EASTMAIN

Eastmain Resources Inc.
2014 Annual Report

Who we are

Eastmain Resources Inc. is a Canadian exploration company committed to the discovery of profitable mineral resources. Listed on The Toronto Stock Exchange since 1996, trading under the symbol "ER", the Company is focused on precious metal exploration within James Bay, Québec, a safe jurisdiction with excellent infrastructure and financial incentives second to none.

Our Story

With 100% ownership of two high-grade gold deposits and a pipeline of highly prospective early-stage properties, in one of one of Canada's newest mining districts, Eastmain's high-quality strategic assets position the Company for multiple successes in the coming years. We have established a long-term presence in what will become a prolific Canadian mining district. Through our convictions in the potential of the district, we have been able to fund substantial exploration programs, resulting in the continued growth of our key assets. We believe these assets have powerful potential to create significant long-term value to our shareholders.

Project Highlights

- **Clearwater project**: 100% ownership (20,067 hectares); covers 20^{+}-km-long major regional gold-bearing structure
  - High-grade Eau Claire gold deposit with no outstanding royalties (100% Eastmain)
  - Exceptional gold recoveries
  - Ranks 6th in group of 33 undeveloped million-ounce Canadian gold deposits based on current enterprise value (average deposit grade 3.2g/t; average deposit size 2.5Moz)
  - Proximal to road, low-cost power, fuel and telecommunications
  - Potential for both open pit and underground resource extraction
  - Deposit footprint over 1.8 km long; open in all directions
  - Several new untested discoveries along regional structure
- **Eastmain Gold Deposit**: 100% ownership (12,590 hectares) includes a 10-km-long mine horizon
  - High-grade gold-silver-copper deposit with past production at 9.95 g/t gold mill-head grade
  - Eastmain owns Royalty on production over 250,000 ounces
  - Mine camp, tailings pond, airstrip, fuel farm and underground development
  - Government-funded permanent year-round access road
- **Total Gold Resources**:
  - 721,000 ounces Measured & Indicated
  - 255,000 ounces Measured & Indicated historical non-NI43-101 compliant resources
  - 1,122,000 ounces Inferred
- **Lac Lessard Project:** 100% ownership (2,476 hectares)
  - Prospective Ni-Cu-PGM-Au property with 10 massive sulphide-type isolated conductor
  - Darnley Bay Resources Limited to spend 2.7 Million in work expenditures and cash to earn 50% interest
- **Project pipeline**:
  - 1200 km^2 of highly-prospective gold country, covering rocks similar to those hosting world-class ore deposits

2015 Budget & Program

The Corporation is well positioned with sufficient working capital to continue its exploration programs for the foreseeable future. Our $4-million budget for 2015 includes a collective 21,000 metres of drilling at our wholly-owned Eau Claire and Eastmain Mine gold deposits, and our Ruby Hill and Lac Lessard projects. Program objectives include block model resource estimate for Eau Claire with an emphasis on potentially open pit resources in the top 300 metres of the deposit; resource expansion at both gold deposits; target definition along favourable "mine trends"; and target testing at these four key properties.

Why Hold Shares in Eastmain?

Well Funded

- $5.2 Million current cash resource
- $1.7 M owing in Québec Rebates
- No Debt
- Raised $3.9 Million with no warrants during depressed gold sector market

Longevity

- 19-year listing on the Toronto Stock Exchange (ER:TSX)

Strategic Location

- Focused on precious metal exploration in James Bay, Québec
  - An emerging mining district with high mineral potential and low political risk
  - Pro-mining laws and stable Aboriginal relationships
  - Financial incentives (approximately 50% rebates for exploration expenditures)
  - Significant infrastructure and geoscientific support
  - Lowest-cost electricity in North America

Exceptional growth-oriented projects

- Clearwater Project – Eau Claire Deposit – high-grade vein gold; excellent metallurgy; rare-metal by-products
  - Open all directions; substantial upside for increased ounces
  - 100% ownership of over 20 kms of major structural trend similar to the Larder-Lake-Cadillac break, responsible for numerous mining camps in Ontario and Québec; substantial upside for second deposit
  - High-grade potentially open-pit M&I resources in excess of 4 g/t gold (Oct 11, 2012 News Release)
  - Higher grades than 75% of all gold deposits in the world
- Eastmain Mine Deposit – high-grade gold "Detour- style" contact gold mineralization; copper and silver accessories
  - Open all directions; substantial upside for increased ounces and second deposit
- Lac Lessard – new blue-sky prospect with multiple nickel-copper-platinum group targets
  - Project generative model: Using OPM (other people's money) to explore property

Key Shareholders

- Goldcorp Inc.
- Management
- An estimated 50% held by major North American and European institutional investors

Research coverage

- Macquarie Equities Research – Michael Gray
- PearTree Securities Inc. – Eric Lemieux
- Secutor Capital Management Corp. – Maria Kalbarczyk
- Kaiser Research Online – John Kaiser
- Struther's Resource Stock Report – Ron Struthers
- McEwen Junior Gold Index – Rob McEwen
- Jay Taylor's Gold, Energy & Tech Stocks – Jay Taylor

Exploration • Discovery • Profitability •

Building for Tomorrow, Today!

To Our Shareholders

Three important drivers of our industry are gold price, deposit grade and most importantly new discovery. The average grade of a producing gold mine worldwide is now hovering just above 1 gram per tonne (g/t). It is a modern-day miracle that technology enables us to extract 1,000 parts per billion gold (1 gram) from a tonne of rock. This is also a signal that most of the "low hanging fruit" (easy discoveries) are long gone, forcing explorers to venture out to the four corners of the world in search of new discoveries. However, foreign mining jurisdiction has become an increasingly difficult issue with local insurrection and uprising, shifting royalties, taxation and ownership policies. Political stability is reviving interest in North American mineral exploration and Canada, with its fertile resources, is once again becoming a favoured jurisdiction for metals producers.

The Canadian Shield, a collage of Archean rocks extending for over 8 million km^2 and covering over half of Canada, Greenland and the northern USA, is part of the exposed portion of the North American Craton, continental crustal rocks that stretch from Mexico to Greenland. It is one of the world's richest sources of metallic mineral deposits.

Our focus is exploration for world class ore deposits within the district of James Bay, Québec, where the rocks of the Canadian Shield underlie this under-explored mining frontier region. In addition to highly prospective geology, matching that of many of the prolific mining camps throughout the Shield, this area is greatly complimented with mining-essential infrastructure. Mines need power and roads. Driven by Hydro Québec's numerous power installations and by on-going developments through the province's "*Plan Nord*" infrastructure program, the frontiers of Baie James are steadily opening their doors to mineral exploitation.

Each of the Company's wholly-owned gold deposits, Eau Claire and Eastmain Mine, have essential infrastructure as a result of Québec's northern development policies. Eau Claire is well-situated both with respect to proximity to some of the world's cheapest, cleanest power (hydro-electric) and to permanent road networks. At our second gold deposit, road-building crews recently completed the extension of Plan Nord's Route 167, thereby connecting the Eastmain Mine to Québec's permanent road network. This new infrastructure provides a much needed lifeline to goods and services necessary for exploration, discovery and future mining. Both deposits now have ready access to local supply communities and to resource-oriented labour forces.

It takes thousands of projects to make one mine. There are currently 33 undeveloped million-ounce gold deposits in the country, with average grades at 3 g/t and an average size of 2.15 million ounces. Many of these deposits are severely infrastructure-challenged, making our 100%-owned, royalty-free, Eau Claire deposit one of only a few undeveloped high-grade, million-ounce gold deposits remaining in Canada with a solid prospect of becoming a future mine. With each advanced exploration program completed at Clearwater, we continue to progress towards our goal of defining a long-life, low-cost and highly-profitable gold mine.

"Eau Claire is one of a few undeveloped high-grade million-ounce gold deposits remaining in Canada with a solid prospect of becoming a future mine."

Gold price assumptions by most mining analyst's expect the yellow metal to flat line or dip in the early part of 2015, and many see this trend lasting the year, while others see a recovery during the latter part of the year. Near-term price volatility has had an adverse impact on investor confidence. Average all-in sustaining costs ("AISC") for the gold producers are hovering near the current metal price. Therefore, the current focus of many producers has been to reduce AISC at the expense exploration – eliminating exploration programs and thereby eliminating any new discoveries or future resource development.

It is management's opinion that gold price appreciation, while taking a breather after a healthy decline, will exhibit continued volatility over the short haul, but will rebound over the longer term.

Mining acquisitions over the past three years have sacrificed quality over quantity, resulting in development projects with bloated capital-cost requirements and marginable profitability. As more low-grade, high-cost deposits are taken off the market and more miners shut down their exploration departments in an attempt to lower AISC, there will be a constrained supply, while demand becomes increasingly more robust. High-grade deposits in accessible and safe jurisdictions will become sought after by gold producers, making projects like Eau Claire promising future investments.

Over the past two decades we have generated multiple joint ventures with senior and junior companies to mitigate risk and take advantage of third party expertise and funding. 2014 exploration generated yet another JV partnership on a non-core asset – Lac Lessard, where Darnley Bay Resources Limited is funding the search for Ni-Cu-PGM's through a four-year earn-in agreement for 50% interest in the property.

Clearwater Project

Our flagship property covers 200 km^2 of Archean- aged (2.5 to 4 billion years old) Greenstone belt rocks of the Canadian Shield, which host the Eau Claire Gold deposit. Archean low-sulphide gold-quartz veins deposits account for worldwide historic gold production in excess of 9,900 tonnes of gold, second only to the Witwatersrand paleo-placer gold deposits of South Africa, which many believe are derived from Archean lode gold deposits.

Through the utilization of new innovative 3D exploration and mining software, a completely revised geological interpretation of the Eau Claire gold deposit has evolved over the past year. The most significant breakthrough in this interpretation is the linking of geological and structural controls to the distribution of gold mineralization.

In excess of 100 High-Grade Gold Domains ("HGV") have been defined within the 450 West Zone. Three dominant orientations of gold mineralization have been identified. An early-stage gold-rich corridor, which appears to follow the fabric of the host rock, has subsequently been invaded and crosscut by high-grade, gold-bearing east-west "feeder" veins, (which themselves have been cross cut by smaller gash veins), and a third northwest trending gold-bearing structure has been traced across the keel of the 450 West Zone. The intersection of two or more of these dominant gold-bearing structures has resulted in wider zones of high-grade gold mineralization. These HGV Domains define areas within the Eau Claire deposit which demonstrate excellent continuity of gold mineralization with a very high degree of geological confidence.

The HGV Domains will form the basis of a first-time block model resource estimate for Eau Claire. Continued definition drilling is planned to build upon the many exceptional drill intercepts intersected between 150 to 300 metres below surface discovered during our last drill campaign. Our objectives at Eau Claire include establishing a second area of critical mass which could support a future potential open pit and underground mining operation.

"Our objectives at Eau Claire include establishing a second area of critical mass which could support a future potential open pit and underground mining operation."

A 10,000-metre, $2.0M exploration program has been budgeted for 2015.

Eastmain Mine Project

The Eastmain Mine Project gained considerable value in 2014 with the arrival of a permanent road (Route 167 North). Historically gold ores from the Eastmain deposit were shipped via winter road, which failed due to warm weather, in the early 1990's forcing the mine to close. With the establishment of the Route 167 Extension, 2014 saw road transport of crews, supplies and fuel, at a substantial cost-savings from our earlier days of moving 5 drums of fuel by air at $2,000 per flight.

The mine property covers 125 km^2 of Archean greenstone belt rocks, hosting a million-tonne high-grade gold deposit, in a mineralized corridor which extends along a 10-km-long favourable trend stretching from the mine in both directions. In addition to underground development with ramp access, the project includes $40 Million of infrastructure comprising a 100-person camp, fuel farm, mine buildings, airstrip, and tailings pond.

The average grade of 106 historic drill holes, within the A and B Zones of the Eastmain deposit, was 18.92 g/t gold or 0.55 ounces per ton gold, 16.06 g/t silver and 0.24% copper across 3.96 metres. Our objectives are to expand the gold deposit through drilling and to explore for additional near-surface high-grade gold resources along the mine trend.

A surface exploration program of prospecting, geological mapping, geochemical sampling and airborne geophysical surveys, was completed in 2014. Four gold exploration targets, Hillhouse, Julien, Susanna and Michel were generated northwest of the Eastmain gold deposit.

The Hillhouse target is 850 metres northwest of the A Zone, and consists of a 400 metre-long by 150 metre-wide area of anomalous rock samples ranging from 0.5 to 39.5 grams gold per tonne; 0.5 to 28.8 grams silver per tonne and 0.1 to 2.4% copper.

The Julien Lake target is 1.7 kms northwest of the A Zone and coincides with a magnetic high extending for a length of 500 metres along the mine corridor. Hundreds of anomalous rock samples, ranging from 0.5 to 27.2 grams gold per tonne, 0.5 to 28.8 grams silver per tonne and 0.1 to 2.3% copper, a similar metal signature to the deposit, were taken from this target area.

The Susanna target is situated 600 metres west and parallel to the Julien anomaly. This target extends for a length of 375 metres with rock assays ranging from 0.5 to 38.7 grams gold per tonne, 0.5 to 26.6 grams silver per tonne and 0.1 to 3.06% copper.

The Michel target is 400 metres north of Susanna and is defined by two clusters of rock samples ranging from

0.5 to 125.1 grams gold per tonne, 0.5 to 12.5 grams silver per tonne and 0.1 to 1.08% copper.

Ruby Hill East Project

Ruby Hill East forms a contiguous claim block with the Eastmain Mine property and may host a repetition of the Eastmain mine horizon. The claim block straddles a regional structural/stratigraphic break as defined by airborne geophysical surveys.

The Ruby Hill East property was screened last year using regional soil geochemical surveys on a 50 by 200 metre grid. A gold-in-soil anomaly coincident with a high magnetic response was detected on the claim block, extending for a length of 800 metres across the south central part of the property. B horizon soil samples range from >10 to 405 ppb gold and warrant continued follow-up exploration.

A combined $1 Million exploration budget including funding for 7,500 metres of drilling in addition to surface trenching has been recommended for the Eastmain Mine\Ruby Hill East properties.

Lac Lessard Project

The Lac Lessard Project is located 10 kilometres northeast of the Eastmain Mine property and is underlain by a kilometric-scale ultramafic intrusion. Elevated nickel, copper and platinum group metals were detected in rock sampling during the 2104 field campaign. Ten highly conductive airborne ("VTEM") anomalies have been recommended for testing.

The 2015 exploration program will include $500,000 in work expenditures funded by Darnley Bay Resources Limited ("DBL") as part of an earn-in agreement. Eastmain has granted DBL an option to earn a 50% interest in the project in exchange for $2.5 Million in work expenditures and cash payments of $200,000 over a four-year period.

Other Projects

The Corporation holds 12 projects in the James Bay district of Québec, including: Lac Elmer, Lac Hudson, Road King, Dyna, Lidge, and Eleonore South. These properties were acquired based on the merits of their geological settings in relation to the geological settings at other major mining camps. Each of these projects exhibit similar host-rock geology, alteration, mineralization and structure to significant mine-rich regions within the Canadian Shield. Each of these projects has been screened geochemically and geophysically with prospective targets remaining to be upgraded and tested. A $500,000 budget has been allocated to three of these projects in order to advance them to the drill testing stage.

Financials

As of October 31, 2014 the Company had current assets of $3.0 million to settle current liabilities of $0.5 million. Subsequent to year-end, Eastmain completed a private placement to raise gross proceeds of $3.89 million. The Company has no debt.

As of October 31, 2014 there were 120.2 million shares issued with a market capitalization of $25.2 million. 6.77 million warrants were outstanding, with a weighted average exercise price of $0.45 and there were 6.1 million options outstanding at a weighted average exercise price of $0.78 per share.

Net exploration expenditures for the period ending October 31, 2014 of $4.8 million were principally allocated to Clearwater, Reservoir, Eastmain Mine and Ruby Hill. Approximately $1.0 million in exploration rebates are due to the Company from the Province of Québec.

Subsequent to the year-end the Company completed an option agreement with Darnley Bay Resources Limited resulting in a $50,000 cash payment and a firm commitment of $500,000 in work expenditures for 2015.

In accordance with International Financial reporting Standards (IFRS), the Company recorded an impairment charge of $10.4 million on six exploration projects held in James Bay, Québec. The write-downs on these properties was not a reflection of their potential to host economic deposits but rather a reflection of the decline in metal prices over the past three years, which has adversely affected Company share price and market capitalization.

The financial statements contained in the Annual Report were prepared by management in accordance with (IFRS). The financial information contained elsewhere in the Annual Report conforms to those financial statements. The Auditor has the responsibility of auditing the financial statements and giving an opinion on them.

Future Outlook

As with most junior explorers our market capitalization is strongly influenced by the price of gold. Gold-price volatility continues to be an underlying theme in the marketplace driving uncertainty throughout the resource sector’s investment community. Market valuations for ounces in the ground have plummeted as a result. What hasn't changed is the mining industry's need to replace depleting resources from the world's active mines.

There are reported to be 580 million-ounce gold deposits in the world including 199 producing mines and 381 at the exploration to development stage. 70%

of those non-producing deposits range from 1 to 5 million ounces in size. 242 range in grade from 1 to 3 grams gold per tonne. With grades above this worldwide mean, our Eau Claire deposit is well situated within an excellent jurisdiction and essential mining building infrastructure in place. Eau Claire ranks about sixth in a list of the approximately 30 Canadian million-ounce gold deposits, based on enterprise value at the resource-development stage, owned by junior explorers, with a mean grade of 3.12 grams gold per tonne containing 2.15 million ounces of gold (in all resource categories).

Largely due to a declining gold market, the current average enterprise value (EV) per ounce of gold for this select group is less than $30 per in-situ resource ounce of gold in the ground. However, Goldcorp Inc.'s recent bid to acquire Probe Mines Limited's Borden Lake gold deposit has reset the acquisition EV per resource ounce in the ground back to above $100 EV/gold ounce, signifying a renewed interest in quality gold resources, despite currently depressed gold mining markets. The average EV/ounce for acquisitions of Canadian gold deposits since 2006 is $107 EV/ounce.

"Market valuations for ounces in the ground have plummeted as a result. What hasn't changed is the mining industry's need to replace depleting resources from the world's active mines."

The Corporation is completing a maiden block model resource estimate for the Eau Claire gold deposit. Based on extensive trenching and drilling data since the previous resource estimate a revised geological model has been created for the Eau Claire gold deposit utilizing new innovative 3D mining software. The revised interpretation of the deposit includes a geologically-constrained three-dimensional model of the gold mineralization.

2015 work at Clearwater will include the block model as a pit-constrained resource estimate with emphasis on delineating potentially minable open-pit resources within the top portion (upper 300 metres) of the deposit, where the bulk of exploration work was conducted over recent years.

Continued exploration will include the optimization of drilling to add additional resource ounces through the new modeling of deposit controls on gold mineralization. Modeling will be used as a possible predictive tool to aid in the expansion of Eau Claire and in the discovery of a second deposit on the Clearwater property.

A $4.0-Million budget, including a collective 21,500 metres of drilling on at least four projects, has been allocated for 2015 exploration in the James Bay region of Québec. Darnley Bay has agreed to a $500,000 funding commitment on the Lac Lessard nickel-copper-PGM project.

On behalf of management and the Board of Directors, I would like to extend our appreciation and thanks to our all of our shareholders and supporters, who share our enthusiasm and optimism for the potential growth of the Company.

I'd also like to extend my personal thanks to our directors, partners, our growing team of employees, and the many service providers, contractors, and advisors for their time, effort and contributions, towards achieving our ultimate goals.

Donald J. Robinson, Ph.D., P.Geo
President and CEO

January 29, 2015

All scientific and technical data disclosed in this report has been prepared under the supervision of, and verified by Dr. Donald J. Robinson, a "qualified person" within the meaning of National Instrument 43-101.

For further details on the properties of the Corporation, please refer to the 2014 Annual Information Form available on SEDAR at www.sedar.com .

Forward-Looking Statements

Certain information set forth in this letter may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Corporation, including, but not limited to, the impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with the uncertainty of exploration results and estimates, currency fluctuations, dependence upon regulatory approvals, the uncertainty of obtaining additional financing and exploration risk. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS – YEAR ENDED OCTOBER 31, 2014

General

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Eastmain Resources Inc. ("Eastmain" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended October 31, 2014. 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, 2014, together with the notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the financial statements and this discussion are expressed in Canadian dollars, unless otherwise stated. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at January 28, 2015 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Eastmain common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Financial Statements are available at www.sedar.com and the Company's website www.eastmain.com.

All statements, other than historical facts, included herein, including without limitation, statements regarding potential mineralization, resources, exploration results and future plans and objectives of the Company are forward-looking statements and involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated. Factors which may cause actual results and events to differ materially from those anticipated include, but are not limited to: actual results of mineral exploration and development; availability of financing; changes in applicable regulations; mineral value; equity market fluctuations; and cost and supply of materials. Other risk factors may include: general business, economic, competitive, political and social uncertainties; reliability of resource estimates; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of Canadian and United States dollars relative to each other; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future prices of gold and other metal prices; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; and the factors discussed in the section entitled "Risk Factors" of the Annual Information Form filed under the Company's profile on www.sedar.com.

This management's discussion and analysis is dated January 28, 2015.

Company Overview

The Company, incorporated under the laws of Ontario, and its wholly-owned subsidiary, Eastmain Mines Inc., are engaged in the exploration of metallic mineral resource properties within Canada.

The Company's primary focus is exploration for precious metals in the Eastmain/Opinaca greenstone belts of James Bay, Québec, a relatively under-explored region that comprises several Archean greenstone belts – rock assemblages responsible for most of the world's gold supplies. The James Bay region promises to be one of North America's newest gold districts. Here, the Company holds 100% interest in two high-grade gold deposits – Eau Claire and the Eastmain Mine – and holds approximately 38.70% interest in, and manages exploration of, the Éléonore South project, a mineral exploration joint arrangement, located immediately south of Goldcorp Inc.'s ("Goldcorp") Éléonore Project (Roberto gold deposit). The Company also holds several high-potential exploration properties covering over 1200 km^2 of this new and fertile mining district.

Significant Events

- A kilometric-scale PGM-Nickel-Copper anomaly discovered on wholly-owned Lac Lessard Project in 2014 triggered a $2.5M-option agreement in favour of the Corporation;
- 2014 exploration defined a regional structural break, coincident with large gold anomaly, over rock assemblages similar to host rocks of adjacent Eastmain Mine property at Ruby Hill East Project;
- Four new Au-Ag-Cu targets defined by rock sampling along the Eastmain Mine horizon have same rock chemistry as mineralization within the Eastmain Mine gold deposit;

- Q1 2014 drilling at Eau Claire intersected a number of exceptional assay intervals, ranging from 131.5 grams per tonne (g/t) gold over two metres to 9.69 g/t over 10 metres (holes 508 through 534);
- Prospecting and trenching at Clearwater expanded regional footprint of Eau Claire gold belt to a length of 7.5 kilometres;
- New high-priority gold target discovered at Clovis Lake, three kilometres east of Eau Claire;
- Revised geological modeling of Eau Claire deposit – 450 West Zone confirms at least three major orientations of gold mineralization with high confidence of lateral and vertical continuity;
- Detailed modelling of Eau Claire deposit delineates more than 100 high-grade gold vein (HGV) meshes and 53 lower-grade gold swarms within 450 West Zone. 45 HGV gold domain meshes and 16 swarms defined for 850 West Zone; and
- December 2014, the Company raised $3.9 Million to secure solid exploration programs for 2015. Placement completed at premium, without issuance of warrants.

Exploration and Evaluation Activities

Clearwater

Eastmain Resources Inc. owns 100% interest in the Clearwater Property, host to Eau Claire, one of five known gold deposits in the James Bay region of Québec. With ready access and nearby infrastructure in the form of permanent roads and power, Clearwater is superbly located for potential future development. The project is situated approximately 800 kilometres (kms) north of Montréal, 80 kms north of a commercial airport at Nemiscau and less than 10 kms northeast of Hydro Québec's EM-1 complex. With initial production in 2014 of 18,300 ounces of gold at Goldcorp's Eleonore Mine, located only 45 kms geographically north of Clearwater, the James Bay region has become one of the newest gold producing districts in Canada.

The Clearwater Project covers about 200 km^2 of Archean geology similar to that underlying many of the major mining camps within the Canadian Shield. The Eau Claire gold deposit is situated at the western end of the property 2.5 kms from Hydro Québec's road network and approximately 10 kms from one of the world's largest hydro-electric power installations. Fuel is delivered to the project by tanker truck and year-round access to the 30-person base camp is facilitated via drill roads five kms from the permanent road network.

Our objective is to establish Eau Claire as a high-grade gold resource that would support a profitable, stand-alone mining operation for a minimum ten-year mine life, based on prevailing metal prices. Over the last few years, Eastmain has focused not only on expanding and defining gold resources potentially amenable to extraction by open pit and underground methods, but also on the discovery of additional resources elsewhere on the property.

Eau Claire Gold Deposit

As at October 11, 2012 (news release), the Eau Claire Deposit hosts a combined Measured and Indicated (M&I) Resource of 4.87 million tonnes at an average grade of 4.60 g/t gold containing 721,000 ounces of gold, plus an additional 6.4 million tonnes at an average grade of 5.45 g/t gold, classified as Inferred Resources, containing 1,122,000 ounces of gold. Uncapped resources* include 4.94 million tonnes M&I, containing 780,000 ounces at 4.91 g/t gold, and 6.5 million tonnes Inferred containing 1,148,000 ounces at 5.48 g/t gold.

Gold resources at Eau Claire have been estimated for both potentially open pittable and underground extraction methods. At 4.32 g/t gold (4.91 g/t uncapped*), the combined potential M&I Open Pit resource grade makes Eau Claire one of the highest-grade potentially open-pittable, undeveloped gold projects in North America. Measured potential Open Pit resources from the 450 West Zone exceed 6 g/t gold (Au).

Eau Claire is a structurally-controlled gold deposit consisting of multiple en-echelon, sheeted quartz-tourmaline veins and altered rock. Over 145 high-grade veins, forming two vein sets known as the 450 and 850 West Zones, have been discovered. These two zones, which coincide with major structural shear zones, form a crescent-shaped body covering a footprint that is over 100 metres wide, extends for about 1.8 kilometres in length, and has, to date, been traced to a vertical depth of 900 metres. Portions of the 450 & 850 West Zones outcrop on topographic highs. The 450 West Zone vein set is oriented at N 85°E, dips 45 to 60° south and plunges steeply to the southeast, sub-parallel to an F2 fold axis. The 850 West Zone vein set is aligned N 60°E, dips sub-vertically and plunges gently southwest.

The deposit coincides with a mafic volcanic/felsic volcaniclastic rock contact, along the south limb of an anticlinal fold. Over 90% of the known gold-mineralization occurs within iron- and magnesium-rich tholeiitic basalts, sandwiched between hangingwall quartz-feldspar porphyry dyke swarms and footwall felsic volcaniclastic units. Geological modeling of the deposit has delineated at least three main orientations of high-grade gold domains within the 450 West Zone. A well-defined east-west vein system appears to cross cut a series of NW-SE trending schist zones, while a west-northwest-trending gold-bearing domain has been traced laterally across the 450 West Zone for approximately one kilometre. Less prominent north-south gash vein structures are also visible in the 450 West Zone.

Polyphase gold mineralization is evident throughout the Eau Claire deposit. At least four styles of gold mineralization appear to be coincident to the structural domains described above. Possible early-stage, gold-rich stratabound units occur in proximity to east-west trending gold-bearing structures (fractures). These fractures mark deep-seated plumbing systems through which gold-bearing hydrothermal fluids moved towards the surface, altering and replacing previously deformed rocks, and depositing gold in centimetre- to multi-metre-wide (over 15 metres) alteration envelopes to the fractures. As the hydrothermal system continued, bonanza-style, high-grade, often laminated quartz-tourmaline feeder veins, ranging from 10 to more than 100 grams gold per tonne, over 0.5- to 4.0-metre-wide intervals (2.0 metres on average), filled the original plumbing structures. Later cross-cutting and extensional, gold-rich veins form gashes and piano key textures within these laminated east-west veins.

Three or more stratabound high-grade gold-bearing schist zones, consisting of wide zones of altered gold-rich rock aligned parallel to the host rock foliation, appear to follow the contour of a felsic porphyry dyke swarm located on the southern or hanging wall side of the deposit. These zones have subsequently been crosscut by east-west trending, high-grade, gold-bearing, quartz-tourmaline, laminated and piano key breccia veins. Where crosscut, these gold zones can be up to 10-plus metres thick, with gold values of up to 10 g/t.

Rock alteration associated with gold mineralization is very distinct, consisting of quartz-carbonate and black tourmaline occurring as veins, and as actinolite-tourmaline-biotite-carbonate schists. Alteration zones can often be wide zones of lower-grade gold mineralization ranging from 0.5 to 10.0 grams per tonne over thicknesses of 5.0 to 25 metres. Gold-bearing units vary in composition from 100% vein quartz to 100% schist. Many drill intersections and channel samples contain significant amounts of gold within tourmaline and/or actinolite and/or biotite altered rock with little or no visible vein quartz. Both veins and alteration zones contain finely disseminated particles of free gold, tellurides and bismuth minerals. Gold also occurs as coatings and interstitial filling within tourmaline grains and accessory sulphides. Accessory sulphide minerals range from nil to 1% pyrite, pyrrhotite and chalcopyrite.

**Gold assay composite intervals exceeding 100 grams per tonne have been capped to 100 grams.*

2014 Exploration

The 2014 field program included prospecting and trenching along a 7.5 kilometre-long corridor lateral to the Eau Claire gold deposit. With discovery of second deposit as the focus of this work, 1,793 channel samples and 636 rock samples were submitted for assay (November 14, 2014 news release). Numerous gold-bearing quartz-tourmaline veins and alteration zones comparable to those hosting Eau Claire gold deposit were found along this corridor. Significant rock and channel sample assays range from 0.1 to 62.4 g/t gold. Anomalous gold values were detected in rocks on both the north and south shores of Clovis Lake. A follow-up 5,000-metre drill program was completed in the Clovis Lake area in December 2014. Assay results are pending for this program.

Trenching and drilling results obtained from the 2013 exploration program (completed in the first fiscal quarter of 2014) indicated a significant number of wider higher-grade intervals than had previously been observed (See table below). A revised three-dimensional (3-D) geological interpretation of the deposit incorporating these intervals, undertaken in 2014, has defined numerous wide gold-bearing alteration zones following the foliation of the host rock. These units have locally been cut by typical high-grade quartz-tourmaline "feeder veins", resulting in both very high grade and much wider gold-rich intervals. New deposit modelling also clearly identifies a major WNW structure thought to be responsible for a third orientation of gold mineralization. This gold-rich structure has been traced to date for a length of a kilometre in the 450 West Zone.

The net result of this revised geological model is an improved understanding of the controls of gold mineralization, which in turn has lead to better continuity within the Eau Claire gold deposit. Modeling has also helped to better define the spatial distribution of gold zones in relation to structural trends, which can be used as a predictive tool for locating possible preferential zones of additional resources within the existing gold deposit, laterally and vertically to current deposit boundaries, and to new gold targets elsewhere on the property.

Using our new interpretation, SRK Consulting (Canada) Inc. (SRK) was contracted to build wire frame meshes of the high-grade vein and lower-grade vein swarm gold domains for the Eau Claire deposit. These wire frame meshes will form the basis of a Block Model Resource Estimate.

Drill holes 508 through 534 were completed in the first fiscal quarter of 2014. Highlights are summarized below:

Table 1; Drill Highlights

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Te (g/t)	DOMAIN
ER13-510	365.5	370.0	4.50	11.8	10.0	JQ
ER13-511	204.0	206.0	2.00	15.7	20.0	D
ER13-512	312.5	343.5	31.0	4.89	6.57	H to P
incl.	**320.0**	**336.0**	**16.0**	**8.50**	**11.6**	**I**
incl.	**320.0**	**329.0**	**9.00**	**9.69**	**13.4**	**I**
incl.	331.0	336.0	5.00	9.77	12.9	I2
ER13-513	288.5	291.5	3.00	10.0	12.5	H
ER13-514	283.3	285.0	2.00	10.0	8.50	G
ER13-515	288.5	290.5	2.00	15.4	15.5	H
ER13-517	249.5	252.5	3.00	5.43	16.8	F
	257.5	260.0	2.50	7.00	11.9	G
	278.5	291.0	12.5	2.93	2.18	H
ER13-518	290.0	292.0	2.00	11.9	16.8	G1
	297.5	299.5	2.00	5.65	7.28	H
ER13-520	**230.5**	**240.5**	**10.0**	**9.69**	**15.9**	**F**
incl.	237.5	240.0	2.50	32.3	55.0	F
ER13-521	249.0	251.0	2.00	59.4	89.7	F
ER13-522	229.0	230.5	1.50	14.3	19.0	F
	251.5	252.0	0.50	68.2	102.0	G
	265.0	274.0	9.00	8.25	11.5	G1
ER13-524	**256.5**	**258.5**	**2.00**	**131.5**	**224.8**	**F**
ER13-525	220.5	222.0	1.50	53.6	61.5	D1
ER13-529	285.0	292.5	7.00	4.00	5.75	H
ER13-532	279.2	283.2	4.00	25.8	37.3	G
ER13-533	293.3	299.3	6.00	3.81	4.81	G
	339.2	**343.2**	**4.00**	**44.4**	**80.2**	**I**
ER13-534	286.4	292.4	6.00	5.80	10.9	G
	354.3	360.3	6.00	3.32	3.85	JQ

A $2.0M exploration program has been budgeted for 2015. The principal objectives of the program are to report on an updated Block Model Resource for the Eau Claire deposit and discovery of a second deposit on the Clearwater property.

The Company’s net investment in the Clearwater project to October 31, 2014 is $39.4 million.

Eastmain Mine

The Eastmain Mine property comprises 152 mineral claims and one mining license, which as of January 9th, 2015 is in the process of being converted to mineral claims covered by an industrial lease, located in the Upper Eastmain River Greenstone Belt of James Bay, Québec. The Eastmain Mine project, which hosts the Eastmain gold deposit, a copper-gold-silver, sulphide-rich deposit, consisting of three high-grade, gold-rich zones known as the, "A", "B" and "C" Zones, contains historical resources of 255,750 ounces of gold[(1)]. The project is in the target-definition and drilling stages of exploration. The Company's exploration focus at Eastmain is the expansion of known resources and discovery of a second deposit along a regionally extensive 10-kilometre-long mine trend. The project includes a 100-person camp, fuel farm, fully functioning airstrip, tailings pond, underground ramp access and underground mine workings.

The Québec government's Plan Nord infrastructure program has now provided permanent road access to the Eastmain Mine property by extending Route 167 north from the communities of Chibougamau and Mistissini. This new infrastructure will substantially reduce costs, improve project logistics and stimulate exploration of our large land holdings in the area. This new road also provides additional access for exploration along the favourable mine trend. Field crews were able to utilize road access to the property during the 2014 summer field season.

2014 Exploration

A program of prospecting and sampling focused on target generation along the favourable Eastmain Mine trend. 326 rock samples and 1,495 soil samples collected during the 2014 field season confirmed highly anomalous gold values in mine sequence rocks and overlying soils, for several kilometres along the key horizon. Four specific high-grade target zones were identified northwest of the Eastmain Gold Deposit. Two of the areas, "Hillhouse" and "Julian", coincide directly with the projected Eastmain Mine horizon and two targets, "Michel" and "Susanna", are located along a secondary parallel structure, which may be an immediate repetition of the mine sequence.

Hillhouse Target

249 rock samples were collected from this area as part of the 2014 geological targeting program in search of additional resources along the mine corridor. The Hillhouse target, which occurs 850 metres northwest of the A and B Zones, consists of a 400-metre long by 150-metre wide area, containing anomalous rock samples, with gold (Au) ranging from 0.5 to 39.5 g/t; silver (Ag) ranging from 0.5 to 25.8 g/t and; copper (Cu) ranging from 0.1 to 2.4%.

Julian Target

The Julian target is situated 1.7 kms northwest of the A and B Zones. This target coincides with a high magnetic response in mine corridor rocks extending for a length of 500 metres. The Julian target has been defined by hundreds of anomalous rock samples containing from 0.5 to 27.2 g/t Au; from 0.5 to 28.8 g/t Ag and; from 0.1 to 2.3% Cu.

Susanna Target

Susanna is situated 600 metres west of and parallel to the Julian anomaly. This target extends for a length of 375 metres with rock assays ranging from 0.5 to 38.7 g/t Au, 0.5 to 26.6 g/t Ag and 0.1 to 3.06% Cu.

Michel Target

The Michel target is located 400 metres north of the Susanna anomaly and is defined by two clusters of rock samples ranging from 0.5 to 125.1 g/t Au; 0.5 to 12.5 g/t Ag; and 0.1 to 1.08% Cu.

Surface trenching and drilling are planned as the next steps in searching for additional gold resources at Eastmain Mine; a $700,000 trenching and drilling program is planned for 2015.

The Company's net investment in the Eastmain Mine project to October 31, 2014 is $13.5 million.

[(1)] *These resources are historical estimates and should not be relied upon. These estimates may not be NI43-101 compliant. A qualified person for Eastmain has not done sufficient work to classify the historical estimates as current mineral resources as defined by NI43-101.*

Ruby Hill

The Company holds 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 hectares of prospective geology similar to the key mine horizon at the Eastmain Mine gold deposit.

The Ruby Hill East block is immediately east of and contiguous with the Eastmain Mine property and covers what has been interpreted as a geological repetition of the key mine horizon. This claim block straddles a regional stratigraphic and structural break – a prime target location for ore deposits. Ruby Hill East was screened using regional soil geochemical surveys at 200-metre line intervals and 50-metre stations. Review of 1,132 B-horizon assays indicates there is a significantly gold-enriched soil anomaly, ranging from >10 to 405 ppb Au, across an 800-metre-long interval coinciding with a regional magnetic high, in the south-central portion of the claim block.

Prospecting along additional regional conductive horizons at Ruby Hill East yielded results from 0.1 to 1.65 g/t gold in cherty iron formation. This anomaly also coincides with an interpreted repetition of the mine horizon.

Ruby Hill West straddles the western limb of the Upper Eastmain River Greenstone Belt approximately 30 kms west of the Eastmain Mine deposit in a similar geologic setting. Preliminary prospecting of the southwestern part of this claim block delineated several anomalous rock trends. Assays returned values of up to 3.1 g/t gold, 3.4 g/t Ag and .04% Cu in a cherty iron formation within mafic volcanic units, near an interpreted structural break.

2014 exploration very successfully identified new widespread mineralized systems, matching the Au-Ag-Cu signature of the Eastmain Mine Gold Deposit, on both the Eastmain Mine and Ruby Hill properties. 2015 work will focus on follow-up trenching and drilling of these targets.

The Company’s net investment in the Ruby Hill project as at October 31, 2014, is $nil. In accordance with IFRS standards, the Company has recorded impairment charges of $2.7 million on Ruby Hill to reflect the current drop in mineral prices and the subsequent affect on the Company’s share price and market capitalization (Note 9 to the audited consolidated financial statements). However, Ruby Hill is considered highly prospective for mineral deposits and in light of successful 2014 results, exploration and evaluation expenditures will be incurred in 2015.

Lac Lessard

The Company holds 100% interest in the Lac Lessard project. Located 15 kms northeast of the Eastmain Mine project, Lac Lessard consists of forty-seven claims in one claim block covering 2,475 hectares. Airborne VTEM and magnetic surveys competed in 2013 indicated that a large portion of the property is underlain by an ultramafic rock complex, a prospective host to nickel, copper, Platinum Group Metals and gold (Ni- Cu-PGM-Au). During the 2014 summer season, preliminary field work consisting of geological mapping, prospecting and soil sampling confirmed that the property is indeed underlain by a kilometric-sized ultramafic pyroxenite intrusion containing elevated concentrations of Ni-Cu-PGM-Au.

Of the 235 rock samples collected from the pyroxenite intrusion, 86 samples contain from 0.10 to 2.82% Ni with 25 percent of these returning values of more than 0.5% Ni. 60 rock samples assayed from 0.10 to 0.60% Cu, with 40 % of those grading over 0.25% Cu. The intrusion also contains elevated concentrations of platinum (Pt), palladium (Pd) and gold, with 64 rock samples ranging from 0.10 to 2.50 grams total Pt + Pd + Au per tonne. These assay values include ranges of from 0.29 to 1.05 g/t Pd, 0.12 to 0.89 g/t Pt and 0.04 to 0.45 g/t Au.

Subsequent to the year end, Eastmain granted Darnley Bay Resources Limited ("DBL") an option to earn a 50% undivided interest in the Lac Lessard Project in exchange for $2.5 M in exploration expenditures over a four-year period, annual cash payments of $50,000 and the issuance of 8 million DBL common shares to Eastmain. DBL has agreed to a firm work commitment in 2015 of $500,000. Eastmain will be the project manager.

The Company’s net investment in the Lac Lessard project to October 31, 2014, is $0.3 million.

Éléonore South

Éléonore South, an exploration-drilling-stage project, is located adjacent to Goldcorp Inc.'s multi-million-ounce Roberto gold deposit (Éléonore project), in the Opinaca geologic Subprovince of James Bay, Québec. Jointly held by Eastmain (37%), Azimut Exploration Inc. (26%), and Les Mines Opinaca Ltée. (37%), a wholly-owned subsidiary of Goldcorp Inc., the property consists of 282 mining claims covering 147 km^2 of prospective land, contiguous with and underlain by the same rock formations as those found on Goldcorp’s mine property.

Éléonore mine geology is interpreted to extend onto the Éléonore South property. The property covers a very large area, with very little rock exposure and no record of exploration prior to our first phase of work. Eastmain’s discovery of the JT Gold occurrence returned assays of up to 5.3 g/t gold across 8.0 metres and 10.9 g/t Au over three metres. Subsequent drilling conducted by the Company delineated a kilometre-long, stacked horizon of metamorphosed sediments and intrusive rocks, similar to those found at Éléonore, containing anomalous gold, arsenic and antimony mineralization, the signature metal suite at Éléonore.

No work was completed during 2014. The Company recorded an impairment charge on this project in the amount of $4.9 million; the Company's net investment in the project as at October 31, 2014 is $ nil. The project merits further exploration, and as market conditions improve, exploration and evaluation expenditures will be incurred. See Note 9 to the audited consolidated financial statements.

Reservoir

The Reservoir property, comprising 156 claims covering approximately 8,099 hectares, is located in the Eastmain-Opinaca district of James Bay, Québec, approximately 60 kilometres southwest of Goldcorp's Roberto deposit and approximately 45 kilometres west of the Eau Claire gold deposit. This project hosts a large copper-gold occurrence in albite-altered volcanic-sedimentary rocks, comparable to those hosting the past producing 10-million-ounce McIntyre Mine in Timmins, Ontario.

Reservoir straddles the regional structural/stratigraphic (rock formation) break dividing volcanic and sedimentary domains of this new mining district. This break represents an important ore localizing event throughout the region. Previous trenching and drilling confirmed there is a significant kilometric-scale mineralizing system.

Four drill holes totalling 1,365 metres were completed in Q1 2014 to test two targets areas defined by airborne surveys near a sedimentary-volcanic contact. Drilling confirmed a large zone of geochemically anomalous gold mineralization on the property. RES13-01 intersected 5.9 g/t Au over 1.0 metre. RES13-03 intersected 0.56 g/t Au over 24.0 metres, and RES13-04 intersected 0.21 g/t Au over a width of 101.0 metres.

As at October 31, 2014, the Company recorded and impairment charge in this project of $1.5 million and as such its investment in Reservoir at year-end is $ nil. As market conditions improve exploration and evaluation of this prospective project will continue and expenditures will be incurred. See Note 9 to the audited consolidated financial statements.

Lac Hudson

The Lac Hudson project is located immediately south of the Reservoir Project within the central part of the Eastmain River Greenstone Belt, 35 kms west of Clearwater. The property consists of 187 claims covering 9,682 hectares underlain by volcanic and sedimentary rocks containing sulphide facies iron formation and chemical exhalatives. Several local concentrations of gold and base metals have been detected in iron formation on the property. Previous drilling intersected up to 15.2 g/t gold and 22.3 g/t silver. This early-stage exploration project is prospective for a sedimentary- or volcanic-hosted gold deposit.

2014 work included a desk-top structural interpretation by SRK based on detailed high-resolution airborne magnetic survey data obtained by the Company in Q1 2014. SRK's work delineated a regional crustal-scale "D2" structure which bisects the property. This feature is thought to be a regional extension of the same crustal structure found spatially associated with the Eau Claire gold deposit at Clearwater. Follow-up prospecting and geological targeting are planned for 2015.

The Company's investment in the project to October 31, 2014 is $0.9 million.

Radisson

The Radisson property comprises 207 mineral claims covering approximately 10,698 hectares located within the La Grande Greenstone Belt district of James Bay, Québec. The property straddles a similarly-aged structural and stratigraphic setting, near a break between complex volcanic and sedimentary rocks, to the setting at Goldcorp's Roberto Gold deposit. Historic gold discovered within well-developed iron formations on the property suggests that Radisson may also be prospective for Lupin-style (Northwest Territories) gold mineralization.

Honey Badger Exploration Inc. (HBE), had an option to earn a 50% interest in the Radisson project, in exchange for a cash payment of $50,000, issuance of 5 million common shares of HBE to Eastmain and work expenditure commitments of $2.5 million, including 6,000 metres of drilling, over a three-year period. HBE reported that 13 priority targets were confirmed from its phase-one exploration program. HBE completed four short drill holes totaling 827 metres.

Honey Badger dropped the option in 2014 as it was unable to raise exploration funds and would therefore not be able to fulfill its requirements with respect to the option agreement.

The Company recorded an impairment charge on this project in the amount of $0.2 million; the Company's net investment in the project as at October 31, 2014 is $ nil. However, as market conditions improve, exploration and evaluation expenditures may continue to be incurred.

Road King

The Road King project, which is in the very early stages of exploration, is located within the Eastmain/Opinaca district, 85 kms west of the Roberto gold deposit. Similar to Roberto, this 108-claim property straddles the major structural and stratigraphic break between the Eastmain Greenstone Belt and Opinaca sedimentary rocks. The property is also accessible from the LG2 highway. Although the property has been covered by airborne geophysics as well as regional, widely-spaced soil geochemical surveys and minimal prospecting, none of the priority areas have been tested and additional exploration is warranted.

The Company's investment in the project to October 31, 2014 is $0.3 million.

Lac Elmer

The Lac Elmer project is located at the western end of the Eastmain Greenstone Belt approximately 35 kms west of the LG2 highway and roughly 80 kms west of the Reservoir property. The property consists of 178 claims covering 9,379 hectares. Lac Elmer is in the target definition and drilling stages of exploration.

Lac Elmer is underlain by a major felsic volcanic centre and characterized by a widespread highly altered mineralized horizon that geologically resembles the multi-million-ounce Hemlo gold mine in Northern Ontario and the La Ronde gold deposit, located in Val d'Or, Québec. The property hosts a kilometric-sized intensely, sericite-silica-altered mineralized horizon, enriched in silver-gold-copper and zinc. Previous exploration detected multi-ounce silver and ounce-level gold assays in surface showings and up to 50 g/t silver and 0.5 g/t gold across 30 metres in drilling within felsic volcanics.

A second property-scale target includes quartz veins in sheared gabbro/mafic volcanic rocks and quartz-ankerite stockwork in biotite-rich diorite, which returned assays of up to 42 g/t and 102 g/t gold respectively. This target has not been trenched or drilled and warrants additional exploration.

The Company's investment in the project to October 31, 2014 is $0.8 million.

OTHER PROPERTIES

Dyna and Lidge Projects

The Company holds 100% interest in these very-early- to early-stage exploration properties, all of which are located in prospective geological regimes within the James Bay District of Québec. High-density airborne surveys flown over each of these projects during Q1 2014 delineated several geophysical anomalies.

Due to the current decline in gold and base metals markets and since the Company has no plans to explore these projects in 2015, the carrying value of its investment ($1.2 million) in Other Properties of geological interest located in the James Bay area of Northern Québec (Dyna and Lidge) has been written-off as an impairment charge.

Going Concern

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

The 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. As at October 31, 2014, the Company had working capital of $2,499,336 (October 2013 – $2,597,817) and shareholders' equity of $54,613,635 (October 2013 – $60,007,364). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going-concern assumption was not appropriate for these financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

Results of Operations

The Company does not earn any significant revenue from consolidated operations. Interest is derived from the investment of funds for the period between the receipt of funds from equity placements and the disbursement of exploration expenditures. From time to time, other income is derived from management fees and charges for the use of Company facilities by third parties.

Three months ended October 31, 2014 compared to the three months ended October 31, 2013:

Net loss for the quarter ended October 31, 2014 was $9,572,669 (2013 – loss of $945,814) a variance of $8,626,855. The variance is due to the write-down of exploration and evaluation assets based on current commodity prices (See impairment of exploration and evaluation assets below).

- General and administrative expenses were $166,902 (2013 – $197,556) a variance of $30,654 (15.5%).
- Interest and other income was $10,405 (2013 – $27,976) a variance of $17,571 (63.8%). Interest on investments and bank balances for the quarter was $8,592 less than last year.
- The unrealized loss on marketable securities was $30,046 (2013 – gain $8,818) a variance of $62,535. The variance is due to the loss in market value of the Company's common stock holdings. Gains and losses result from the regular recurring adjustments of the Company's investment portfolio to market value. The losses to date have been reflective of the depressed market trend that prevails on mineral resource companies. Marketable securities include share ownership in resource companies obtained in exchange for property, property rights or exploration data.
- Premium income from flow-through shares was $525,232 (2013 – $615,505) a variance of $90,273 (14.7%). The premium on flow-through shares is calculated as being the difference between the price paid by investors for flow-through shares and the fair-market price of the common shares. The premium is recorded as a liability and income is derived from premium amortization pro rata to eligible expenditures incurred. Premiums recorded on the issue of flow-through shares are disclosed in Note 11 to the audited consolidated financial statements.
- Impairment of exploration and evaluation assets was $10,434,944 (2013 – $0) a variance of $10,434,944. At the end of each reporting period, management reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount is adjusted to the higher of the asset's fair value less cost to sell or its value in use. Indicators of impairment were the continued decline in commodity values (gold and base metals) during the 4th quarter, which was reflected in the sustained decrease of the Company's share price, prompting lower valuations of its early-stage and inactive projects. The properties affected by the impairment charge were: Éléonore South - $4.9M; Ruby Hill - $2.7M; Reservoir - $1.5M; Radisson - $0.2M; Dyna - $0.6M; and Lidge $0.5M.
- Deferred income taxes were a recovery of $523,585 (2013 – expense of $1,400,557) a variance of $1,924,142. Deferred income tax expense is largely affected by the amortization of flow-through premium income, and the expected deferred tax recovery is largely due to the impairment charges recorded as detailed in Note 18 to the audited consolidated financial statements October 31, 2014.

Year ended October 31, 2014 compared to the year ended October 31, 2013:

Net loss was $9,193,660 (2013 – loss of $1,638,192) a variance of $7,555,468. The variance is due to the write-down of exploration and evaluation assets based on current commodity prices (See impairment of exploration and evaluation assets above).

- General and administrative expenses were $902,460 (2013 – $970,021) a variance of $67,561 (7.0%). Expenses decreased as a result of efforts to reduce administrative costs.
- Interest and other income was $63,019 (2013 – $128,036) a variance of $65,017 (50.8%). Interest on investments and bank balances was $47,401 of that variance.
- The unrealized gain on marketable securities was $202,828 (2013 – loss of $267,463). The variance of $470,291 is primarily due to a recovery in the value of the Company's holdings in Honey Badger shares, which had suffered a substantial loss in market value last year. Gains and losses result from the regular recurring adjustments of the Company's investment portfolio to market value. Marketable securities include share ownership in resource companies obtained in exchange for property, property rights or exploration data.
- The premium income on flow-through shares was $1,733,150 (2013 – $798,035) a variance of $935,115. The premium on flow-through shares is calculated as being the difference between the price paid by investors for flow-through shares and the fair-market price of the common shares. The premium is recorded as a liability and income is derived from premium amortization pro rata to eligible expenditures incurred. The Company extended its successful fiscal 2012-2013 drilling program into November and December of 2013 and completed geophysical surveys on several projects with the use of flow-through funds. Premiums recorded on the issue of flow-through shares are disclosed in Note 11 to the audited consolidated financial statements. Flow-through eligible exploration expenditures incurred during the period were $6,078,770 (2013 – $5,807,032).
- Impairment of exploration and evaluation assets was $10,434,944 (2013 – $0) a variance of $10,434,944. (See results of operations for the fourth quarter above.)

- Deferred income taxes were a recovery of $144,747 (2013 – expense of $1,326,779) a variance of $1,471,526. Deferred income tax expense is largely affected by the amortization of flow-through premium income and the expected deferred tax recovery is largely due to the impairment charges recorded as detailed in Note 18 to the audited consolidated financial statements October 31, 2014.

Summary of Quarterly Results

	Quarter ended 10/31/2014	Quarter ended 07/31/2014	Quarter ended 04/30/2014	Quarter ended 01/31/2014
Interest / other income	$ 10,405	$ 10,578	$ 29,034	$ 13,002
Comprehensive income (loss)	$(9,572,669)	$ (206,936)	$ 19,341	$ 566,604
Per share basic	$0.0803	$(0.0017)	$0.0002	$0.0049
Per share diluted	$0.0803	$(0.0017)	$0.0002	$0.0049
Trading range of shares				
High	$0.40	$0.47	$0.56	$0.44
Low	$0.21	$0.28	$0.28	$0.21

	Quarter ended 10/31/2013	Quarter ended 07/31/2013	Quarter ended 04/30/2013	Quarter ended 01/31/2013
Interest / other income	$ 27,976	$ 30,448	$ 52,096	$ 17,516
Comprehensive income (loss)	$ (945,814)	$ (67,710)	$ (414,451)	$ (210,217)
Per share basic	$(0.0089)	$(0.0006)	$(0.0039)	$(0.0021)
Per share diluted	$(0.0089)	$(0.0006)	$(0.0039)	$(0.0021)
Trading range of shares				
High	$0.48	$0.46	$0.82	$0.90
Low	$0.26	$0.19	$0.38	$0.59

Significant charges included in the amounts above by quarter end are as follows:

10/31/2014
Comprehensive net loss includes: flow-through share premium income of $525,232; deferred income tax recovery of $80,447; an unrealized loss on investments of $30,045; and an impairment charge of $10,434,944.

07/31/2014
Comprehensive net income includes: flow-through share premium income of $188,222; deferred income taxes of $108,619; a charge of $124,990 for stock option compensation; and an unrealized loss on investments of $40,159.

04/30/2014
Comprehensive net income includes: a flow-through share premium income negative adjustment of $86,924; deferred income taxes of $23,036 and; an unrealized gain on investments of $289,870.

01/31/2014
Comprehensive net income includes: flow-through share premium income of $1,106,620; deferred income taxes of $293,255 and; an unrealized loss on investments of $16,838.

10/31/2013
Comprehensive net loss includes: flow-through share premium income of $615,505; deferred income taxes of $1,400,557 and; an unrealized gain on investments of $8,818.

07/31/2013
Comprehensive net loss includes: flow-through share premium income of $105,713; deferred income tax recovery of $27,058; a charge of $119,425 for stock option compensation and; an unrealized loss on investment valuation of $9,663.

04/30/2013
Comprehensive net loss includes: flow-through share premium income of $36,804; no stock option compensation expense; deferred income tax recovery of $3,601 and; an unrealized loss on investments of $217,947.

01/31/2013
Comprehensive net loss includes: flow-through share premium income of $40,013; deferred income tax recovery of $43,119 and; an unrealized loss on investments of $48,671.

Risks and Uncertainties

The Company is in the exploration stage and has not yet determined whether its mineral resource properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral resource properties are dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

Due to the inherently risky nature of the Company's activities, it is subject to numerous risk factors that may affect its business prospects in the future. These risks include, but are not limited to: access to additional capital to fund future activities; the loss of its mineral properties or the inability to obtain exploration permits licenses and approvals; price fluctuations for gold; title risks; political and regulatory risks related to prospecting, development, mining, labour standards, occupational health and safety, waste disposal, land use, water use, environmental protection, land claims of aboriginal people, statutory and regulatory compliance; the adequacy and availability of insurance coverage; competition for equipment and skilled personnel; liquidity risk; conflicts of interest; and the Company's dependence upon key management.

Exploration and Evaluation Assets

The cost of exploration and evaluation is recorded on a property-by-property basis and deferred in the Company's accounts, pending recovery, based on the discovery and/or extraction of economically recoverable reserves. When it is determined that there is little prospect of minerals being economically extracted from a property, the deferred costs associated with that property are charged to operations. The Company has an impairment policy, described in Note 3(c) to the audited consolidated financial statements, dated October 31, 2014, whereby the carrying amounts of exploration properties are reviewed for events or changes in circumstances that suggest that the carrying amount may not be recoverable. As at October 31, 2014, the Company's carrying value of exploration and evaluation assets, net of impairment charges of $10,434,944, was $55,272,791 (2013 – $60,892,328).

Exploration and evaluation expenditures by quarter:

	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Clearwater				
Drilling and assays	$ 482,506	$ 113,098	$ 261,861	$2,190,149
Technical surveys	404,530	171,399	115,892	175,435
Acquisition and maintenance	-	12,326	-	-
Resource tax credits	(113,963)	-	(1,660,179)	-
Total Clearwater	773,073	296,823	(1,282,426)	2,365,584

	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Eastmain Mine				
Drilling and assays	21,345	3,635	1,373	158,593
Technical surveys	103,642	150,566	4,823	32,303
Acquisition and maintenance	-	-	-	6,011
Resource tax credits	(15,950)	-	(232,300)	-
Total Eastmain Mine	109,037	154,201	(226,104)	196,907
Éléonore South				
Drilling and assays	1,564	100	534	730
Technical surveys	14,918	1,943	12	1,500
Acquisition and maintenance	23,781	4,382	3,654	4,315
Total Éléonore	40,263	6,425	4,200	6,545
Ruby Hill				
Drilling and assays	60,706	1,315	-	-
Technical surveys	152,023	176,199	8,793	294,262
Acquisition and maintenance	-	6,580	10,219	(6,048)
Total Ruby Hill	212,729	184,094	19,012	288,214
Reservoir				
Drilling and assays	1,420	5,760	85,504	477,748
Technical surveys	9,896	6,099	8,389	122,864
Acquisition and maintenance	-	6,152	58	13,389
Total Reservoir	11,316	18,011	93,951	614,001

	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Lac Hudson				
Technical surveys	14,362	26,504	22,399	2,483
Acquisition and maintenance	-	-	38,723	-
Total Lac Hudson	14,362	26,504	61,122	2,483
Lac Elmer				
Technical surveys	315	85,777	125,520	82
Acquisition and maintenance	4,191	-	18,518	-
Total Lac Elmer	4,506	85,777	144,038	82
Radisson				
Technical surveys	630	630	-	-
Acquisition and maintenance	-	5,969	-	-
Total Radisson	630	6,599	-	-
Road King				
Technical surveys	4,707	19,653	-	69,003
Total Road King	4,707	19,653	-	69,003
Dyna				
Technical surveys	-	3,778	2	159,490
Total Dyna	-	3,778	2	159,490
Lidge				
Technical surveys	-	4,898	2,520	27,927
Acquisition and maintenance	-	-	4,572	-
Total Lidge	-	4,898	7,092	27,927
Lac Lessard				
Drilling and assays	33,304	3,182	-	-
Technical surveys	31,839	76,581	15,431	120,489
Acquisition and maintenance	-	-	-	6,072
Total Lac Lessard	65,143	79,763	15,431	126,561
Total net expenditures	$ 1,235,766	$ 886,526	$(1,163,682)	$3,856,797

Liquidity

Working capital is a measure of both a company's efficiency and its short-term financial health, which is calculated as current assets less current liabilities. The working capital ratio of current assets to current liabilities indicates whether a company has enough short-term assets to cover its short-term debt.

At October 31, 2014, the Company had current assets of $3.0 million and current liabilities of $0.5 million yielding a working capital of $2.5 million. The Company maintains a high liquidity by holding cash balances in interest-bearing Canadian bank accounts. The high working capital ratio is a reflection of the Company's operating cycle, which consists of obtaining funds through the issuance of shares, before engaging in exploration activities.

The Company has no long-term debt.

At October 31, 2014 the Company held investments of $0.8 million valued at fair market with maturities extending beyond one year. Funds-on-hand for future exploration costs are invested from time-to-time in money market funds, term deposits, and bonds or certificates of deposit with maturities matching the Company's cash-flow requirements, which in management's opinion, yield the greatest return with the least risk. The Company's policy is to maintain its investment portfolio in very low-risk liquid securities, which are selected and managed under advice from independent professional advisors.

Accounts receivable and prepaid expenses as at October 31, 2014 were $240,269, which included $107,278 for recoverable sales taxes, which are subject to verification and normally refunded within 60 to 90 days of the claim, and approved resource tax credits of $129,913. Refunds of taxes are not considered a financial instrument since governments are not obligated to make these payments. Other advances and prepaid amounts were $3,078.

As at October 31, 2014, trade accounts payable and accrued liabilities were $503,975. Trade accounts are usually settled within 30 days. Income taxes payable and payroll withholdings were $19,534. The amount due to related parties was $84,745. Flow-through premiums are amortized in proportion to their related exploration expenditures.

The Company has an estimated $1.0 million in resource investment credits and mining duty rebates recoverable from the Province of Québec for qualified expenditures in respect of returns filed up to October 2014. Since confirmation of these amounts has not yet been received, this estimated refund has not been recorded in the Company's financial statements.

During the year ended October 31, 2014, the Company received net proceeds of $4.8 million from share units issued and $1.9 million in tax credits to fund fiscal 2014 activities. During the same period, the Company spent $6.8 million on claim acquisition, claim maintenance, and exploration and evaluation of mineral resource properties. The Company's base operating cost is approximately $68,000 per month. All exploration expenditures to be made by the Company, except for flow-through commitments described below, are discretionary. As such, management believes the Company will have sufficient funds available to meet all of its flow-through obligations and cover its ongoing administrative and overhead costs for the foreseeable future.

The Company is reliant on equity markets over the long term to raise capital to fund its exploration activities. In the past, the Company has been successful in raising funds through equity offerings, and while there is no guarantee that this will continue, there is no reason either to believe that this capacity will diminish.

Commitments

During fiscal 2014, the Company issued flow-through shares for which it is committed to spend $4,280,000 in eligible Canadian exploration expenditures ("CEE") by December 31, 2014. As of October 31, 2014, qualifying expenditures of $4,280,000 had been incurred. In December 2014, the Company issued flow-through shares for which it is committed to spend $3,450,625 in eligible Canadian exploration expenditures ("CEE") by December 31, 2015

Capital Resources

The Company, as is typical of junior exploration companies, has only a small investment in capital resources, which is comprised of $58,114 in computer equipment and $397,786 in field equipment. The net book value October 31, 2014 was $76,189.

Income taxes

For tax year-ends after December 31, 2005, non-capital losses can be carried forward and used to offset future gains for a period of twenty years, after which they expire (ten years for losses in tax years ending prior to December 31, 2005). To the extent that loss carry-forwards could be used to reduce future tax liabilities, they are a financial resource that can be managed. The Company, by its nature as a mineral exploration business, generates non-capital tax losses, which are not recognized on the income statement because, at this point in time, it is not certain that they will be used to offset tax liabilities within their carry-forward life.

Off-Balance-Sheet Arrangements

The Company has no off-balance-sheet arrangements.

Transactions with Related Parties

Related party transactions include $18,900 per month salary and $1,000 per month premises rent paid to the President and Chief Executive Officer of the Company. Professional geological consulting and management services fees of $630 per day plus out of pocket expenditures are paid to Shawonis Explorations and Enterprises Ltd. The president of Shawonis is related to the President and Chief Executive Officer of Eastmain Resources Inc. CFO financial consulting service fees of $130 per hour plus out-of-pocket costs are paid to QB 2000 Inc. The Chief Financial Officer of Eastmain Resources Inc. is the president of QB 2000 Inc. The value of related party transactions for the year ended October 31, 2014 was $491,391 (2013 – $499,250). The amount due to related parties October 31, 2014 was $84,745 (2013 – $46,056).

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares of which, as of January 26, 2015, there are 132,661,815 common shares outstanding; 6,068,605 share-purchase options with a weighted average exercise price of $0.78, which would generate proceeds of $4,745,512, if exercised; and 6,768,750 common share-purchase warrants outstanding at a price of $0.45, which would generate proceeds of $3,045,938 if exercised.

Critical Accounting Estimates

The preparation of the audited consolidated financial statements under IFRS requires management to make certain estimates, judgements and assumptions about future events that affect the amounts reported in those audited consolidated financial statements and related notes to the audited consolidated financial statements. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from these estimates and those differences could be material.

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; and
In estimating the recoverability of capitalized exploration and evaluation assets, management is required to apply judgement in determining whether technical feasibility and commercial viability can be demonstrated for its mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets to property and equipment, and subject to different accounting treatment. As at October 31, 2014 and 2013 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. Based on an impairment analysis performed in 2014, in light of current gold and base metal markets, some of the company’s exploration and evaluation assets in Quebec were written-down by a total of $10,434,944 (Note 3c to the audited consolidated financial statements).

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, unless that amount exceeds the carrying value recorded prior to the recognition of the impairment loss, in which case the carrying value would be re-instated to its pre-impairment-loss carrying value. A reversal of an impairment loss is recognized immediately in the income statement.

Management estimates of mineral prices, recoverable reserves, operating capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management’s estimate of net cash flow to be generated from its projects.

Share-based payments;
The amount expensed for share-based payments is derived from the application of the Black-Scholes option pricing model, which is highly dependent on the expected volatility of the Company’s shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past trading data. Actual volatility may be significantly different. While the estimate of share-based payments can have a material impact on the operating results reported by the Company, it is a non-cash charge and as such has no impact on the Company’s cash position or future cash flows.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Depreciation and impairment of property and equipment; and
The determination of the useful life of property and equipment is based on management’s estimates. Indicators of impairment are also subject to management’s estimates.

Estimation of restoration, rehabilitation and environmental obligations.
Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations. These estimates are measured at fair value, which is determined by the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change, based on changes in laws and regulations and negotiations with regulatory authorities. Management's determination that there are currently no provisions required for site restoration is based on facts and circumstances that existed during the year.

Impairment Analysis

Management has reviewed the general and economic conditions and mining industry trends that influence recoverability of the carrying value of its exploration and evaluation expenditures. Due to a prevailing decrease in the gold and base metals commodities markets over the last three years, mineral exploration and production companies have witnessed a steady decline in their market capitalizations, creating impairment of non-financial assets. After an impairment analysis performed by the Company in 2014, some of its exploration and evaluation properties in Northern Québec have been written down by a total of $10,434,944.

Changes in Accounting Policies

A number of new standards, amendments to standards, and interpretations were effective for annual periods beginning on or after January 1, 2013. The Company has applied the following new and revised International Financial Reporting Standards in its financial reporting effective November 1, 2013 with no change to the Company's audited consolidated financial statements:

Consolidated Financial Statements
IFRS 10 – *Consolidated Financial Statements*, issued by the IASB in May 2011. This standard identifies the concept of control as the determining factor in assessing whether or not an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: a) power over an investee; b) exposure or rights to variable returns from an investee; and c) the ability of the investor to affect its returns through its power.

Joint Arrangements
IFRS 11 – *Joint Arrangements,* issued by the IASB in May 2011. This standard focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified as either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets of the arrangement. In a joint operation each party accounts for the assets, liabilities, revenue and expenses in proportion to their interest, whereas in a joint venture each party recognises their interest as an investment and accounts for that investment using the equity method.

Disclosure of Interests in Other Entities
IFRS 12 – *Disclosure of Interests in Other Entiti*es, issued by the IASB in May 2011. This standard provides comprehensive disclosure requirements for entities' reporting of interests in other entities, including joint arrangements, special-purpose arrangements and off-balance-sheet arrangements.

Fair Value Measurement
IFRS 13 – *Fair Value Measurement,* issued by the IASB in May 2011. This standard provides a precise definition of fair value and a single source of fair-value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. It also establishes disclosures about fair-value measurement.

Accounting Pronouncements

Financial Instruments
IFRS 9 – *Financial Instruments,* issued by the IASB in October 2010 is intended to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement,* using a single approach to determine whether a financial asset is measured at amortized cost or fair value, thereby reducing the complexity of the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash-flow characteristics of each financial asset. The new standard also requires the use of a single method of impairment determination, which replaces the multiple methods available under IAS 39. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact this final standard is expected to have on its consolidated financial statements.

Financial Instruments: Presentation
IFRS 9 – Financial Instruments: Presentation, effective for annual periods beginning on or after January 1, 2014, this amendment provides guidance on the offsetting of financial assets and financial liabilities.

Use of Financial Instruments

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

a) Fair value

Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair-value estimates are based on quoted market values and other valuation methods. The Company's exposure to financial risk relates to its investments in marketable securities as described in Note 6.

b) Credit risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2014, the Company had current assets of $3,003,311 to settle current liabilities of $503,975. All of the company's financial liabilities have contractual maturities of 30 days or less.

During the year ended October 31, 2014, the Company raised net proceeds of $4,761,021 through the issue of flow-through and non-flow-through share units. In a flow-through share issue subsequent to the October 31, 2014 reporting period, gross proceeds of $3.9 million were generated to fund exploration activities planned for fiscal 2015. In management's opinion, there are sufficient funds to support the planned exploration program for the foreseeable future.

d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk
The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade bonds, treasury bills, bankers' acceptances and money market funds. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as at October 31, 2014.

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

Future Outlook

Like most junior explorers our market capitalization is strongly influenced by commodity price. Eau Claire is one of the highest-grade undeveloped gold deposits in the Canadian Shield and its value will be impacted by the future price of gold. Gold price assumptions for 2015 are expected by many to remain in the current trading range of US$1200 for the near future. Average all-in sustaining costs ("AISC") for gold producers are hovering near $1,050 per ounce. AISC have risen systematically and in proportion with gold price over the last decade. As gold prices rose to peak levels in 2011, the mining industry continued to lower the average mine grade, which now stands at less than 2.0 g/t Au. Average reserve grades also dropped, now standing at 1.2 g/t Au. While world-wide production is expected to peak in 2015 at 95 million ounces, new discoveries peaked almost two decades ago. High-grade gold assets like Eau Claire will be targeted to fill that void.

Exploration is expected to be trimmed by developers and producers in this current price environment, despite the fact that it is well below the level needed to replenish current reserve depletion. Enterprise value per ounce of gold resource or reserve has never been cheaper for those needing to re-stock their shelves. We foresee a return to quality over quantity with respect to grade and a re-emphasis on stable jurisdictions versus the ever shifting policies being implemented by a number of unstable regions.

Eastmain continues to be one of the most active exploration companies in the James Bay region of Québec. The Company owns a 100% royalty-free interest in the second largest gold deposit in the district. Eastmain's technical team is cracking the geological code of the Eau Claire gold deposit and assembling a well constrained three-dimensional model of gold mineralization and associated structural controls. Over 100 High Grade Vein (HGV) domains have been defined for the 450 West Zone and 45 HGV domains for the 850 West Zone. These domains have been established where the lateral and vertical continuity is well defined with high confidence and will form the basis of the upcoming Block Model resource estimate.

Q1 2014 exploration continued to generate multiple, thick, high-grade gold zones within the Eau Claire deposit. Summer work expanded the Eau Claire gold belt to a length of 7.5 kilometres. In the search for a second deposit on the Clearwater property, recent drilling focused on the Clovis Lake area, located three kilometres away from Eau Claire, where surface work discovered gold in quartz-tourmaline veins and alteration zones, similar to those units forming the Eau Claire gold deposit. Assay results are pending for this 18-hole drill program.

Field work on the Eastmain Mine property and adjacent Ruby Hill East claim block continues to develop priority target areas. Four high-grade, copper-gold-silver zones have been outlined northwest of the Eastmain gold deposit and a prospective regional-scale rock and soil anomaly has been outlined on the Ruby Hill East block. Project access has improved dramatically with the extension of Route 167 Nord, funded by the Québec Government and Stornaway Diamond Corporation. Increased access to the region is generating new interest in the exploration of what would otherwise have been remote projects. In addition, the cost of mobilizing fuel, personnel and equipment has significantly decreased with this new permanent road access. The Company plans to mobilize its own excavator to the property in 2015 to test a number of near-surface targets along the extension of the Eastmain Mine horizon.

Part of our exploration approach includes the optioning of non-core assets. This process allows the Company to focus funding and personnel on more advanced exploration of its primary assets, while using other people's money to move non-key assets forward. This approach also mitigates some of the risk involved in the exploration of earlier-staged projects. 2014 prospecting and geochemical sampling generated very interesting PGM-nickel-copper results from our wholly-owned Lac Lessard property. These results proved to be a decisive factor in Darnley Bay Resources Limited signing a $2.5M-option agreement with a firm commitment of $500,000 funding for the first phase of drilling in 2015.

A three-year decline of metal commodity prices has manifested as a steady decline in the market capitalization of most exploration and development companies in the mineral sector, including Eastmain. Resulting lower valuations for early-staged projects has prompted management to introduce impairment charges for a number of its non-core, currently inactive projects. However, with the continued market malaise comes a valuable decrease in the costs associated with fundamental exploration. Eastmain is in the discovery business. Now is the time for those intrepid explorers who are able to raise funds to take advantage of lower-priced drilling, air-support and technical advances on the road to the discovery of economic deposits. Now is the time to build for tomorrow. Prospecting, geological targeting, trenching and drilling – all facets of essential fundamental exploration are slated for several of our key Québec projects in 2015. A $4.0 million budget has established for 2015.

Subsequent Events

On November 27, 2014 the Corporation completed a non-brokered private placement consisting of 10,617,308 flow-through common shares at a price of $0.325 per unit and 1,850,000 non-flow-through common shares at a price of $0.24 for aggregate gross proceeds of $3,894,625. All of the shares issued are subject to a hold period of four months. Management supported the placement with a contribution of $88,625. Finder's fees of $228,360, equal to 6% of gross proceeds, not including management's support, were paid to the placement agent. In accordance with income tax legislation, the Company will renounce resource expenditures of $3,450,625 in favour of the investors with an effective date of December 31, 2014 for activities funded by the flow-through share portion of this arrangement, as described in Note 3(i) to the audited consolidated financial statements. The liability for flow-through premium derived from the issue is $1,327,164

Scientific and Technical Disclosure

All disclosure of a scientific or technical nature herein concerning the currently published Eau Claire resource estimate (Company News Release October 11, 2012) is based upon the technical report entitled "Eau Claire Gold Deposit, Clearwater Project, James Bay Area, Middle North Québec" (the "Clearwater Report"), which was prepared by P&E Mining Consultants Inc. as of June 10, 2011. Tracy Armstrong, P.Geo and Antoine Yassa, P.Geo are "qualified persons" within the meaning of National Instrument 43-101 of the Canadian Securities Administrators and have verified the data underlying the statements contained therein concerning the currently published Eau Claire resource estimate. Further information concerning the Clearwater Project is contained in the Clearwater Report available at www.sedar.com.

Disclosure Controls and Procedures

The Company's Management, with the participation of its President and Chief Executive Officer, Chief Financial Officer and Corporate Secretary, have evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the certifying officers have concluded that, as of the end of the period covered by this report, the disclosure controls and procedures effectively provide reasonable assurance that information required to be disclosed, in reports the Company is required to file or submit under Canadian securities laws, was recorded, processed, summarized and reported within the appropriate time periods specified by those laws. The Company's certifying officers, being the President and Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures. The certifying officers also concluded that material information was accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Internal Controls over Financial Reporting

The Company's President and Chief Executive Officer and the Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. The Company's internal control over financial reporting includes policies that:

a. pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;

b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company's receipts and disbursements are made only in accordance with authorizations of management and the Company's Directors; and

c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The Company's management believes that its policies and procedures provide the best controls achievable under the constraints described above, subject to the limitations below.

Limitation of Controls and Procedures

The Company's Management including the President and Chief Executive Officer and the Chief Financial Officer believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. The inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can be circumvented by the individual acts of some persons, by collusion of two or more individuals or by unauthorized override of the control. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and therefore there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Accounting Responsibilities, Procedures and Policies

The Board of Directors, which among other things is responsible for the financial statements of the Company, delegates to management the responsibility for the preparation of the financial statements. Responsibility for their review rests with the Audit Committee. Each year the shareholders appoint independent auditors to audit and report directly to them on the financial statements.

The Audit Committee is appointed by the Board of Directors and all of its members are non-management directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting issues, and to confirm that all administrative duties and responsibilities are properly discharged. The Audit Committee also reviews the financial statements and Management's Discussion and Analysis and considers the engagement or reappointment of external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the financial statements for issuance to the shareholders. The external auditors have full and free access to the Audit Committee.

Additional Information

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

EASTMAIN

EASTMAIN RESOURCES INC.

Consolidated Financial Statements

Years ended October 31, 2014 and 2013

(Expressed in Canadian Dollars)

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Stern & Lovrics LLP
Chartered Accountants

Samuel V. Stern, BA, CPA, CA
George G. Lovrics, BComm, CPA, CA
CPA (Illinois)

Nazli Dewji, BA, CPA, CMA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eastmain Resources Inc.

We have audited the accompanying consolidated financial statements of Eastmain Resources Inc., which comprise the consolidated statements of financial position as at October 31, 2014 and 2013, and the consolidated statements of loss and comprehensive loss, cash flows and shareholders' equity for each of the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eastmain Resources Inc. as at October 31, 2014 and 2013 and its financial performance and its cash flows for each of the years then ended in accordance with International Financial Reporting Standards.

Stern & Lovrics LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
January 23, 2015

1210 Sheppard Avenue East, Suite 302, Toronto, Ontario M2K 1E3 Tel: (416) 499-8848 Fax: (416) 491-5301

EASTMAIN RESOURCES INC.

Consolidated Statements of Financial Position

As at October 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Notes	2014	2013
Assets			
Current assets			
Cash and cash equivalents	5	$ 1,211,517	$ 2,911,678
Marketable securities maturing in one year	6	1,551,525	1,544,904
Prepaid and sundry receivables	7	240,269	556,433
		3,003,311	5,013,015
Marketable securities	6	763,143	561,695
Property and equipment	8	76,189	98,095
Exploration and evaluation	9	55,272,791	60,892,328
		$ 59,115,434	$ 66,565,133
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	10	$ 503,975	$ 1,875,098
Deferred premium on flow-through shares	11	-	540,100
		503,975	2,415,198
Deferred income taxes	18	3,997,824	4,142,571
		4,501,799	6,557,769
Shareholders' equity			
Share capital	12	68,880,757	65,551,080
Warrants	12	250,444	-
Contributed surplus		11,408,667	11,188,857
Deficit		(25,926,233)	(16,732,573)
		54,613,635	60,007,364
		$ 59,115,434	$ 66,565,133

APPROVED ON BEHALF OF THE BOARD

Donald J. Robinson – Director

James L. Bezeau – Chief Financial Officer

The attached notes form an integral part of these consolidated financial statements.

EASTMAIN RESOURCES INC.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Notes		2014		2013
Operating expenses					
General and administrative	15	$	902,460	$	970,021
Impairment of exploration and evaluation assets	3		10,434,944		-
Operating loss before the following			(11,337,404)		(970,021)
Interest and other income			63,019		128,036
Gain (loss) on marketable securities			202,828		(267,463)
Premium on flow-through shares			1,733,150		798,035
Net loss before income taxes			(9,338,407)		(311,413)
Deferred income tax recovery (expense)			144,747		(1,326,779)
Net loss and Comprehensive loss		$	(9,193,660)	$	(1,638,192)
Loss per common share, basic and dilutive	16	$	(0.077)	$	(0.016)
Weighted average number of common shares outstanding, basic and dilutive			119,172,637		105,457,039

The attached notes form an integral part of these consolidated financial statements.

EASTMAIN RESOURCES INC.

Consolidated Statements of Cash Flows

For the Years Ended October 31, 2014 and 2013

(Expressed in Canadian Dollars)

	Notes	2014	2013
Operating activities			
Comprehensive loss for the year		$(9,193,660)	$(1,638,192)
Depreciation		30,316	30,643
Impairment of exploration and evaluation assets		10,434,944	-
(Gain) loss on marketable securities		(202,828)	267,463
Premium on flow-through shares		(1,733,150)	(798,035)
Deferred income taxes		(144,747)	1,326,779
Stock-based compensation		124,990	138,025
Prepaid and sundry receivables		446,077	326,852
Accounts payable and accrued liabilities		(298,367)	(118,255)
		(536,425)	(464,720)
Financing activities			
Proceeds on issue of common shares		5,131,250	7,605,802
Share issue costs		(370,229)	(464,407)
		4,761,021	7,141,395
Investing activities			
Exploration and evaluation expenditures		(7,803,585)	(7,357,404)
Government exploration tax credits received		1,892,479	-
Purchase of property and equipment		(8,410)	(12,200)
Purchase of marketable securities		(1,424,600)	(1,901,812)
Proceeds on sale and redemption of marketable Securities		1,419,359	2,964,600
		(5,924,757)	(6,306,816)
Change in cash and cash equivalents		(1,700,161)	369,859
Cash and cash equivalents, beginning of the year		2,911,678	2,541,819
Cash and cash equivalents, end of the year	5	$ 1,211,517	$ 2,911,678

The attached notes form an integral part of these consolidated financial statements.

EASTMAIN RESOURCES INC.

Consolidated Statements of Shareholders' Equity
For the Years ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Common shares #	Common shares $	Reserves: Warrants #	Reserves: Warrants $	Reserves: Contributed surplus $	Deficit $	Shareholders' equity $
Balance as at November 1, 2013	106,627,007	65,551,080	-	-	11,188,857	(16,732,573)	60,007,364
Private placements	13,537,500	5,131,250					5,131,250
Share issue expenses		(370,229)					(370,229)
Premium on issue of flow-through shares		(1,193,050)					(1,193,050)
Shares issued for acquisition of claims	30,000	12,150					12,150
Share-based compensation					219,810		219,810
Warrants issued		(250,444)	6,768,750	250,444			-
Comprehensive loss for the year						(9,193,660)	(9,193,660)
Balance as at October 31, 2014	120,194,507	68,880,757	6,768,750	250,444	11,408,667	(25,926,233)	54,613,635

	Common shares #	Common shares $	Reserves: Warrants #	Reserves: Warrants $	Reserves: Contributed surplus $	Deficit $	Shareholders' equity $
Balance as at November 1, 2012	97,917,874	59,747,820	156,926	30,757	10,960,200	(15,094,381)	55,644,396
Private placements	8,709,133	7,605,802					7,605,802
Share issue expenses		(464,407)					(464,407)
Premium on issue of flow-through shares		(1,338,135)					(1,338,135)
Share-based compensation					197,900		197,900
Warrants expired			(156,926)	(30,757)	30,757		-
Comprehensive loss for the year						(1,638,192)	(1,638,192)
Balance as at October 31, 2013	106,627,007	65,551,080	-	-	11,188,857	(16,732,573)	60,007,364

The attached notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration-stage company, Eastmain does not have any sources of revenue and historically has incurred recurring operating losses.

As at October 31, 2014, the Company had working capital of $2,499,336 (2013 – $2,597,817) and shareholders' equity of $54,613,635 (2013 – $60,007,364). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going-concern assumption was not appropriate for these consolidated financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

2. BASIS OF PRESENTATION

a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Accounting Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements for the years ended October 31, 2014 and 2013 were reviewed and authorized for issue by the Board of Directors on January 23, 2015.

b) Basis of measurement

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

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Principles of consolidation

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments

Financial assets
All financial assets are recognized and derecognized on the trade date, whereby the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within a time frame established by the market concerned. Financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as fair value through profit or loss, in which case, the directly attributable transaction costs are expensed in the period in which they are incurred.

Financial assets are classified into the following categories: *financial assets at fair value through profit or loss* ("FVTPL"); *held-to-maturity investments*; *available-for-sale financial assets* and; *loans and receivables*. The classification depends on the nature and the purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities
Financial liabilities are classified as either *financial liabilities at FVTPL* or O*ther financial liabilities*.

Other financial liabilities
Other financial liabilities, including borrowings, are measured at fair value net of transaction costs, and subsequently at amortized cost using the effective-interest method, with the interest being recognized on the effective-yield basis. The effective-interest method is a method of calculating the amortized cost of a financial liability and allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability or, where appropriate, to the net carrying amount on initial recognition.

De-recognition of financial liabilities
The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expired.

The Company has designated each of its significant categories of financial instruments as follows:

Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Other receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Deferred premium on flow-through shares	Other financial liabilities

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment has been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets, with the exception of accounts or loans receivable, whereby the carrying amount is reduced through use of an allowance account. When an account or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be objectively related to an event occurring after the impairment recognition, the previously recognized impairment loss is reversed through profit and loss, to the extent that the restated carrying amount does not exceed the amortized cost that would have existed, had the impairment not been recognized.

Financial instruments recorded at fair value
Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair-value hierarchy that reflects the significance of the inputs used in making the measurements. The fair-value hierarchy has the following levels: Level 1 – valuation based on unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs, other than quoted prices included in Level 1, that are either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable for the asset or liability; and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As at October 31, 2014 and October 31, 2013, cash and cash equivalents and marketable securities were classified as Level 1 on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets
At the end of each reporting period, Management reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount is adjusted to the higher of the asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Management has assessed its non-financial assets and has determined that under current market conditions its exploration and evaluation assets are impaired (Note 3c).

c) Exploration and evaluation

Recognition and measurement
Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, are initially capitalized as exploration and evaluation. These costs are accumulated by property, pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed as incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proven and/or probable reserves are concluded to exist and all necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property and equipment or expensed to the statement of loss and comprehensive loss to the extent of any impairment.

Title
Ownership in a mineral property involves certain risk due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history, characteristic of many mineral interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Impairment
Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. An impairment loss is recognized in the consolidated statement of loss and comprehensive loss if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation assets is the greater of value in use ("VIU") and fair value less costs to sell ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the amount obtainable from the sale of a property in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the property belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Based on an impairment analysis performed in 2014, in light of current gold and base metal markets, some of the company's exploration and evaluation assets in Quebec were written-down by a total of $10,434,944, given that currently, no exploration and evaluation expenditures are being contemplated for some of these projects in 2015 and some claims are not expected to be renewed (Note 9).

d) Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the balance sheet date. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Decommissioning liabilities (Continued)

in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs, whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at October 31, 2014 and October 31, 2013, the Company had no decommissioning liabilities.

e) Cash and cash equivalents

Cash equivalents consist of cash deposits in banks and include cash and short-term money-market instruments that are readily convertible to cash with an original term of less than 90 days.

f) Property and equipment

Upon initial acquisition, property and equipment are valued at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the assets to location in the condition necessary for these assets to be capable of operating in the manner intended by management.

In subsequent periods, property and equipment are stated at cost less accumulated depreciation and any impairment in value, while land is stated at cost less any impairment in value and is not depreciated.

Each component or part of property and equipment with a cost that is significant in relation to the total cost of the item will be depreciated separately, unless there is no difference in depreciation on the respective components.

Depreciation is recorded on a declining- balance basis over the estimated useful life of the asset using the following rates:
Office equipment – 30%; and Field equipment – 30%.

g) Proportionate cost-sharing ventures

Certain of the Company's exploration and evaluation activities are conducted jointly with others. These consolidated financial statements reflect only the Company's interest in such activities. The Company holds certain interests in mineral properties through joint operating agreements. None of its operations are carried out through joint venture entities.

h) Share-based payment transactions

The fair value of share options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as a direct employee when the individual is an employee for legal or tax purposes. Directors and officers are deemed to be employees for share-based compensation tax purposes.

The fair value of all stock options granted is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into consideration amounts believed to approximate the volatility of the trading price of the Company's stock, the expected life of the award of the stock-based compensation, the share price at the close of trading on the day immediately preceding the grant and the risk-free interest rate. The amount recognized as an expense is recognized as either a charge to profit and loss or as an addition to mineral properties' exploration and evaluation costs. Stock option expense is added to the properties in a consistent manner in which exploration wages have been added to the properties. Consideration received on the exercise of stock options is credited directly to share capital. All of the Company's options were fully vested at the time of issue.

The fair value of share-based payment transactions to non-employees and other share-based payments, including shares issued to acquire exploration and evaluation properties, are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. The fair value related to the issuance of broker warrants is also measured at the date that the Company receives the services.

i) Flow-through share financing

Under Canadian tax legislation, a company is permitted to issue flow-through shares, whereby the Company agrees to incur qualifying exploration and evaluation expenditures and renounce the related income tax deductions to the investors. Proceeds from the issuance of these shares are allocated between share capital and the sale of the related tax benefit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Flow-through share financing (Continued)

The allocation is made based on the difference between the quoted price of the existing shares and the price that the investor pays for the shares. A liability is recognized for the difference. The liability is reduced and the reduction of the premium liability is recorded in *Other income* on a pro-rata basis to the corresponding eligible expenditures that have been incurred.

j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. As at October 31, 2014 and October 31, 2013, the Company had no material provisions.

k) Credit on duties refundable for loss and refundable tax credits for resource investment

The Company is entitled to a refundable credit on mining duties of 15% for eligible losses under the Québec Mining Duties Act and a refundable resource investment tax credit of 38.75% under the Québec Income Tax Act. These credits are applicable to qualified exploration expenditures on properties located in the Province of Québec. Such credits are recognized using the cost reduction method. Accordingly, they are recorded as a reduction of the related exploration expenses incurred. Application for these credits is subject to verification and as such, they are recognized only when they are actually received or when a notice of assessment confirming the amount to be paid is issued.

l) Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

m) Basic and diluted loss per share

The Company presents basic and diluted loss-per-share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of common shares outstanding during the period for the effect of warrants and options outstanding that may add to the total number of common shares.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding, used for the calculation of diluted loss per share, assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the year.

n) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by exploration, development or ongoing production activities on a mineral property.

The costs of complying with these requirements at the start of a project are capitalized as incurred. The carrying value is amortized over the expected life of the related asset.

A provision for restoration, rehabilitation and environmental costs and legal claims, where applicable, is recognized when: (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is likely that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured, at management's best estimate of the expenditure to settle the obligation at the end of the reporting period, and discounted to present value where the effect is material. Increases to provisions which may be necessary from time-to-time are recognized as interest expense. The present value of the reclamation liabilities may be subject to change, based on management's re-evaluation of estimates, changes in remediation technology or changes to the applicable laws and regulations prescribed by regulatory authorities, which may affect the ultimate cost of remediation and reclamation. Changes to the provisions are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Company's property, plant and equipment. These obligations consist of costs of removal of tangible assets and the cost of reclamation and monitoring activities. The discount rate is based on pre-tax rates that reflect current market

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Restoration, rehabilitation and environmental obligations (Continued)

conditions for the time value of money and the risks specific to the liability, excluding risks for which future cash-flow estimates have already been adjusted.

As at October 31, 2014 and October 31, 2013 the Company did not have any asset restoration, rehabilitation or environmental obligations.

o) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method deferred income tax assets and liabilities are recognized for the estimated deferred income tax consequences attributable to differences between the financial statement carrying value of assets and liabilities, and their respective income tax bases. Deferred income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are expected to be recovered or settled.

The effect on deferred income tax assets and liabilities due to a change in income tax rates or laws is recognized as a part of the provision for income taxes in the period in which the changes are substantially enacted. Deferred income tax benefits attributable to these differences, if any, are recognized to the extent that realization of the benefit is more likely than not.

p) New accounting standards adopted during the year

A number of new standards, amendments to standards and interpretations were effective for annual periods beginning on or after January 1, 2013. The Company has applied the following new and revised International Financial Reporting Standards in its financial reporting effective November 1, 2013, with no change to the Company's consolidated financial statements:

Consolidated Financial Statements
IFRS 10 – *Consolidated Financial Statements*, issued by the IASB in May 2011. This standard identifies the concept of control as the determining factor in assessing whether or not an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: a) power over an investee; b) exposure or rights to variable returns from an investee; and c) the ability of the investor to affect its returns through its power.

Joint Arrangements
IFRS 11 – *Joint Arrangements,* issued by the IASB in May 2011. This standard focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Joint arrangements are classified as either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets of the arrangement. In a joint operation each party accounts for the assets, liabilities, revenue and expenses in proportion to their interest, whereas in a joint venture each party recognises their interest as an investment and accounts for that investment using the equity method.

Disclosure of Interests in Other Entities
IFRS 12 – *Disclosure of Interests in Other Entiti*es, issued by the IASB in May 2011. This standard provides comprehensive disclosure requirements for entities' reporting of interests in other entities, including joint arrangements, special-purpose arrangements and off-balance-sheet arrangements.

Fair Value Measurement
IFRS 13 – *Fair Value Measurement,* issued by the IASB in May 2011. This standard provides a precise definition of fair value and a single source of fair-value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. It also establishes disclosures about fair-value measurement.

q) Standards Issued but not yet effective

Financial Instruments
IFRS 9 – *Financial Instruments,* issued by the IASB in October 2010 is intended to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement,* using a single approach to determine whether a financial asset is measured at amortized cost or fair value, thereby reducing the complexity of the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash-flow characteristics of each financial asset. The new standard also requires the use of a single method of impairment determination, which replaces the multiple methods available under IAS 39. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact this final standard is expected to have on its consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Standards Issued but not yet effective (continued)

Financial Instruments: Presentation
IFRS 9 – *Financial Instruments: Presentation,* effective for annual periods beginning on or after January 1, 2014, this amendment provides guidance on the offsetting of financial assets and financial liabilities.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements under IFRS requires management to make certain estimates, judgements and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. 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; and
In estimating the recoverability of capitalized exploration and evaluation assets, management is required to apply judgement in determining whether technical feasibility and commercial viability can be demonstrated for its mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets to property and equipment, and subject to different accounting treatment. As at October 31, 2014 and 2013 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. Based on an impairment analysis performed in 2014, in light of current gold and base metal markets, some of the company's exploration and evaluation assets in Quebec were written-down by a total of $10,434,944 (Note 3c).

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, unless that amount exceeds the carrying value recorded prior to the recognition of the impairment loss, in which case the carrying value would be re-instated to its pre-impairment-loss carrying value. A reversal of an impairment loss is recognized immediately in the income statement.

Management estimates of mineral prices, recoverable reserves, operating capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of net cash flow to be generated from its projects.

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

Share-based payments;
The amount expensed for share-based payments is derived from the application of the Black-Scholes option pricing model, which is highly dependent on the expected volatility of the Company's shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past trading data. Actual volatility may be significantly different. While the estimate of share-based payments can have a material impact on the operating results reported by the Company, it is a non-cash charge and as such has no impact on the Company's cash position or future cash flows.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Depreciation and impairment of property and equipment; and
The determination of the useful life of property and equipment is based on management's estimates. Indicators of impairment are also subject to management's estimates.

Estimation of restoration, rehabilitation and environmental obligations.
Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations. These estimates are measured at fair value, which is determined by the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change, based on changes in laws and regulations and negotiations with regulatory authorities. Management's determination that there are currently no provisions required for site restoration is based on facts and circumstances that existed during the year.

5. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

	October 31, 2014	October 31, 2013
Cash	$ 769,730	$ 1,352,953
Cash equivalents	441,787	1,558,725
	$ 1,211,517	$ 2,911,678

6. MARKETABLE SECURITIES

a) Marketable securities

Bonds and other securities are recorded at fair value. Investments in bonds bear interest at annual rates ranging from 1.15% to 4.4%, maturing between December 21, 2014 and June 15, 2016. Investments in public companies consist of shares in Dianor Resources Inc., which were acquired in exchange for geological data; shares of Threegold Resources Inc., received as a dividend from Dianor Resources Inc.; shares in Concordia Resource Corporation (formerly Western Uranium Corporation) received in exchange for prospecting permits and mineral claims; shares in Western Lithium Corporation resulting from a spin-out of Western Uranium Corporation; and shares in Honey Badger Exploration Inc., received in conjunction with an option to acquire a 50% interest in the Radisson property.

Concordia Resource Corporation underwent reorganization in October 2013 through which its common shares were exchanged for shares of Kaizen Discovery Inc. and Meryllion Resource Corp.

Marketable securities held

	October 31, 2014		October 31, 2013	
	Shares		Shares	
GIC's and investment grade bonds		$ 1,930,772		$ 1,933,020
Concordia Resource Corporation common shares	-	-	539,336	1
Kaizen Discovery Inc. common shares	107,867	38,832	107,867	-
Meryllion Resource Corp. common shares	107,867	7,551	107,867	-
Dianor Resources Inc. common shares	500,000	-	500,000	521
Honey Badger Exploration common shares	6,783,980	203,519	6,783,980	135,680
Threegold Resources Inc. common shares	12,380	-	12,380	62
Western Lithium Corporation common shares	169,612	133,994	169,612	37,315
Investments		2,314,668		2,106,599
Less current portion		1,551,525		1,544,904
Long term portion		$ 763,143		$ 561,695

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES (continued)

b) Hedging Activities

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

7. PREPAID AND SUNDRY RECEIVABLES

	October 31, 2014	October 31, 2013
Sales tax input credits recoverable	$ 107,278	$ 426,204
Sundry accounts receivable	129,913	113,369
Advances and prepaid expenses	3,078	16,860
	$ 240,269	$ 556,433

8. PROPERTY AND EQUIPMENT

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

Cost	Computer equipment	Field Equipment	Total
As at November 1, 2013	$ 53,567	$ 393,923	$ 447,490
Additions for the year	4,547	3,863	8,410
As at October 31, 2014	58,114	397,786	455,900
Accumulated depreciation			
As at November 1, 2013	41,716	307,679	349,395
Additions for the year	4,013	26,303	30,316
As at October 31, 2014	45,729	333,982	379,711
Net book value October 31, 2014	$ 12,385	$ 63,804	$ 76,189

	Computer equipment	Field Equipment	Total
Cost			
As at November 1, 2012	$ 49,561	$ 385,729	$ 435,290
Additions for the year	4,006	8,194	12,200
As at October 31, 2013	53,567	393,923	447,490
Accumulated depreciation			
As at November 1, 2012	37,630	281,122	318,752
Additions for the year	4,086	26,557	30,643
As at October 31, 2013	41,716	307,679	349,395
Net book value October 31, 2013	$ 11,851	$ 86,244	$ 98,095

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION

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

Project expenditures for the year ended October 31, 2014

Project	Drilling & assays	Technical surveys	Project acquisition & maintenance	Gross expenditures	Grants	2014 Net Expenditures
Clearwater	$ 3,047,614	$ 867,256	$ 12,326	$ 3,927,196	$(1,774,142)	$ 2,153,054
Eastmain Mine	184,946	291,334	6,011	482,291	(248,250)	234,041
Éléonore South	2,928	18,373	36,132	57,433	-	57,433
Ruby Hill	62,021	631,277	10,751	704,049	-	704,049
Reservoir	570,432	147,248	19,599	737,279	-	737,279
Lac Hudson	-	65,748	38,723	104,471	-	104,471
Lac Elmer	-	211,694	22,709	234,403	-	234,403
Radisson	-	1,260	5,969	7,229	-	7,229
Road King	-	93,363	-	93,363	-	93,363
Dyna	-	163,270	-	163,270	-	163,270
Lidge	-	35,345	4,572	39,917	-	39,917
Lac Lessard	36,486	244,340	6,072	286,898	-	286,898
Total	$ 3,904,427	$ 2,770,508	$ 162,864	$ 6,837,799	$(2,022,392)	$ 4,815,407

Cumulative acquisition, exploration and evaluation expenditures as at October 31, 2014

Project	Balance November 1, 2013	2014 Net expenditures	Write-downs & recoveries	Balance October 31, 2014
Clearwater	$ 37,295,364	$ 2,153,054	$ -	$ 39,448,418
Eastmain Mine	13,228,127	234,041	-	13,462,168
Éléonore South	4,894,824	57,433	(4,952,257)	-
Ruby Hill	1,947,306	704,049	(2,651,355)	-
Reservoir	727,399	737,279	(1,464,678)	-
Lac Hudson	823,898	104,471	-	928,369
Lac Elmer	586,851	234,403	-	821,254
Radisson	200,405	7,229	(207,634)	-
Road King	183,295	93,363	-	276,658
Dyna	471,692	163,270	(634,962)	-
Lidge	484,141	39,917	(524,058)	-
Lac Lessard	49,026	286,898	-	335,924
	$ 60,892,328	$ 4,815,407	$(10,434,944)	$ 55,272,791

In accordance with IFRS standards, the Company has recorded impairment charges on the Éléonore South, Ruby Hill, Reservoir, Radisson and Lidge projects to reflect the current drop in mineral prices and the subsequent affect on the Company's share price and market capitalization. These projects are still held by the Company and are considered prospective for mineral deposits. The above write-downs on these properties are not a reflection of their potential to host economic deposits. As market conditions improve, exploration and evaluation expenditures may continue to be incurred on most of these projects; in light of 2014 results, a work program has been proposed for Ruby Hill for 2015.

The Company has indefinitely postponed further exploration on the Dyna Project and as such has written-off the carrying value of its investment in this project.

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION (Continued)

Project expenditures for the year ended October 31, 2013

Project	Drilling & assays	Technical surveys	Project acquisition & maintenance	Gross expenditures	Grants	2013 Net expenditures
Clearwater	$ 5,179,699	$ 1,042,635	$ 56,026	$ 6,278,360	$ -	$ 6,278,360
Eastmain Mine	266,786	474,412	28,682	769,880	-	769,880
Éléonore South	18,770	49,378	300	68,448	-	68,448
Ruby Hill	-	73,634	17,451	91,085	-	91,085
Reservoir	9,973	70,595	157	80,725	-	80,725
Lac Hudson	-	260,252	122,537	382,789	-	382,789
Lac Elmer	-	194,791	-	194,791	-	194,791
Radisson	249	4,656	127,058	131,963	-	131,963
Road King	-	1,396	33,402	34,798	-	34,798
Dyna	-	-	32,150	32,150	-	32,150
Lidge	-	-	-	-	-	-
Lac Lessard	-	-	-	-	-	-
Total	$ 5,475,477	$ 2,171,749	$ 417,763	$ 8,064,989	$ -	$ 8,064,989

Cumulative acquisition, exploration and evaluation expenditures as at October 31, 2013

Project	Balance November 1, 2012	2013 Net expenditures	Write-downs & recoveries	Balance October 31, 2013
Clearwater	$ 31,017,004	$ 6,278,360	$ -	$ 37,295,364
Eastmain Mine	12,458,247	769,880	-	13,228,127
Éléonore South	4,826,376	68,448	-	4,894,824
Ruby Hill	1,856,221	91,085	-	1,947,306
Reservoir	646,674	80,725	-	727,399
Lac Hudson	441,109	382,789	-	823,898
Lac Elmer	392,060	194,791	-	586,851
Radisson	86,282	131,963	(17,840)	200,405
Road King	148,497	34,798	-	183,295
Dyna	439,542	32,150	-	471,692
Lidge	484,141	-	-	484,141
Lac Lessard	49,026	-	-	49,026
	$ 52,845,179	$ 8,064,989	$ (17,840)	$ 60,892,328

As at October 31, 2014 the Company is entitled to mining duties and resource investment tax credits from the Ministry of Natural Resources (Québec) and the Ministry of Revenue (Québec), in respect of claims filed up to October 31, 2014, amounting to approximately $1,000,000 ($2,675,000 as at October 31, 2013). Since the Company has no confirmation of the refund amounts, they have not been recorded in these consolidated financial statements.

All expenditures for exploration and evaluation of mineral properties currently held by Eastmain Resources Inc. are completely discretionary. The Company has no obligation to make expenditures on any of its mineral properties.

a) Clearwater Project

Eastmain holds 100% interest in the Clearwater Project, located in the central portion of the Eastmain River Greenstone Belt within the James Bay Mining District of Québec. The property, which hosts the Eau Claire Gold Deposit, consists of map designated claims (CDC's) covering an area of 200.68 km^2. In 2011 Eastmain purchased SOQUEM's 2% Net Smelter Royalty ("NSR") for 1 million shares valued at $1.72 million and $1.0 million cash, thereby entitling the Company to the unencumbered ability to structure future royalty agreements on the Eau Claire Gold Deposit at its sole discretion. Clearwater is in the advanced exploration stage.

9. EXPLORATION AND EVALUATION (Continued)

b) Eastmain Mine Project

The Eastmain Mine project hosts the Eastmain Mine Gold Deposit. The Eastmain Mine property comprises 152 mineral claims and one mining lease, which as of January 9, 2015 is in the process of being converted to mineral clams covered by an industrial lease. Located in easternmost part of the Upper Eastmain River Greenstone Belt of the James Bay District of Northern Québec, the project covers approximately 8,014 hectares of highly prospective terrain. In September 2012, the Company exercised its right of first refusal to purchase the Remaining 2% NSR on all production exceeding 250,000 ounces of gold at a net cost $400,000. Concurrently, Franco Nevada Corporation and Virginia Mines Inc. jointly acquired the Initial Production Royalty, a 2.3% NSR applicable only to the first 250,000 ounces of gold produced and subject to a reduction should the price of gold fall below USD $750. Eastmain Mine is in the advanced exploration stage.

c) Éléonore South Project

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

d) Ruby Hill Project

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

e) Reservoir Project

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

f) Lac Hudson Project

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

g) Lac Elmer Project

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

h) Radisson Project

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

Honey Badger Exploration Inc. (HBE), had an option to earn a 50% interest in the Radisson property in exchange for a cash payment of $50,000, issuance of 5 million common shares of HBE to Eastmain (an equity stake of approximately 9.9%) and work expenditure commitments of $2.5 million, including 6,000 metres of drilling, over a three-year period. Cash and shares were duly received by Eastmain, however due to its inability to raise funds for further exploration, Honey Badger terminated the option agreement in November of 2013.

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION (Continued)

i) Road King

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

j) Lac Lessard

The Company holds 100% interest in this very-early-exploration-stage property which covers approximately 25 km^2 of the Otish Basin area of the James Bay Mining District of Québec.

k) Dyna and Lidge Projects

The Company holds 100% interest in these very-early- to early-stage exploration properties, both of which are located in prospective geological regimes within the James Bay Mining District of Québec.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2014	October 31, 2013
Accounts payable and accrued liabilities	$ 399,696	$ 1,787,086
Government remittances payable	19,534	21,531
Income taxes payable	-	20,425
Due to related parties	84,745	46,056
	$ 503,975	$ 1,875,098

11. FLOW-THROUGH SHARE PREMIUM LIABILITY AND EXPENDITURE COMMITTMENT

In November 2013, the Company raised $4,280,000 by issuing flow-through shares. The premium paid by investors in excess of the market price for the flow-through shares was $1,193,050. In accordance with flow-through regulations, the Company is committed to incur eligible exploration expenditures before December 31, 2014 for the $4,280,000 renounced in December 2013.

In December 2012 the Company raised $7,605,802 by issuing flow-through shares. The premium paid by investors in excess of the market price of the shares was $1,338,135. In accordance with flow-through regulations, the Company was committed to incur before December 31, 2013 eligible exploration expenditures for $7,605,802 renounced to investors in December 2012. This commitment was fulfilled before December 31, 2013.

	Flow-through premium liability	Flow-through pending commitment
Balance, November 1, 2013	$ 540,100	$ 1,798,770
November 2013 flow-through issues	1,193,050	4,280,000
Reduction for expenses incurred	(1,733,150)	(6,078,770)
Balance, October 31, 2014	$ -	$ -

	Flow-through premium liability	Flow-through pending commitment
Balance, November 1, 2012	$ -	$ -
December 2012 flow-through issues	1,338,135	7,605,802
Reduction for expenses incurred	(798,035)	(5,807,032)
Balance, October 31, 2013	$ 540,100	$ 1,798,770

12. SHARE CAPITAL

a) Authorized share capital

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

i) On July 7, 2014 the Corporation purchased a claim in exchange for 30,000 common shares valued at $0.405 each. The shares were subject to a hold period of four months.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (Continued)

a) Authorized share capital (Continued)

ii) On November 27, 2013 the Corporation entered into a non-brokered private placement agreement consisting of 10,700,000 flow-through units at a price of $0.40 per unit and 2,837,500 non-flow-through units at a price of $0.30 per unit for aggregate gross proceeds of $5,131,250. Each flow-through unit consists of one flow-through common share and one-half of one warrant. Each non-flow-through unit consists of one non-flow-through common share and one-half of one warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share at a price of $0.45 until May 27, 2015. All of the shares issued were subject to a hold period of four months. Finder's fees of $307,875 for the placement agent were equal to 6% of the gross proceeds of the financing. In accordance with income tax legislation, the Company renounced resource expenditures of $4,280,000 in favour of the investors with an effective date of December 31, 2013 for activities funded by this flow-through share arrangement. The liability for flow-through premium derived from the issue was $1,193,050.

iii) In December 2012, the Company issued 962,383 flow-through shares at $0.84 per share and 4,746,750 flow-through shares at $0.80 per share in a private placement for gross proceeds of $4,605,802. Issue costs in connection with the private placement were $298,615. A brokerage commission amounting to 5.4% of gross proceeds was paid. The flow-through premium associated with this issue was $438,135.

iv) In December 2012, the Company issued 3,000,000 flow-through shares in a private placement at $1.00 per share for gross proceeds of $3,000,000. Issue costs in connection with the private placement were $165,792. A brokerage commission of 5% of gross proceeds was paid. The flow-through premium associated with this issue was $900,000.

b) Share purchase option plan

i) On June 9, 2014, 1,275,000 share purchase options with an exercise price of $0.30 were issued to directors, employees and service providers. The options fully vested on the date of issue. The estimated fair value of the grant was $219,810 using the Black-Scholes option pricing model with the following assumptions: dividend yield of $0.00; expected volatility factor of 53.9%; a risk-free interest rate of 2.03% and an expected average term of 7.5 years. The portion of the cost related to general and administrative expenses was $124,990; the portion related to exploration and evaluation expense was $94,820.

ii) On September 11, 2013, 150,000 share purchase options with an exercise price of $0.36 were issued to directors, and employees. The options fully vested on the date of issue. The estimated fair value of the grant was $27,900 using the Black-Scholes option pricing model with the following assumptions: dividend yield of $0.00; expected volatility factor of 45.8%; a risk-free interest rate of 2.48% and an expected average term of 7.5 years. The portion of the cost related to general and administrative expenses was $18,600; the portion related to exploration and evaluation expense was $9,300.

iii) On June 11, 2013, 1,000,000 share purchase options with an exercise price of $0.33 were issued to directors, employees and service providers. The options fully vested on the date of issue. The estimated fair value of the grant was $170,000 using the Black-Scholes option pricing model with the following assumptions: dividend yield of $0.00; expected volatility factor of 46.6%; a risk-free interest rate of 1.95% and an expected average term of 7.5 years. The portion of the cost related to general and administrative expenses was $119,425; the portion related to exploration and evaluation expense was $50,575.

c) Share purchase option plan

Stock options	Number of options	Weighted average exercise price
Outstanding, November 1, 2013	5,714,605	$ 0.95
Granted	1,275,000	0.30
Expired	(921,000)	$ 1.20
Outstanding, October 31, 2014	6,068,605	$ 0.78

Stock options	Number of options	Weighted average exercise price
Outstanding, November 1, 2012	5,464,605	$ 1.09
Granted	1,150,000	0.33
Expired	(900,000)	0.99
Outstanding, October 31, 2013	5,714,605	$ 0.95

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (Continued)

c) Share purchase option plan

Stock options outstanding as at October 31, 2014

Expiry date	Black-Scholes value ($)	Number of Options	Exercise price ($)
January, 2016	397,000	250,000	0.72
June, 2017	102,080	168,605	0.78
June, 2017	60,300	100,000	0.77
April, 2020	192,750	250,000	1.35
June, 2020	536,250	750,000	1.27
September, 2020	41,600	50,000	1.46
April, 2021	224,250	250,000	1.51
June, 2021	395,850	650,000	1.15
April, 2022	158,250	250,000	1.05
June, 2022	384,200	850,000	0.88
September, 2022	35,925	75,000	0.96
June, 2023	170,000	1,000,000	0.33
September, 2023	27,900	150,000	0.36
June, 2024	219,810	1,275,000	0.30
	2,946,165	6,068,605	0.78

As at October 31, 2014, the following options were outstanding and exercisable:

Exercise price range	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable
$0.01 - $0.50	2,425,000	9.19 years	$0.32	2,425,000
$0.51 - $1.00	1,443,605	6.95 years	$0.84	1,443,605
$1.01 - $1.50	1,950,000	5.91 years	$1.22	1,950,000
$1.51 - $2.00	250,000	6.49 years	$1.51	250,000

d) Warrants

	Number of warrants	Weighted average exercise price
Outstanding, November 1, 2013	-	$ -
Issued	6,768,750	$ 0.45
Outstanding, October 31, 2014	6,768,750	$ 0.45

	Number of warrants	Weighted average exercise price
Outstanding, November 1, 2012	156,926	$ 1.40
Expired	(156,926)	$ 1.40
Outstanding, October 31, 2013	-	$ -

Warrants outstanding October 31, 2014:

Expiry date	Black-Scholes value	Number of warrants	Exercise price
May, 2015	$ 250,444	6,768,750	$ 0.45

12. SHARE CAPITAL (Continued)

d) Warrants (Continued)

In November 2013, 6,768,750 share purchase warrants with an exercise price of $0.45 were issued as part of a private placement share issue. The estimated fair value of the warrants was $250,444 using the Black-Scholes option pricing model with the following assumptions: dividend yield of $0.00; expected volatility factor of 60.2%; a risk free interest rate of 1.07% and an expected term of 1.5 years.

13. CAPITAL MANAGEMENT

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

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

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

Management considers its capital structure to consist of equity attributable to equity holders of the Company, comprising issued share capital, contributed surplus, warrants, and accumulated deficit, which at October 31, 2014 totalled $54,613,635.

There were no changes in management’s approach to capital management during the year ended October 31, 2014. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL RISK FACTORS

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

a) Fair value

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

b) Credit risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2014, the Company had current assets of $3,003,311 to settle current liabilities of $503,975. All of the company’s financial liabilities, except deferred premiums on flow-through shares which mature December 31, 2014, have contractual maturities of 30 days or less.

During the year ended October 31, 2014, the Company raised net proceeds of $4,761,021 through the issue of flow-through and non-flow-through share units. In a flow-through share issue subsequent to the October 31, 2014 reporting date, gross proceeds of $3.9 million were generated to fund exploration activities planned for fiscal 2015. In management’s opinion, there are sufficient funds to support the planned exploration program for the foreseeable future.

14. FINANCIAL RISK FACTORS (Continued)

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 October 31, 2014.

Foreign currency risk

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

15. GENERAL AND ADMINISTRATIVE EXPENSES

	October 31,	
	2014	2013
Depreciation	$ 30,316	$ 30,643
General and office	599,881	737,891
Professional fees	147,273	63,462
Stock option compensation	124,990	138,025
	$ 902,460	$ 970,021

16. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended October 31, 2014 was based on the loss attributable to common-share holders of $9,193,660 (2013 – a loss of $1,638,192) and the weighted average number of common shares outstanding of 119,172,637 (2013 – 105,457,039). Diluted loss per share did not include the effect of 6,768,750 warrants (2013 – nil) and 6,068,605 stock options (2013 – 5,714,605) as they are anti-dilutive.

17. RELATED PARTY TRANSACTIONS

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

a) Transactions with related parties

	Year ended October 31,	
	2014	2013
Donald Robinson (i)	$ 238,800	$ 238,800
Shawonis Explorations and Enterprises Ltd. (ii)	$ 194,056	$ 202,860
QB 2000 Inc. (iii)	$ 58,535	$ 57,590

i. Donald Robinson is the President and Chief Executive Officer of Eastmain Resources Inc. and a member of the Board of Directors of Eastmain Resources Inc. Fees paid to Donald Robinson are related to professional geological exploration and management services and office rental. As at October 31, 2014, $9,000 was due to Dr. Robinson ($9,000 – 2013).

ii. The Exploration Manager of Eastmain Resources Inc. is the president of Shawonis Explorations and is related to the Chief Executive Officer of Eastmain Resources Inc. Fees paid to Shawonis Explorations are related to professional geological exploration and management services. As at October 31, 2014, $59,586 was owed to Shawonis Explorations and Enterprises Ltd. ($37,056 – 2013).

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS (Continued)

iii. The Chief Financial Officer of Eastmain Resources Inc. is the president of QB 2000 Inc. Fees paid to QB 2000 Inc. are related to the Chief Financial Officer function. As at October 31, 2014, the amount payable QB2000 Inc. was $16,159 ($0 – 2013).

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

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

	2014	2013
Salaries and benefits	$ 288,800	$ 288,800
Share-based compensation	$ 129,300	$ 127,500
	$ 418,100	$ 416,300

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

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

18. PROVISION FOR INCOME TAXES

The income tax recovery varies from the amounts that would be computed applying the basic federal and provincial income tax rate aggregating 26.5% (2013 – 26.5%) to loss before income taxes as shown in the following:

	2014	2013
Expected income tax	$ 2,474,678	$ 82,524
Share based compensation	(33,122)	(36,577)
Share issue costs	126,228	106,849
Effect of flow-through renunciation	297,701	(1,399,384)
Unrealized gain (loss) on investments	53,749	(70,878)
Other	(9,227)	(9,313)
Impairment of exploration and evaluation assets	(2,765,260)	-
Deferred income tax recovery (expense)	$ 144,747	$ (1,326,779)

Significant components of the Company's deferred income tax assets and liabilities are as follows:

	October 31, 2014	October 31, 2013
Non-capital losses carried forward	$ 2,436,779	$ 2,223,095
Capital assets	168,404	160,370
Exploration and evaluation assets	(7,049,289)	(7,079,530)
Share issue costs	221,386	151,049
Other	224,896	402,445
Future income taxes	$(3,997,824)	$(4,142,571)

Non-capital loss carry forwards

The company has reported non-capital losses available for deduction which expire as follows:

	2015	$ 608,924
	2026	731,676
	2027	682,717
	2028	926,936
	2029	879,515
	2030	1,062,504
	2031	940,879
	2032	1,131,672
	2033	1,074,604
	2034	1,155,965
		$9,195,392

18. PROVISION FOR INCOME TAXES (Continued)

Other

i. Canadian exploration expenditures and Canadian development expenditures

The Company has Canadian exploration and development expenditures available to reduce future years' taxable income of approximately $29,000,000. The tax benefit of these amounts may be carried forward indefinitely.

ii. Capital losses

The Company has unused capital losses of $379,218 which have no expiry date. These capital losses can only be used to reduce future income from capital gains.

19. SUBSEQUENT EVENTS

On November 27, 2014 the Corporation completed a non-brokered private placement consisting of 10,617,308 flow-through common shares at a price of $0.325 per unit and 1,850,000 non-flow-through common shares at a price of $0.24 for aggregate gross proceeds of $3,894,625. All of the shares issued are subject to a hold period of four months. Management supported the placement with a contribution of $88,625. Finder's fees of $228,360, equal to 6% of gross proceeds, not including management's support, were paid to the placement agent. In accordance with income tax legislation, the Company will renounce resource expenditures of $3,450,625 in favour of the investors with an effective date of December 31, 2014 for activities funded by this flow-through share arrangement as described in Note 3(i). The liability for flow-through premium derived from the issue is $1,327,164.

CORPORATE INFORMATION

Management and Directors

Donald J. Robinson, Ph.D., P. Geo
President, CEO, Director

James L. Bezeau, BBA, CMA,
Chief Financial Officer

Catherine I. Butella, B.Sc.
Exploration Manager

Jay Goldman, BA, MBA, LLB
Corporate Secretary

Ian J. Bryans, B.A.*
Director

John A. Hansuld, Ph.D.*
Director

David K. Joyce,
Director

Murray Short, MBA, CPA, CA *
Director

Serge Bureau, M.Sc., P.Eng.
Technical Advisor Development Group

Richard W. Hutchinson, Ph.D.
Chief Technical Advisor

Neil Hillhouse, Ph.D.
Special Advisor

Dr. Ted Moses, (former Cree Grand Chief)
Special Advisor

Chad Steward
Manager Communications

* Member of Audit Committee

Auditors

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Toronto , Ontario, Canada M2K 1E3

Corporate Services

DSA Corporate Services Inc.
36 Toronto Street, Suite 1000
Toronto, Ontario, Canada, M5C 2C5

Legal Counsel

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario, Canada, M5H 3C2

Transfer Agent

Equity Financial Trust Company
200 University Avenue, Suite 300
Toronto, Ontario, Canada M5H 4H1

Shares Listed

Symbol: ER
The Toronto Stock Exchange

Share Structure
(as at Jan. 31, 2015)

Issued: 132,661,815
Options: 6,068,605 ($4,733,512)
Warrants: 6,768,750 ($3,045,938)

Corporate Office

36 Toronto Street, Suite 1000
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