



**EASTMAIN RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THREE MONTHS ENDED JANUARY 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 three months ended January 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 unaudited condensed interim consolidated financial statements for the three months ended January 31, 2018 together with the notes thereto, which were prepared in accordance with *International Financial Reporting Standards ("IFRS")*. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. All amounts in the unaudited condensed interim 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 March 8, 2018 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](http://www.sedar.com) and the Company's website [www.eastmain.com](http://www.eastmain.com).

All statements, other than historical facts, included herein, including without limitation, statements regarding potential mineralization, resources, exploration results, 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](http://www.sedar.com), as well as "Risks and Uncertainties" below. See "Cautionary Note Regarding Forward-Looking Statements" below.

This MD&A is dated March 8, 2018.

## Company Overview

The Company, incorporated under the laws of Ontario, and its wholly-owned subsidiary, Eastmain Mines Inc. are engaged in the exploration of metallic mineral resource properties within Canada. The Company's primary focus is exploration for precious metals in the Eastmain/Opinaca areas of James Bay, Québec, a relatively under-explored region that comprises several Archean greenstone belts – rock assemblages responsible for production of most of the world's historic gold supplies. The James Bay region 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 deposit – 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 km<sup>2</sup> of this new and prospective mining district.

## **Corporate Highlights – Three Months Ended January 31, 2018**

### **General**

- Completed a 75,166 m drilling program at the Clearwater Project. The majority of this work focused on resource definition and infill drilling of the Eau Claire deposit in support of a Mineral Resource Update.
- On September 11<sup>th</sup>, 2017, Eastmain announced an updated Mineral Resource Estimate for the Eau Claire gold deposit (the "2017 Resource Estimate"), located on its 100%-owned Clearwater Project. The 2017 Resource Estimate describes (i) **a measured and indicated ("M&I") Mineral Resources of 4.17 Mt at an average grade of 6.16 g/t Au containing 826,000 ounces of gold**, and (ii) **an additional 2.23 Mt at an average grade of 6.49 g/t Au classified as Inferred Mineral Resources, containing 465,000 ounces of gold**<sup>[1]</sup>. The Company notes the new resource reflected significant refinements to geological interpretation and stricter parameters compared to past estimations. While the new parameters removed marginal ounces, the new resource reflects significantly increased grade in both the open pit and underground portions of the deposit.
- Since September 2017, drilling has continued at Eau Claire and results will be incorporated into an updated Mineral Resource Estimate to be issued in conjunction with a Preliminary Economic Assessment (PEA) expected in calendar Q2/18.
- Completed 11,788 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 at Eastmain Mine Gold Deposit in support of a new Mineral Resource estimate. Completed an Induced Polarization survey in a large area around 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 2018 Mineral Resource Estimate describes (i) an Indicated Mineral Resource of 0.9 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.
- Completed a 5,000 m drill program at the Eleonore South Joint Venture; approved and initiated a new 8,000 m drilling program for calendar H2/17-H2/18. Based on a variety of exploration initiatives including geophysical analysis, surface sampling, mapping, extensive stripping and drilling, the ES JV partners announced the discovery of a large gold system containing high-grade veins in October 2017. Drilling will continue on the Moni Trend and the area surrounding the discovery in calendar Q1/18.

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<sup>[1]</sup> *Mineral resources are not mineral reserves and as such have not demonstrated economic viability. Mineral resources are only a preliminary estimation, through exploration and sampling, of a concentration of material of intrinsic economic interest, which has been identified in such form, grade, quality and quantity that may have reasonable prospects for eventual economic extraction. Mineral resources are the first step in the process to establishing potential economic viability. Both the quality and quantity of mineral resources may subsequently be re-defined and re-estimated, through additional consideration and the application of several de-risking modifying factors during preliminary economic assessment, to potentially mineable mineral resources.*

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**Corporate Affairs & Finance**

- During the three months ended January 31, 2018, the Company granted 116,667 restricted stock units ("RSU") to an employee under its RSU Plan. These RSU vested immediately.
- On December 14, 2017, the Company closed a non-brokered offering of 6,000,000 flow-through common shares at a price of \$0.38 per flow-through common shares, to raise aggregate gross proceeds of \$2,280,000. The net proceeds of the offering are expected to be used to fund exploration of the Company's mineral concessions in Quebec. All flow-through common shares issued pursuant to the offering are subject to a statutory hold period expiring April 15, 2018.
- In January 2018, 250,000 share purchase options with an exercise price of \$0.30 and expiry date of January 25, 2023 were issued to a director of the Company. One-third of the options vest immediately, one-third vest on the first anniversary and one-third on the second anniversary.
- In late 2017, the Company was advised by the Canada Revenue Agency ("CRA") that certain Canadian Exploration Expenses ("CEE") expenditures which had been renounced to investors in 2013 and 2014 via flow-through financings were reassessed by the CRA. The Company is currently awaiting final documentation regarding the specific reassessment amounts and intends to file an objection and vigorously contest the reassessment. The company and its tax advisors maintains its stance that the associated expenditures are CEE-eligible. Assuming the Company is unsuccessful in its appeal and/or fails to reach a settlement with the CRA, the Company anticipates potential repayments of up to \$280,000. While not considered material to the operations of Eastmain, the Company has accrued for this amount and will adjust the accrual on completion of the appeal process.

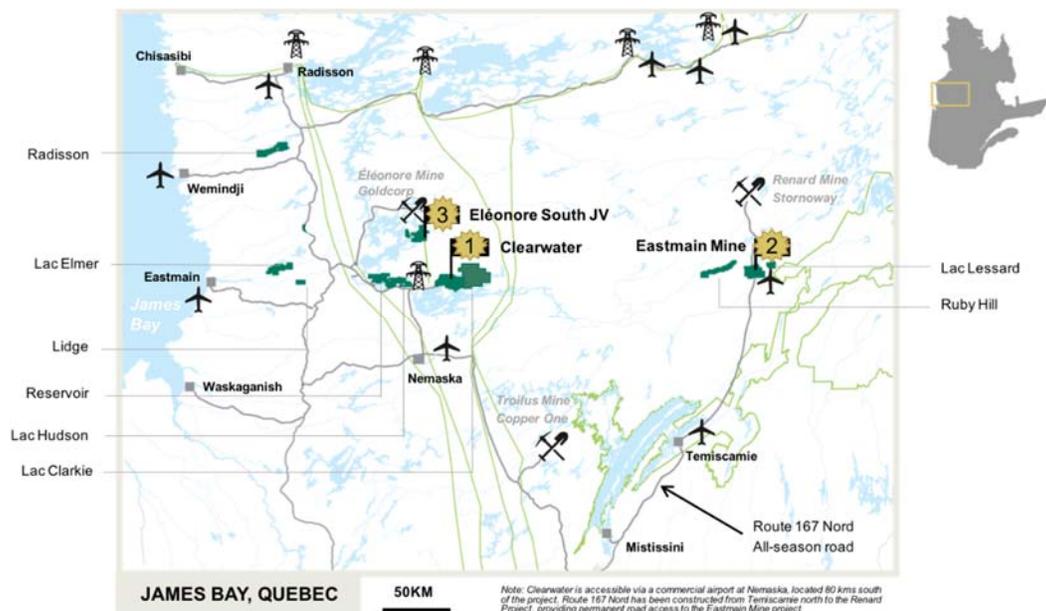
**Exploration and Evaluation Activities**

Eastmain owns a 100% interest in 10 mineral properties and a 36.7% interest in one mineral property as summarized below. During the 2017 year end, 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 January 31, 2018.

**Eastmain Resources Properties in good standing in 2018**

<b>Property</b>	<b>Claim units</b>	<b>Hectares</b>
Clearwater (Eau Claire)	385	20,068
Eastmain Mine	152	8,014
Éléonore South JV (36.7%)	282	14,760
Lac Clarkie	597	31,473
Lac Elmer	198	10,433
Lac Hudson	37	1,939
Lac Lessard	47	2,476
Lidge	36	1,901
Radisson	207	10,698
Reservoir	156	8,098
Ruby Hill (East and West)	268	14,485
<b>Total</b>	<b>2,365</b>	<b>124,345</b>



**Key Projects**

**Clearwater Project**

Eastmain owns a 100% interest in the Clearwater Project, host to the Eau Claire deposit, 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 45 km due north of Clearwater and has a 2017 production forecast of 315,000 ounces of gold.

The Clearwater Project covers about 200 km<sup>2</sup> 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 deposit.

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. Over the last few years, Eastmain has focused on expanding and defining a high-grade gold deposit potentially mineable by open pit and underground methods, and the discovery of additional resources elsewhere on the property. To achieve the Company's objectives, Eastmain completed a resource definition program in 2017 and as well as additional drilling in the 400 m – 750 m depth levels of the deposit, below the known Measured and Indicated mineral resources in the 450W zone. The majority of this drilling was completed by January 31, 2018 and will be incorporated into a new resource update which is expected to be announced in the coming months.

### ***Eau Claire Gold Deposit***

Located within the Clearwater Project, the Eau Claire gold deposit 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 Gold Deposit 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, strongly actinolite-tourmaline altered, 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 with 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.

After publication of the previous Mineral Resource Estimate on June 11, 2015, a 29-hole (12,837 m) drill program was completed at the Eau Claire deposit by year-end. In August 2016, the Company initiated a 63,300 m drill program at Clearwater. 49,500 m of the program was planned to improve mineral resource classification and confidence in the 450W and 850W Zones by: infill drilling at shallow, pit-accessible depths (surface to 150 m depth); infill of deeper veins (150 - 400 m depth); and testing strike extensions of near surface, high-grade veins within the known mineral resource and beyond the deposit's limits. In addition to confirming the previously defined QT-style mineralization, the Company was successful in further defining the HGS veins which tend to host elevated gold grades similar to the QT veins, but over broader intervals. The Company was also successful in extending both the QT and HGS veins at depth and to the east of the main 450W zone mineralization.

On September 11<sup>th</sup>, 2017, Eastmain announced the completion of a Mineral Resource Estimate which incorporated 690 drill holes (274,054 m) compiled up to August 27, 2017. Of this total, 78,150 m were drilled after the previous 2015 Mineral Resource Estimate. The 2017 Mineral Resource Estimate was prepared by SGS (Canada) Geostat Inc. with an effective date of August 25, 2017, and describes (i) a **Measured Mineral Resource of 0.93 Mt at an average grade of 6.67 g/t Au containing 200,000 ozs of gold**, (ii) an **Indicated Mineral Resource of 3.24Mt at an average grade of 6.01 g/t Au containing 626,000 ozs of gold** and (iii) an additional **2.23 Mt at an average grade of 6.49 g/t Au containing 465,000 ozs of gold classified as Inferred Mineral Resource**. The new Mineral Resource Estimate reflects significant refinements to the geological interpretation and stricter parameters compared to past estimations. While the new parameters removed marginal ounces, the new resource reflects significantly increased grade in both the open pit and underground portions of the deposit.

Eastmain has filed an NI 43-101 Technical Report entitled "Updated Mineral Resource Estimate for the Eau Claire Gold Deposit, Clearwater Project, Quebec, Canada" on the Company's profile on SEDAR and at on our website. Please refer to "Scientific & Technical Disclosure" and "Cautionary Note Regarding Forward-Looking Statements" for further details.

Following the cut-off date for the Technical Report in September 2017, the Company continued with exploration and resource definition at Eau Claire testing deeper (sub-400 m) and lateral targets with 2 drill rigs. This is consistent with the Company's intentions to shift its exploration efforts towards resource growth with a focus on testing and extending the limits of known mineralization and assessing new targets. The Company intends to accumulate the results of new drilling completed by December 2017 for inclusion in an updated resource estimate in calendar Q2 2018. The Company

expects to announce the updated resource in conjunction with a maiden Preliminary Economic Assessment (PEA) for the Eau Claire deposit. The PEA will provide an initial indication of potential project economics and will reflect a combined open pit and underground mining scenario.

#### ***Snake Lake Target***

The Snake Lake Target is located 1.8 km east of the Eau Claire Deposit, within the Clearwater property and along the Clearwater Deformation Zone. Gold mineralization at the Snake Lake occurrence is similar to the Eau Claire deposit. Quartz tourmaline veins are hosted within a thick sequence of basalt flows, tuffs and interbedded metasedimentary rocks which have been intruded by felsic dykes. As at Eau Claire, the entire sequence has been heavily deformed and sheared resulting in development of a deformation zone with strong and extensive foliation and local shearing.

In 2016, 4,512 m 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 deposit. 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 the 2016 drilling. Drilling returned narrow, high-grade core intervals of quartz-tourmaline mineralized veins and shear zones including

The Company's net investment in the Clearwater Project to January 31, 2018, is \$59.0 million.

#### ***Clarkie***

The Clarkie property is located immediately to the east of the Clearwater Project which hosts the Eau Claire deposit. The Clarkie claims represent 31,473 ha and together with Clearwater, the two properties cover 51,614 ha 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 3 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 Clearwater Deformation Zone (greenstone belt).

In the summer and fall of 2017, 60-line km of till geochemical surveying was conducted concurrent with prospecting and surface sampling. Results from till sampling and initial prospecting yielded limited results. Based on the results returned, the Company intends to re-assess the 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 January 31, 2018, is \$0.4 million.

#### ***Eastmain Mine Project***

The Eastmain Mine deposit is a high-grade, gold-copper deposit hosted in 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 t of ore in 1995, producing 40,000 ozs at an average grade of 10.6 g/t Au. At the time of closure, the Eastmain Mine gold deposit hosted a historic resource of 255,750 ozs of gold at an average grade of 10 g/t Au. This resource is a historic estimate and should not be relied upon as it has not been reviewed for Eastmain by a Qualified Person under National Instrument 43-101 ("NI 43-101").

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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 further drill evaluation.

A program of verification drilling in the Eastmain Mine deposit was completed in the 1st quarter 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 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 and P&E 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 the Eastmain profile on SEDAR.

The Company's net investment (inclusive of acquisition cost) in the Eastmain Mine project to January 31, 2018, is \$16.9 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 km<sup>2</sup> 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 JV partners approved a \$4 million work program. Eastmain's share of the program is approximately \$1.47 million, of which \$0.95 million had been 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 this Éléonore South JV claims. Throughout 2017, a variety of exploration initiatives including

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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 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 will continue in the winter of 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 with results expected to be released later in the spring. Further details on the JV's geological interpretation and exploration objectives can be found in the Company's February 27<sup>th</sup>, 2018 press release entitled "Eastmain and Partners Begin Winter Drilling Program at Éléonore South Project".

Due to earlier impairment charges, the Company's net remaining investment in the project to January 31, 2018, is \$1.9 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 deposit.

Ruby Hill West straddles the western limb of the Upper Eastmain River Greenstone Belt approximately 30 km northwest of the Eastmain Mine deposit. Previous exploration successfully identified several mineralized 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 January 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 2,475 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 January 31, 2018, is \$0.2 million.

#### ***Reservoir***

The Company holds a 100% interest in the Reservoir property which comprises 156 claims. The property covers approximately 8,099 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.

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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 kilometer-scale mineralizing system at Reservoir.

The Reservoir property will be evaluated for further exploration in 2018. Due to previous impairment analysis under IFRS, the Company's investment in Reservoir as at January 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 37 claims (1,939 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 2018.

The Company's net investment in the Lac Hudson project as at January 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 consists of 198 claims covering 10,433 ha. Lac Elmer is in the target definition and drilling stages of exploration.

Previous exploration returned high grade silver and gold assays in surface showings. 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 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 2018.

The Company's net investment in the Lac Elmer project as at January 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 207 mineral claims covering approximately 10,698 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 2018.

Due to earlier impairment analysis under IFRS, the Company's net investment in the project as at January 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 2018.

The Company's net investment in the project to January 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 unaudited condensed interim 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 January 31, 2018, the Company had working capital of \$4,079,578 (October 31, 2017 - \$4,999,021) and shareholders' equity of \$75,695,270 (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 unaudited condensed interim 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 the disbursement of exploration expenditures. From time to time, other income is derived from management fees and charges for the use of Company facilities by third parties.

#### ***Three months ended January 31, 2018, compared to the three months ended January 31, 2017:***

- Net loss for the quarter was \$1,060,221 (2017 – loss of \$1,094,069) a variance of \$33,848.
- General and administrative expenses were \$1,260,053 (2017 - \$1,152,821) a variance of \$107,232. The variance is primarily due to an increase in corporate and administrative costs such as payroll, rent, legal and professional fees due to increased corporate activity.
- Impairment of exploration and evaluation assets was \$29,294 (2017 - \$57,729) a variance of \$28,435. At the end of each reporting period, management reviews carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount is adjusted to the higher of the asset's fair value less cost to sell or its value in use.
- Interest and other income was \$38,719 (2017 - \$29,773) a variance of \$8,946. The income was recorded during the period for interest earned on cash balances.

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- The unrealized gain on marketable securities for the quarter was \$30,053 (2017 – gain of \$302,263) a variance of \$272,210. The gain is attributable to an increase in market values of the common shares in resource companies held by the Company detailed in Note 4 to the unaudited condensed interim consolidated financial statements.
- Premium income from flow-through common shares was \$726,313 (2017 - \$30,445) a variance of \$695,868. 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 \$565,959 (2017 – expense of \$246,000) a variance of \$319,959. 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 1/31/2018	Quarter ended 10/31/2017	Quarter ended 7/31/2017	Quarter ended 4/30/2017
<b>Interest / other income</b>	\$ 38,719	\$ 65,786	\$ 23,110	\$ 157,010
<b>Comprehensive income (loss)</b>	\$(1,060,221)	\$82,153	\$(255,136)	\$(338,125)
Per share basic	\$(0.0054)	\$0.0004	\$(0.0014)	\$(0.0019)
Per share diluted	\$(0.0054)	\$0.0004	\$(0.0014)	\$(0.0019)
<b>Trading range of shares</b>				
High	\$0.36	\$0.38	\$0.49	\$0.64
Low	\$0.28	\$0.28	\$0.30	\$0.44

	Quarter ended 10/31/2017	Quarter ended 10/31/2016	Quarter ended 7/31/2016	Quarter ended 4/30/2016
<b>Interest / other income</b>	\$ 29,773	\$ 11,701	\$ 29,422	\$ 7,659
<b>Comprehensive loss</b>	\$(1,094,069)	\$(2,429,032)	\$(872,807)	\$(2,847,163)
Per share basic	\$(0.0062)	\$(0.0139)	\$(0.0054)	\$(0.0211)
Per share diluted	\$(0.0062)	\$(0.0139)	\$(0.0054)	\$(0.0211)
<b>Trading range of shares</b>				
High	\$0.74	\$0.97	\$0.67	\$0.51
Low	\$0.38	\$0.62	\$0.45	\$0.29

Significant charges included in the amounts above are as follows:

*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.

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*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.

*10/31/2016*

Comprehensive net loss includes: \$17,299 for share-based compensation; impairment of exploration and evaluation assets of \$2,392,308; an unrealized loss on marketable securities of \$8,212; and a deferred income tax recovery of \$599,266.

*07/31/2016*

Comprehensive net loss includes: \$347,786 for share-based compensation and; an unrealized gain on marketable securities of \$192,937.

*04/30/2016*

Comprehensive net loss includes: \$2,935,000 for strategic process costs; \$167,501 for share-based compensation; a deferred income tax recovery of \$386,765; a realized loss on marketable securities of \$83,118 and; an unrealized gain on investment revaluation of \$206,358.

## **Risks and Uncertainties**

The exploration, development and mining of mineral resources are highly speculative in nature and are subject to significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please do refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended October 31, 2017, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **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, 2017, whereby the carrying amounts of exploration properties are reviewed for events or changes in circumstances that suggest that the carrying amount may not be recoverable. As at January 31, 2018, the Company's carrying value of exploration and evaluation assets, net of recoveries and impairment charges was \$78,470,925 (October 31, 2017 - \$76,062,242).

**Project expenditures for the year ended January 31, 2018**

Project	Drilling & assay \$	Technical surveys \$	Project acquisition & maintenance \$	2018 net expenditures \$
Clearwater	848,369	594,498	24,430	1,467,297
Eastmain Mine	312,254	434,303	11,018	757,575
Eléonore South	nil	166,245	755	167,000
Ruby Hill	nil	216	75	291
Reservoir	nil	2,484	nil	2,484
Radisson	nil	420	225	645
Lac Clarkie	520	16,291	nil	16,811
Other	nil	nil	25,874	25,874
<b>Total</b>	<b>1,161,143</b>	<b>1,214,457</b>	<b>62,377</b>	<b>2,437,977</b>

**Cumulative acquisition, exploration and evaluation expenditures as at January 31, 2018**

Project	Balance October 31, 2016 \$	2017 net expenditures \$	Write-down \$	Balance October 31, 2017 \$
Clearwater	57,501,473	1,467,297	nil	58,968,770
Eastmain Mine	16,179,938	757,575	nil	16,937,513
Eléonore South	1,755,349	167,000	nil	1,922,349
Ruby Hill	nil	291	(291)	nil
Reservoir	nil	2,484	(2,484)	nil
Radisson	nil	645	(645)	nil
Lac Lessard	230,482	nil	nil	230,482
Lac Clarkie	395,000	16,811	nil	411,811
Other	nil	25,874	(25,874)	nil
<b>Total</b>	<b>76,062,242</b>	<b>2,437,977</b>	<b>(29,294)</b>	<b>78,470,925</b>

**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 January 31, 2018, the Company had current assets of \$5,617,785, and current liabilities of \$1,538,207 yielding a working capital of \$4,079,578. The Company notes that the Flow-through share premium liability which represents \$608,064 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. 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. 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.

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The Company has no short or long-term debt.

At January 31, 2018, the Company held equity investments of \$408,842 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 January 31, 2018, were \$1,020,368 which included recoverable sales taxes paid of \$723,762 which are subject to verification and normally refunded within 60 to 90 days of the claim. Refunds of taxes are not considered a financial instrument since governments are not obligated to make these payments. Other accounts receivable and advances were \$296,606 which included advance made to the Ministre des Finance de Quebec of \$200,000 to fund future claims renewal.

At January 31, 2018, amounts payable and accrued liabilities were \$930,143. Trade accounts are normally settled within 30 days. The balance includes a \$280,000 accrual for flow-through financings reassessment from CRA. Flow-through premiums are amortized to income in proportion to eligible Canadian exploration expenditures incurred.

During the three months ended January 31, 2018, the Company received net proceeds \$2,274,765 from the private placement completed in December 2017. During the same period, the Company spent \$2,437,977 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 and December 2017, which require the Company to incur flow-through eligible expenditures of \$7.48 million before December 31, 2018. As disclosed to investors, the funds raised are being used to conduct the Company's 2017 and 2018 exploration and infill drill programs. The Company fully intends to satisfy its current flow-through spending obligations by December 31, 2018.

### **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 January 31, 2018, was \$37,000.

### **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, 2017, the Company has non-capital losses available for deduction of \$17,973,542 which begin to expire in 2027, and unused capital losses of \$523,692 which have no expiry date. In addition, the

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Company has Canadian exploration and development expenditures available to reduce future years' taxable income of approximately \$29,800,000. 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 three months ended January 31, 2018, \$48,580 was paid to OTD as related to professional geological exploration and management services (2017 - \$72,300). At January 31, 2018, the amount due to OTD was \$15,000 (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:

	<b>Three months ended January 31, 2018 (\$)</b>	<b>Three months ended January 31, 2017 (\$)</b>
Salaries and benefits	349,836	324,942
Share-based compensation	130,206	130,523
<b>Total</b>	<b>480,042</b>	<b>455,465</b>

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

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 January 31, 2018, the amount due to officers was \$204,308 (October 31, 2017 - \$25,263) and the amount due to directors was \$nil (October 31, 2017 - \$125).

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, 2017.

### **Share Capital**

The authorized capital of the Company consists of an unlimited number of common shares of which, as of March 8, 2018, there are 199,241,813 common shares outstanding; 11,010,000 options outstanding with a weighted average exercise price of \$0.63, which would generate proceeds of \$6,884,875, if exercised; and 6,899,999 warrants outstanding at an exercise price of \$0.50, which if exercised would generate proceeds of \$3,450,000.

### **Critical Accounting Estimates**

The preparation of these unaudited condensed interim 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 January 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 three months ended January 31, 2018, the Company's exploration and evaluation assets were written down by \$29,294 (2017 - \$57,729).

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 unaudited condensed interim 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 January 31, 2018, no further impairment charges were deemed necessary, however, during the period ongoing exploration and evaluation expenditures of \$29,294 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.

### **Restricted Stock Unit Plan**

Under the Restricted Stock Unit Plan (the "RSU Plan"), selected employees are granted RSUs where each RSU has a value equal to one Eastmain common share. RSUs 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 three months ended January 31, 2018, the Company granted 166,667 RSU to an employee under its RSU Plan.

### **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 unaudited condensed interim 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 the Royal Bank of Canada, from which management believes the risk of loss to be minimal. Financial instruments included in prepaid and sundry receivables consist of other receivables. Management believes that its concentration of credit risk, with respect to financial instruments included in prepaid and sundry receivables, is minimal.

#### **c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2018, the Company had current assets of \$5,617,785 to settle current liabilities of \$1,538,207. The Company notes that the Flow-through share premium liability which represents \$608,064 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. All of the

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Company's financial liabilities have contractual maturities of 30 days or less except flow-through liabilities which continue until December 31, 2018.

During the three months ended January 31, 2018, the Company raised net proceeds \$2,274,765 from the private placement completed in December 2017. 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 interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade bonds, treasury bills, bankers' acceptances and money market funds. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as at January 31, 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 twelve month period:

- i. Cash and cash equivalents are subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash and cash equivalent balances. As such, the Company does not have significant interest rate risk.
- ii. As at January 31, 2018, all of the Company's \$408,842 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 three months ended January 31, 2018 would have been approximately \$102,000 higher or lower.

**Future Outlook**

Eastmain has spent the year 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 is beginning to realize the benefits of its efforts. With key near-term catalysts, the Company remains well-funded with approximately \$4.6 million of cash on hand at the end of January 2018. A summary of key project developments follows.

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At its flagship Clearwater Project, Eastmain completed its 2017 infill drill program by mid-summer and followed up on various targets including a deep extension drill program at the 450W Zone of the Eau Claire Deposit. This is consistent with the Company's intentions to shift its exploration efforts towards resource growth in 2018 with a focus on extending the limits of known mineralization and testing other targets on the greater Clearwater land package. While additional drilling continued on-site, the Company announced a new, higher-grade resource estimate for the Eau Claire deposit in September 2017<sup>1</sup>. At the same time, work commenced on a Preliminary Economic Assessment ("PEA") for the Eau Claire deposit in calendar Q1 2018. The PEA will be premised on the September 2017 resource and the deeper drilling which will be included in the upcoming resource update. PEA work is well-advanced and remains on schedule for a calendar Q2 2018 release. The company views the maiden PEA as an important milestone for the company in that it represents the first ever conceptual open and underground mine plan for Eau Claire. Along with details on potential production, capital and operating costs, the PEA will provide important indications of potential project economics.

At the Eastmain Mine Project, the Company recently issued, in January 2018, a new NI 43-101 Technical Report and Resource Estimate<sup>2</sup>, based on the historically-mined A, B and C zones. Underpinned by data from a historical resource and records for historical mining, the new resource combines historic drill and underground exploration information with additional drilling, including drilling verification and twin holes and confirms the high grade nature of the deposit and resulted in a significant increase in contained gold ounces. With a potential extension of the A zone encountered in step-out drilling, an exploration program focused on testing a variety of targets to the North-West of the resource will continue later in 2018.

At the Éléonore South JV, the \$4-million dollar work program by the joint venture partners for the H2/2017-H1/2018 season is in progress and well advanced. Eastmain's share of the program is approximately \$1.47 million, of which ~\$1.0 million had been spent by the JV by year-end. This program is double the previous year's program and reflects the JV partners' strong interest in further exploring this 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. Phase 2 drilling commenced in early February and will continue to test targets along the Moni and Contract Trends including the area surrounding the discovery. Further details on the JV partners' interpretation of Éléonore South can be found in the Company's [February 27, 2018 news release](#). Based on the results of the Phase 2 program underway, a new exploration program for the second half of 2018 will be designed and announced in the spring.

## **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 "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](http://www.sedar.com) and on the Company's website ([www.eastmain.com](http://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

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<sup>1</sup> See "Exploration and Evaluation Activities - Key Projects – Clearwater Project – Eau Claire Gold Deposit" for further details.

<sup>2</sup> See "Exploration and Evaluation Activities - Key Projects – Eastmain Mine Project – Eastmain Mine Deposit" for further details.

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, CFO and Corporate Secretary, have evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the certifying officers have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures effectively provide reasonable assurance that information required to be disclosed, in reports the Company is required to file or submit under Canadian securities laws, was recorded, processed, summarized and reported within the appropriate time periods specified by those laws. The Company's certifying officers, being the President and 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 unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim consolidated financial statements of the Company, delegates to management the responsibility for the preparation of the unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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**  
**Three Months Ended January 31, 2018**  
**Discussion Dated March 8, 2018**

Forward-looking statements	Assumptions	Risk factors
Regardless of whether the Company discovers a significant gold deposit, its working capital of \$4,079,578 at January 31, 2018 is anticipated to be adequate for it to continue operations for the twelve-month period ending January 31, 2019, and to meet all of its flow-through obligations (see “Going Concern” and “Liquidity”)	The operating and exploration activities of the Company for the twelve-month period ending January 31, 2019, and the costs associated therewith, will be consistent with the Company’s current expectations; and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company	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
The Company’s projects may contain economic deposits of minerals (see “Company Overview”, “Exploration and Evaluation Activities” and “Future Outlook”)	The actual results of the Company’s exploration and development activities will be favourable; 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 favourable 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	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
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 – Three Months Ended January 31, 2018 and “Future Outlook”)	The exploration activities of the Company and the costs associated therewith, will be consistent with the Company’s current expectations; the PEA will be prepared by mid-2018 as currently anticipated; equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company; the quantities and grades of mineral resource estimates, and the assumptions underlying such estimates, are accurate; financing will	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; risk

**Eastmain Resources Inc.  
Management’s Discussion & Analysis  
Three Months Ended January 31, 2018  
Discussion Dated March 8, 2018**

Forward-looking statements	Assumptions	Risk factors
	<p>be available for the Company’s exploration and development activities on favourable 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 competition; the price of applicable commodities will be favourable 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</p>	<p>that the PEA may not be prepared as currently anticipated, on a timely basis or at all; 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; 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</p>
<p>Management’s outlook regarding future trends and exploration programs (see “Corporate Highlights – Three Months Ended January 31, 2018”, “Exploration and Evaluation Activities” 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; financing will be available for the Company’s exploration and operating activities; the PEA will be prepared by early 2018 as currently anticipated; the quantities and grades of mineral resource estimates, and the assumptions underlying such estimates, are accurate; the price of applicable commodities will be favourable to the Company; the actual results of the Company’s exploration</p>	<p>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</p>

Forward-looking statements	Assumptions	Risk factors
	and development activities will be favourable; management is aware of all applicable environmental obligations	prepared in respect of the Company’s properties from time to time; risk that the PEA may not be prepared as currently anticipated, on a timely basis or at all; 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 make reference 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](http://www.sedar.com).