie	395,000	114,307	nil	509,307
Other	nil	81,460	(81,460)	nil
Total	76,062,242	6,163,683	(202,937)	82,022,988

Project expenditures for the year ended October 31, 2017

Project	Drilling & assay \$	Technical surveys \$	Project acquisition & maintenance \$	Gross expenditures \$	Income tax credits \$	2017 net expenditures \$
Clearwater	8,863,661	3,343,247	84,440	12,291,348	(21,915)	12,269,433
Eastmain Mine	916,772	624,883	31,640	1,573,295	nil	1,573,295
Éléonore South	nil	1,218,394	18,889	1,237,283	nil	1,237,283
Ruby Hill	nil	37,609	22,131	59,740	nil	59,740
Lac Hudson	nil	nil	3,000	3,000	nil	3,000
Lac Elmer	nil	nil	6,275	6,275	nil	6,275
Radisson	nil	22,118	nil	22,118	nil	22,118
Lac Clarkie	27,976	244,365	nil	272,341	nil	272,341
Other	nil	nil	41,349	41,349	nil	41,349
Total	9,808,409	5,490,616	207,724	15,506,749	(21,915)	15,484,834

Cumulative acquisition, exploration and evaluation expenditures as at October 31, 2017

Project	Balance October 31, 2016 \$	2017 net expenditures \$	2017 Write-down \$	Balance October 31, 2017 \$
Clearwater	45,232,040	12,269,433	nil	57,501,473
Eastmain Mine	14,606,643	1,573,295	nil	16,179,938
Éléonore South	518,066	1,237,283	nil	1,755,349
Ruby Hill	nil	59,740	(59,740)	nil
Lac Hudson	nil	3,000	(3,000)	nil
Lac Elmer	nil	6,275	(6,275)	nil
Radisson	nil	22,118	(22,118)	nil
Lac Lessard	230,482	nil	nil	230,482
Lac Clarkie	122,659	272,341	nil	395,000
Other	nil	41,349	(41,349)	nil
Total	60,709,890	15,484,834	(132,482)	76,062,242

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 October 31, 2018, the Company had current assets of \$7,058,252, and current liabilities of \$2,472,048 yielding a working capital of \$4,586,204. The Company notes that the Flow-through share premium liability which represents \$443,999 of current liabilities balance is not settled through cash payment. Instead, this balance is amortized against qualifying flow-through expenditures which are required to be incurred before December 31, 2019. 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.

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In December 2017, the Company announced and completed a \$2.28 million dollar private placement resulting in the issuance of a combined 6,000,000 common and flow-through shares. In July 2018, the Company announced and completed a \$5.75 million dollar private placement resulting in the issuance of a combined 22,303,891 common and flow-through shares.

The Company has no short or long-term debt.

At October 31, 2018, the Company held equity investments of \$202,226 valued at fair market with initial 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. Apart from certain securities received as a result of past company dealings, 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.

Prepaid and sundry receivables at October 31, 2018, were \$739,708 which included recoverable sales taxes paid of \$256,645 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. Receivable for exploration work was \$368,947 which is receivable from Azimut on the Éléonore South Joint Venture. Other accounts receivable and advances were \$114,116.

At October 31, 2018, amounts payable and accrued liabilities were \$1,882,394. Trade accounts are normally settled within 30 days. Flow-through premiums are amortized to income in proportion to eligible Canadian exploration expenditures incurred. The balance includes a \$280,000 accrual for flow-through financings reassessment from CRA. The Company and its tax advisors are currently filing objections to the CRA to vigorously contest the reassessment.

During the year ended October 31, 2018, the Company received net proceeds \$7,608,188 from the private placements completed in December 2017 and July 2018. During the same period, the Company spent \$6,227,829 on claim acquisition, claim maintenance, and exploration and evaluation of mineral resource properties. Exploration expenditures are discretionary except for the flow-through commitments described below. 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

The Company issued common flow-through shares during June 2017, December 2017 and July 2018, which require the Company to incur flow-through eligible expenditures of \$7.48 million before December 31, 2018 and \$2.95 million before December 31, 2019. As disclosed to investors, the funds raised are being used to conduct the Company's 2017, 2018 and 2019 exploration and infill drill programs. As at October 31, 2018, the Company had a remaining flow-through spending obligation of \$1.91 million and the Company fully intends to satisfy its obligations by December 31, 2018 and December 31, 2019, respectively.

Capital Resources

The Company, as is typical of junior exploration companies, has only a small investment in capital resources, which is comprised of \$74,112 in computer equipment and field equipment of \$403,396. The net book value at October 31, 2018, was \$28,000.

Income Taxes

For tax year-ends after December 31, 2006, 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, 2006). 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.

As at October 31, 2018, the Company has non-capital losses available for deduction of \$20,746,974 which begin to expire in 2026, and unused capital losses of \$379,582 which have no expiry date. In addition, the Company has Canadian exploration and development expenditures available to reduce future years' taxable income of approximately \$30,100,000. The tax benefit of these amounts may be carried forward indefinitely.

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.

Off-Balance-Sheet Arrangements

The Company has no off-balance-sheet arrangements.

Transactions with Related Parties

The Vice President Exploration of Eastmain is the President of OTD Exploration Services Inc. ("OTD"). During the year ended October 31, 2018, \$199,000 was paid to OTD as related to professional geological exploration and management services (2017 - \$233,230). At October 31, 2018, the amount due to OTD was \$35,356 (October 31, 2017 - \$55,436) related to a) his function as the Vice President, Exploration of Eastmain and to b) reimburse operating and exploration expenses incurred by OTD on behalf of the Company.

In addition, Eastmain signed a mobile equipment rental agreement with OTD in April 2017 for a period of 12 months at a monthly rate of \$1,076 per month.

Remuneration of directors and key management personnel, other than consulting fees, of the Company was as follows:

	Year ended October 31, 2018 (\$)	Year ended October 31, 2017 (\$)
Salaries and benefits	864,617	750,500
Share-based compensation	411,097	463,236
Total	1,275,714	1,213,736

The Company considers its key management personnel to be the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

Independent directors do not have any employment or service contracts but received remuneration for their work. Officers and directors are entitled to share-based compensation and cash remuneration for their services.

At October 31, 2018, the amount due to officers was \$18,943 (October 31, 2017 - \$25,263) and the amount due to directors was \$32,067 (October 31, 2017 - \$125).

Officers and directors of the Company purchased 800,000 shares in the June 2017 financing. Officers and directors of the Company purchased 628,570 shares in the June 2018 financing. The Company estimates that management and directors currently own approximately 2.7% of current shares outstanding.

The Company has a diversified base of investors. To the Company's knowledge, no shareholder holds more than 10% of the Company's common shares as at October 31, 2018.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares of which, as of January 28, 2019, there are 221,884,037 common shares outstanding; 12,393,333 options outstanding with a weighted average exercise price of \$0.56, which would generate proceeds of \$6,903,875, if exercised; and 5,967,660 warrants outstanding with a weighted average exercise price of \$0.35, which if exercised would have generated proceeds of \$2,088,681.

Critical Accounting Estimates

The preparation of these audited consolidated financial statements under IFRS requires management to make certain estimates, judgements and assumptions about future events that affect the amounts reported in the audited consolidated financial statements and related notes. 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.

a) Significant judgements in applying accounting policies

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

Exploration and evaluation assets

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 October 31, 2018, 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. During the year ended October 31, 2018, the Company's exploration and evaluation assets were written down by \$202,937 (2017 - \$132,482).

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 audited consolidated statement of loss and comprehensive loss.

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

The determination of the useful life of property and equipment is based on management 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 period.

Impairment Analysis

Each reporting period, management reviews the general and economic conditions and mining industry trends that influence recoverability of the carrying value of its exploration and evaluation expenditures. As at October 31, 2018, no further impairment charges were deemed necessary, however, during the period ongoing exploration and evaluation expenditures of \$202,937 incurred on properties previously determined to be impaired were written down. An impairment analysis performed in 2014, identified impairment characteristics on some of the Company's properties which lead to an impairment write off totaling \$10,434,944 in that year. The properties affected were: Éléonore South; Ruby Hill; Reservoir; Radisson; Dyna; and Lidge. Ongoing exploration and claims maintenance expenditures on these properties are being written off as incurred until such time as economic conditions permit a reversal of the impairment charges.

RSU Plan

Under the RSU Plan, selected employees are granted RSU where each RSU has a value equal to one Eastmain common share. RSU are measured at fair value on the grant date. The fair value of RSUs are recognized as a charge to salaries and benefits over the vesting period with a corresponding increase in equity. RSUs expected to settle in cash are reclassified as a liability and valued at market. During the year ended October 31, 2018, the Company granted 791,667 RSU to certain employees under its RSU Plan. During the year ended October 31, 2018, 455,000 RSU vested and converted to common shares with a value of \$115,167 as the RSU were taken in lieu of cash compensation.

Standard Issued but not yet Effective

IFRS 9 – Financial Instruments (“IFRS 9”), issued by the International Accounting Standards Board in October 2010 is intended to entirely replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”), 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.

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.

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 tier 1,

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insured and regulated Canadian banks 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. In doing so, the Company actively works to maintain cash resources in excess of all current liabilities while prudently managing expenditures. As at October 31, 2018, the Company had current assets of \$7,058,252 to settle current liabilities of \$2,472,048. The Company notes that the Flow-through share premium liability which represents \$443,999 of current liabilities balance is not settled through cash payment. Instead, this balance is amortized against qualifying flow-through expenditures which are required to be incurred before December 31, 2018 and December 31, 2019. All of the Company's financial liabilities have contractual maturities of 30 days or less except flow-through liabilities which continue until December 31, 2018 and December 31, 2019, respectively.

During the year ended October 31, 2018, the Company raised net proceeds \$7,608,188 from the private placements completed in December 2017 and July 2018. In management's opinion, there are sufficient funds to support the ongoing operating costs and discharge the Company's financial commitments 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 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 October 31, 2018.

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.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a 12-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. As at October 31, 2018, all of the Company's \$202,226 investment in marketable securities is subject to market fluctuations. If the fair value of the Company's investment in marketable securities had increased or decreased by 25%, with all other variables held constant, the comprehensive loss and equity for the year ended October 31, 2018, would have been approximately \$51,000 higher or lower.

Contingencies

The Company can be subject to legal proceedings and claims which arise in the ordinary course of business including matters related to contracts, taxes, employment and workers' compensation claims and other matters. The Company is not aware of any claims filed.

Future Outlook

Eastmain has spent 2017 and 2018 advancing a variety of initiatives across its project portfolio with the intention of creating shareholder value. While the process has been challenging due to volatile capital market conditions and a fluctuating gold price, the Company remains focused on realizing the value created by its recent and future efforts. With key near-term catalysts, the Company remains well-funded with approximately \$6.32 million of cash on hand at the end of October 2018.

At our flagship Eau Claire Project on the Clearwater property, Eastmain was pleased to announce its first-ever Preliminary Economic Assessment (PEA) on the Eau Claire project on May 23, 2018. The Eau Claire PEA represents a key milestone which confirms the robust economics of developing a commercial mining operation at the Eau Claire gold deposit. While we direct investors to review the full results on www.sedar.com or at the following [link](#); highlight results included: a 12-year mine life producing 950,000 gold ounces at total average cash costs of US\$486/oz (AISC US\$574/oz). Production is forecast to come from two open pits in the initial three years of the mine life with a transition to underground mining commencing in year two. Assuming a US\$1,250/oz gold price and 0.77:1 C\$/US FX, the PEA indicated robust project economics including a C\$260MM after-tax NPV_{5%}, 27% after-tax Internal Rate of Return (IRR) and a payback of just over three years.

While the PEA reflected very robust results, Eastmain has identified additional opportunities to further improve project economics. The most significant opportunity is derived from growth-focused exploration activities. With various prospective targets identified within an 18 km radius of the Eau Claire project, the Company believes that additional near-surface discoveries could provide supplemental feed to support a larger production profile, enhance project economics and/or extend the 12 year mine life.

To support this initiative, exploration is already underway on Clearwater along the Cannard Deformation Zone, which hosts Eau Claire, and the KS Horizon which hosts the Percival discovery and Serendipity. Early 2019 exploration will initially focus on the KS Horizon targets such as Percival which returned encouraging exploration results from preliminary drilling in 2018. Meanwhile, Eastmain has commenced pre-development activities including engineering studies for the underground ramp project and environmental baseline studies for Eau Claire.

At the Éléonore South JV, the \$4 million dollar work program by the joint venture partners for the H2/2017-H1/2018 season has been completed with encouraging assay results announced during the quarter. Eastmain's share of the program was approximately \$1.47 million and had been fully spent by end of year. This program was double the previous year's program and reflects the JV partners' strong interest in further exploring the Éléonore South JV claims. Based on a variety of exploration initiatives including airborne geophysical surveys, surface sampling, mapping, extensive stripping and drilling, the ES JV partners announced a large gold system discovery with high-grade veins, in October 2017.

In the H2/2018 program, Eastmain resumed operatorship of the ESJV and now manages all exploration and operations on behalf of its joint-venture partners. Since assuming operatorship, the joint venture partners resumed exploration activities. Early drilling from the most recent (H2/2018) program focused in the eastern section of the Contact Trend and successfully identified and extended the known gold mineralization. These results suggest potential extension of the Contact trend towards the JT prospect which is located 3km to the east. Accordingly, the Company intends to further testing this possible extension while also initiating drilling from the JT zone with an emphasis on tonalite-hosted mineralization.

At the Eastmain Mine Project, the Company announced a new NI 43-101 Technical Report and Mineral Resource Estimate^[1] in January 2018, based on the A, B and C zones which were partially mined in 1994. Underpinned by data from a historical resource and historical mining records, the new resource combines previous data with new drilling, including twinned holes, and confirms the high-grade nature of the deposit and resulted in a significant increase in contained gold ounces. The new Mineral Resource reflects 236k oz grading 8.2 g/t in the Indicated category and 139k oz grading 7.5 g/t in the Inferred category. Although the Company believes in the potential of prospective targets in the vicinity of the completed resource, Eastmain has instead elected to concentrate its efforts on the Clearwater and ESJV projects in the immediate term.

Scientific and Technical Disclosure

All disclosure of a scientific or technical nature herein concerning the 2018 PEA was prepared under the supervision of Mr. Eugene J. Puritch, P. Eng. FEC, CET, President of P&E. Mr. Puritch is an independent Qualified Person as defined by NI 43-101 and has reviewed and approved the contents underlying the Preliminary Economic Assessment. The 2018 Eau Claire Mineral Resource Estimate has been prepared under the supervision of Allan Armitage, Ph.D, P.Geo of SGS (Canada) Geostat Inc. Allan Armitage, Ph.D, P.Geo is a "qualified person" within the meaning of NI 43-101, and has verified the data underlying the statements contained herein concerning the 2018 Mineral Resource Estimate. Further information concerning the 2018 Resource Estimate is contained in the press release of the Company entitled "Eastmain Announces Robust Preliminary Economic Assessment and Updated Mineral Resource Estimate at the Eau Claire Project" dated May 23, 2018 and posted to the Company's profile on SEDAR at www.sedar.com and on the Company's website (www.eastmain.com).

All disclosure of a scientific or technical nature herein concerning the 2018 Eastmain Mine Mineral Resource Estimate has been reviewed by Eugene Puritch, P.Eng, FEC, CET of P&E. Eugene Puritch is a "Qualified Person" within the meaning of NI 43-101, and has verified the data underlying the statements contained herein concerning the 2018 Eastmain Mine Resource Estimate. Further information concerning the 2017 Eastmain Mine Mineral Resource Estimate is contained in the press release of the Company entitled "Eastmain Announces Mineral Resource Estimate at Eastmain Mine Project; Reports Increase in Contained Ounces over Historic Estimate", dated January 9, 2018, available on SEDAR and the Company's website.

All other scientific and technical information contained herein has been prepared under the supervision of, and verified by, Bill McGuinty, Vice President Exploration of the Company. Mr. McGuinty is a "Qualified Person" within the meaning of NI 43-101.

Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource at any Eastmain property other than the Clearwater and Eastmain Mine Projects, and it is uncertain if further exploration will result in any mineral resources being delineated as a mineral resource at these projects.

Subsequent Event

(i) On November 10, 2018, 6,400,000 warrants with an exercise price of \$0.50 expired unexercised.

Scientific and Technical Disclosure

All disclosure of a scientific or technical nature herein concerning the 2017 Eau Claire Mineral Resource Estimate has been prepared under the supervision of Allan Armitage and Ph.D, P.Geo and Sabry Abdel Hafez, Ph.D, P.Eng of SGS (Canada) Geostat Inc. Allan Armitage and Ph.D, P.Geo and Sabry Abdel Hafez, Ph.D, P.Eng are each "qualified persons" within the meaning of NI 43-101, and have verified the data underlying the statements contained herein concerning the 2017 Resource Estimate. Further information concerning the 2017 Resource Estimate is contained in the press release of the Company entitled

^[1] See "Exploration and Evaluation Activities - Key Projects – Eastmain Mine Project – Eastmain Mine Deposit" for further details.

"Eastmain De-risks the Eau Claire Deposit with Measured and Indicated Gold Grade Increasing 51% to 6.2 g/t at the Clearwater Project" dated September 11, 2017 and posted to the Company's profile on SEDAR at www.sedar.com and on the Company's website (www.eastmain.com). The full report "Updated Mineral Resource Estimate for the Eau Claire Gold Deposit, Clearwater Project, Quebec, Canada", prepared by SGS Canada Inc. ("SGS"), can also be viewed on the SEDAR and on the Company's website.

All disclosure of a scientific or technical nature herein concerning the 2018 Eastmain Mine Mineral Resource Estimate has been reviewed by Eugene Puritch, P.Eng, FEC, CET of P&E. Eugene Puritch is a "Qualified Person" within the meaning of NI 43-101, and has verified the data underlying the statements contained herein concerning the 2018 Eastmain Mine Resource Estimate. Further information concerning the 2017 Eastmain Mine Mineral Resource Estimate is contained in the press release of the Company entitled "Eastmain Announces Mineral Resource Estimate at Eastmain Mine Project; Reports Increase in Contained Ounces over Historic Estimate", dated January 9, 2018, available on SEDAR and the Company's website. The full Technical Report will be published before February 23, 2018.

All other scientific and technical information contained herein has been prepared under the supervision of, and verified by, Bill McGuinty, Vice President Exploration of the Company. Mr. McGuinty is a "Qualified Person" within the meaning of NI 43-101.

Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource at any Eastmain property other than the Clearwater and Eastmain Mine Projects, and it is uncertain if further exploration will result in any mineral resources being delineated as a mineral resource at these projects.

Disclosure Controls and Procedures

The Company's management, with the participation of its President and CEO and CFO, 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 CEO and the CFO 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 CEO and the CFO, as appropriate to allow timely decisions regarding disclosure.

Internal Controls over Financial Reporting

The Company's President and CEO, and the CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the President and CEO and the CFO, 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 consolidated 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 consolidated 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 consolidated 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 CEO and the CFO 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 audited consolidated financial statements of the Company, delegates to management the responsibility for the preparation of the audited consolidated 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 audited consolidated 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 audited consolidated financial statements and MD&A 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 audited consolidated financial statements for issuance to the shareholders. The external auditors have full and free access to the Audit Committee.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Eastmain Resources Inc.
Management’s Discussion & Analysis
Year Ended October 31, 2018
Discussion Dated January 28, 2019

Forward-looking statements	Assumptions	Risk factors
<p>Regardless of whether the Company discovers a significant gold deposit, its working capital of \$4,586,204 at October 31, 2018 is anticipated to be adequate for it to continue operations for the twelve-month period ending October 31, 2019, and to meet all of its flow-through obligations (see “Going Concern” and “Liquidity”)</p>	<p>The operating and exploration activities of the Company for the twelve-month period ending October 31, 2019, and the costs associated there with, will be consistent with the Company’s current expectations; and equity markets, exchange and interest rates and other applicable economic conditions will be favorable to the Company</p>	<p>Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; changes in operating and exploration activities; changes in economic conditions; timing of expenditures</p>
<p>The Company’s projects may contain economic deposits of minerals (see “Company Overview”, “Exploration and Evaluation Activities” and “Future Outlook”)</p>	<p>The actual results of the Company’s exploration and development activities will be favorable; operating, exploration and development costs will not exceed the Company’s expectations; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favorable to the Company; the quantities and grades of mineral resource estimates, and the assumptions underlying such estimates, are accurate; the price of applicable commodities and applicable interest and exchange rates will be favourable to the Company; no title disputes exist or will arise with respect to the Company’s projects; and the Company has or will obtain adequate property rights to support its exploration and development activities</p>	<p>Commodity price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; inability to secure necessary property rights; the possibility that future exploration results will not be consistent with the Company’s expectations; risk factors set forth in technical reports prepared in respect of the Company’s properties from time to time; increases in costs; environmental compliance and changes in environmental and other applicable legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions</p>
<p>The Company’s anticipated business plans, including costs and timing for future exploration on its projects and acquisitions of additional projects (see “Exploration and Evaluation Activities”, “Corporate Highlights – Twelve Months Ended October 31, 2018 and “Future Outlook”)</p>	<p>The exploration activities of the Company and the costs associated therewith, will be consistent with the Company’s current expectations; equity markets, exchange and interest rates and other applicable economic conditions will be favorable to the Company; the quantities and grades of mineral resource estimates, and the assumptions underlying such estimates, are accurate; financing will be available for the Company’s exploration and development activities on favorable terms; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market</p>	<p>Commodity price volatility; changes in the condition of debt and equity markets; timing and availability of external financing on acceptable terms may not be as anticipated; the uncertainties involved in interpreting geological data and confirming title to acquired properties; inability to secure necessary property rights; the possibility that future exploration results will not be consistent with the Company’s expectations; risk factors set forth in technical reports prepared in respect of the Company’s properties from</p>

Eastmain Resources Inc.
Management’s Discussion & Analysis
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Forward-looking statements	Assumptions	Risk factors
	competition; the price of applicable commodities will be favorable to the Company; no title disputes exist or will arise with respect to the Company's properties; the Company has or will obtain adequate property rights to support its exploration and development activities; and the Company will be able to successfully identify and negotiate new acquisition opportunities	time to time; increases in costs; environmental compliance and changes in environmental and other applicable legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company may be unable to retain and attract skilled staff; receipt of applicable permits is subject to governmental and/or regulatory approvals; the Company does not have control over the actions of its joint venture partners and/or other counterparties
Management’s outlook regarding future trends and exploration programs (see “Corporate Highlights – Twelve Months Ended October 31, 2018”, “Exploration and Evaluation Activities” and “Future Outlook”)	The exploration activities of the Company and the costs associated therewith, will be consistent with the Company's current expectations; financing will be available for the Company's exploration and operating activities; the quantities and grades of mineral resource estimates, and the assumptions underlying such estimates, are accurate; the price of applicable commodities will be favorable to the Company; the actual results of the Company's exploration and development activities will be favorable; management is aware of all applicable environmental obligations	Commodity price volatility; changes in the condition of debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; the possibility that future exploration results will not be consistent with the Company's expectations; risk factors set forth in technical reports prepared in respect of the Company's properties from time to time; changes in environmental and other applicable legislation and regulation

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors identified or otherwise indirectly referenced in the “Risks and Uncertainties” section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements contained in this MD&A, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-

looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Additional Information

Additional information relating to the Company, including any published Annual Information Forms, can be found on SEDAR at www.sedar.com.