

EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (REVISED)

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with the consolidated financial statements (the "consolidated financial statements") of Eastmain Resources Inc. (the "Company" or "Eastmain") for the year ended October 31, 2009 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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.

This management's discussion and analysis is dated May 20, 2010.

Corporate Overview

The Company, incorporated under the laws of Ontario, and its wholly-owned subsidiary, Eastmain Mines Inc. are engaged in the mineral exploration and development of resource properties, primarily those containing gold, silver, copper, nickel and zinc, within Canada.

The Company is primarily focused on gold exploration in the Eastmain/Opinaca area of James Bay, Québec, a region that is becoming one of Canada's most important areas for mineral exploration and discovery. The Company holds 12 properties covering over 1200 km² in the frontiers of James Bay, including 100% interest in two gold deposits – Eau Claire and the Eastmain Mine. The Company also holds a 1/3 interest in, and manages exploration of, the Éléonore South project, a mineral exploration joint venture located immediately south of Goldcorp Inc.'s ("Goldcorp's") Roberto gold deposit.

In 2006 Goldcorp Inc. purchased the Éléonore property, which includes the Roberto gold deposit, from Virginia Mines Inc. in a transaction valued at US\$406 million (Goldcorp 2006 First Quarter Report). As of December 31, 2008 the Roberto deposit contained 2.3 million ounces of indicated gold resources at an average grade of 10.05 g/t Au, and 3.0 million ounces of inferred resources at an average grade of 12.75 g/t Au (Goldcorp website). Goldcorp's current focus is on the deep, north and southern extensions of the deposit. An internal pre-feasibility study was expected to be completed by the end of 2009. Goldcorp's continued exploration at Roberto has demonstrated that the James Bay area has the potential to host multi-million-ounce gold deposits.

In 2004 Eastmain acquired 100% interest in the Clearwater Project, which hosts the Eau Claire gold deposit, subject to a 2% Net Smelter Return Royalty ("NSR") in favour of SOQUEM Inc. Eastmain holds an option to purchase one-half of the NSR for \$1 million. As at December 31, 2005 Eau Claire contained 310,000 ounces of indicated gold resources at an average grade of 9.46 g/t Au, and 680,000 ounces of inferred gold resources at an average grade of 6.93 g/t Au. New resource calculations are expected for fiscal 2010. Goldcorp has also stated that it plans to update a confidentiality agreement, initially signed in May of 2007, with respect to data sharing and technical support in the preliminary economic evaluation of the Eau Claire deposit. However, neither Goldcorp nor any other party has a first right of refusal in place for the Clearwater project and/or Eau Claire.

In May of 2006, Goldcorp, Eastmain and Azimut Exploration Inc. ("Azimut") formed a joint venture by combining 65 km² of the Éléonore property with the Azimut C claim block, to form the Éléonore South Property. Goldcorp also increased its ownership in Eastmain and extended its strategic alliance with the Company into 2011. Goldcorp currently holds 8.7% of Eastmain's common shares.

By January of 2008 Eastmain had completed its earn-in requirements for one-third ownership of the Éléonore South Property. In February 2008, Les Mines Opinaca Ltée. ("Les Mines Opinaca"), a wholly-owned subsidiary of Goldcorp, expressed its intention to increase its interest by 6.67% in the Éléonore South joint venture, to a total of 40%. To earn the additional interest, Les Mines Opinaca had an option to fund exploration expenditures and prepare a bankable

feasibility study by June 2015. Les Mines Opinaca retained Eastmain as project manager, for a management fee based on a percentage of exploration costs. In January 2009, Les Mines Opinaca withdrew from its option to fund a bankable feasibility study in favour of funding continuing exploration as a 3-way joint venture. In 2009, Eastmain, as the project operator, proposed a \$1.6-million exploration budget for Éléonore South, for which Azimut declined participation. Completion of budget expenditures will result in the dilution of Azimut's interest in the property by approximately four percentage points.

Through its wholly-owned subsidiary, Eastmain Mines Inc., the Company acquired 100% interest in the Eastmain gold deposit in February of 2007 for a total consideration of \$4.3 million in cash, shares and purchase warrants. In July 2008, 500,000 purchase warrants were exercised, generating proceeds to the Company of \$750,000. Campbell Resources Inc. retains a 2% NSR on the mine property. Eastmain holds an option to purchase one-half of the NSR for \$1 million when production exceeds 250,000 ounces of gold.

The Eastmain Mine hosts a resource of 255,700 ounces gold (measured and indicated) and 4.1 million pounds of copper. The total gold resource comprises measured resources of 91,500 tons grading 0.268 ounces/ton gold and indicated resources of 786,600 tons at 0.294 ounces/ton gold, (Campbell Resources Inc. 2004 Annual Report, Alain Blais VP Geology and Development - Qualified Person). These resources are historical estimates and may no longer be National Instrument 43-101 compliant.

The Company has formed joint-venture partnerships or strategic alliances with a number of senior mining companies including, Barrick Gold Corporation, BHP Billiton PLC, Xstrata Copper Canada Inc. and Goldcorp, in order to capitalize on the senior explorers' technical, financial and marketing expertise.

In addition to its Québec projects, the Company owns exploration properties in New Brunswick and Ontario. In Northeastern Ontario, the Company holds a 70% interest in a district-scale exploration project in joint venture with Xstrata. The joint venture is designed to locate base metal deposits (copper, nickel and zinc) within trucking distance of Xstrata's existing smelters, utilizing proprietary geophysical technology.

Overall Performance

The Company's total consolidated assets were \$43.0 million as at October 31, 2009 (\$45.4 million on October 31, 2008). During the year ended October 31, 2009, the Company raised net cash proceeds of \$581,407 through the issue of shares and received a cash payment of \$2.2 million for resource investment tax credits. During this same period, the Company invested \$5.5 million gross in mineral exploration. During the year ended October 31, 2008, the Company raised \$19.2 through the issue of share capital, received \$1.5 million in resource investment tax credits and invested \$5.3 million gross in mineral exploration. Reflecting a decision to postpone future exploration on base metal claims as a result of a substantial decline in base metal commodity prices, the Company has written off \$1.97 million in deferred exploration costs related to its base metal projects.

Exploration expenditures on wholly-owned properties are discretionary. As operator and manager of the Company's joint-ventures, Eastmain can propose exploration programs at its discretion. Should the partners not elect to participate, they dilute their interest at prescribed rates according to their relative joint-venture agreements. As per the Éléonore South joint-venture agreement, each partner is required to contribute its one-third share of any proposed exploration expenditures for the Éléonore South project, or otherwise dilute their interest. Azimut Exploration Inc. elected not to participate in the 2009 drill program at Éléonore South. As a result, on completion of the proposed expenditures, its interest will be diluted approximately four percentage points as prescribed. At that time, both Eastmain's and Les Mines Opinaca's interests in the property will increase to approximately 35%. Eastmain's proportionate share of the 2009 exploration budget was approved at \$0.83 million.

There are significant uncertainties regarding the trends in gold, silver and other mineral prices and the availability of equity financing when proceeds are used for the purposes of mineral exploration and development. For instance, the price of gold, silver and other minerals has fluctuated widely over the short term in recent years and short-term wide fluctuations are expected to continue. For most of the 1990's, the market price of gold was above US\$350 per ounce. It fell to US\$260 per ounce in 2000 and since January 2001 has shown a general upward trend. In early 2008 the price of gold rose to US\$1,002, and has since retreated to a range between US\$850 and US\$1,200 per ounce. Although world markets may experience volatility in the short term, the long-term outlook for gold remains bullish.

Increased gold prices in the last several years have encouraged the Company to participate more actively in exploration and acquisition activities. With a positive long-term outlook for the price of gold in mind, the Company plans to increase its exploration efforts at key gold projects located in Québec, accelerating its use of proceeds for 2010.

The price of gold is typically quoted in US dollars. Exchange fluctuations between the US dollar and the Canadian dollar may impact the Company's intrinsic value, however, the Company's geographic area of operations is within Canada and its revenues and expenditures are almost entirely denominated in Canadian dollars. A portion of the Company's exploration expenditures such as fuel and transportation are impacted by changes in the price of oil.

See the Company's annual information form filed on SEDAR for a full list of the Company's risk factors.

Results of Operations

Project Overview

Clearwater Project

During fiscal 2009, a total of 21,276 metres (68 HQ drill holes) were drilled to expand the Eau Claire gold resource within the upper 300 metres. Over the last two years more than 25% of all vein intercepts drilled contain over one ounce gold per ton. 70% of all gold-enriched vein and schist material intersected at Eau Claire within this period contains one-half (0.50) ounce gold per ton over an average thickness of 1.34 metres.

In Q4 of 2009 a drill program totalling 14,619 metres in 48 HQ holes was completed at Eau Claire. Multiple high-grade quartz tourmaline veins intersected during this phase include the following assays:

- 14.05 g/t Au over 1.0 m, including 17.75 g/t Au (0.52 oz/ton) over 0.5 m (ER09-231)
- 7.50 g/t Au over 8.0 m, including 60.90 g/t Au (1.78 oz/ton) over 0.5 m (ER09-232)
- 12.07 g/t Au over 5.5 m, including 41.10 g/t Au (1.20 oz/ton) over 0.5 m (ER09-233)
- 8.02 g/t Au over 2.0 m, including 16.65 g/t Au (0.49 oz/ton) over 0.5 m (ER09-234)
- 14.27 g/t Au over 1.5 m, including 39.60 g/t Au (1.16 oz/ton) over 0.5 m (ER09-235)
- 25.80 g/t Au over 1.0 m, including 44.10 g/t Au (1.29 oz/ton) over 0.5 m (ER09-236)
- 7.05 g/t Au over 3.5 m, including 26.70 g/t Au (0.78 oz/ton) over 0.5 m (ER09-237)
- 15.04 g/t Au over 1.0 m including 29.30 g/t Au (0.86 oz/ton) over 0.5 m (ER09-240)

During the same period, metallurgical test work completed by SGS Lakefield Research resulted in impressive total gold recoveries (gravity + flotation + cyanidation) from the P, JQ, R and S Veins. Cyanidation tests of gravity tailings, combined with gold recovered from gravity separation, produced total gold recoveries ranging from approximately 95.7 to 98.8%. Acid base accounting tests also confirmed that waste from veins processed at SGS is non-acid generating and therefore does not pose any environmental liability. Further testing to determine other metallurgical parameters and optimal processing is still underway. As previously reported, high concentrations of the rare metals tellurium and bismuth occur as byproducts in gold-bearing veins at Eau Claire. Additional work is needed to determine the recoveries for these metals.

Within the past 24 months, 500 gold-bearing quartz-tourmaline vein intervals with an average grade of 12.4 g/t Au (0.36 oz/ton), at an average thickness of 1.37 metres, have been intersected within the upper one-third of the deposit. 400 vein intervals contain an average grade of 15.2 g/t Au (0.44 oz/ton); 300 vein intervals averaged 18.4 g/t Au (0.54 oz/ton); 200 vein intervals contain an average of 24.6 g/t Au or 0.72 oz/ton; 100 vein intervals contain 42.6 g/t Au (1.25 oz/ton) and 50 intersections have an average of 66.4 g/t Au or 1.94 oz/ton.

The most recent resource estimate for the Eau Claire gold deposit, completed in 2005, was based on 182 gold-bearing vein intercepts. The 500 gold-bearing veins, intersected within the upper 1/3 of the deposit over the past two years, have a higher average grade than the previous estimate. A number of current drill intercepts are also from the T-Vein group, which is located north of the previously stated resource limits.

Definition drilling is required to evaluate the resource potential of a high-grade vein system in the 850 West Zone and the newly discovered Boomerang Prospect, located 500 metres east of the main group of veins at Eau Claire. Continued drilling is also warranted to expand the gold resource within the main deposit and T-Vein group of veins at depth. Additional metallurgical test-work will continue to define the optimal flow-sheet design for Eau Claire. Deposit and property-scale drilling and surface exploration work is planned to continue in 2010.

Upon completion of the 2004 drill program the estimated resource for the Eau Claire deposit included an indicated resource of 1,029,332 tonnes at 8.18 grams gold per tonne (9.46 g/t uncut), or 0.24 ounces per ton containing 313,191 ounces and an inferred resource of 3,049,660 tonnes at 6.53 grams gold per tonne (6.93 g/t uncut) containing 679,464 ounces. The mineral resource calculation, supervised by Eddy Canova, P. Geo, an independent

consultant, met the standards for exploration and development for mining properties according to National Instrument (NI 43-101).

Éléonore South Joint Venture

During the fourth quarter of 2009 the Company completed 14 drill holes for a total of 3,697 metres at the Éléonore South Joint Venture. Nine of 12 drill holes intersected wide intervals of gold-bearing sediments and felsic intrusive rocks forming a 1.2 kilometre-long, gold-enriched, geochemical halo in the JT Gold Target area. This extremely large, near-surface gold halo occurs within altered mine series rocks, similar in nature to those forming the geochemical halo surrounding Goldcorp's Roberto deposit, located approximately 12 kilometres northwest of the JT Zone. The JT Gold Target remains open to the north, the south and at depth.

The 2009 drill program, funded equally by Eastmain and Goldcorp, will result in an increase in project ownership to approximately 35.3% for both parties. Eastmain, the project manager, has recommended additional drilling to test a number of targets for 2010, including both the lateral and vertical extensions of the halo zone, in search of ore-grade material at Éléonore South.

Eastmain Mine Property

Surface geochemical sampling and geological mapping on the Eastmain Mine property has confirmed anomalous gold along a six-kilometre-long trend lateral to the Eastmain gold deposit. 2009 soil sampling combined with historic sampling defined a number of anomalous gold trends, some of which reflect the known mineralization of the main mine trend, while others define several cross-cutting shears also known to be gold bearing. Several gold-in-soil anomalies are coincident with untested VTEM conductive zones and magnetic anomalies.

Rock sampling has also confirmed a spatial association of gold-enriched samples within the ultramafic and mafic volcanic flows, which host the Eastmain Mine. Several grab samples taken from an interpreted northwest-trending, quartz-rich, mineralized shear zone, extending from an area approximately one kilometre northwest of the deposit to the region south and west of Julian Lake, returned assays ranging from 4.38 g/t gold to 43.6 g/t gold.

The Eastmain Gold Deposit has the potential to be expanded through drilling, along strike to, at depth from and within adjacent horizons stratigraphically above the main mine trend. The average grade of 106 historic drill holes, within the A and B Zones of the Eastmain deposit, is 18.92 g/t gold or 0.55 ounces per ton gold (Au), 16.06 g/t silver (Ag) and 0.24% copper (Cu) across 3.96 metres. Exceptional drill results within the deposit include: 53.28 g/t Au (1.56 ounces per ton), 59.20 g/t Ag and 0.20% Cu over 13.2 metres or 43.3 feet; 125.43 g/t Au (3.66 ounces per ton), 13.80 g/t Ag and 0.12% Cu across 3.66 metres; and 36.73 g/t Au (1.07 ounces per ton), 18.88 g/t Ag and 0.21% Cu over 9.05 metres. A multi-phase drill program is planned for 2010.

Radisson Project

Geological mapping, prospecting and soil geochemical sampling at the Radisson project focused on several known gold zones previously defined in the 1980's and 1990's. The Radisson property straddles the same structural and stratigraphic break as Goldcorp's Roberto Gold deposit. Previous rock sampling outlined two gold zones coincident with VTEM anomalies flown by the Company in 2006, however, preliminary B-horizon soil geochemical data has outlined a kilometre-sized gold anomaly which remains untested, east of these previously defined gold zones. Additional work is required prior to drilling.

Financial Overview

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. Other income is derived from management fees and charges for the use of Company facilities by third parties. Interest and other income was \$72,738 for the three months ended October 31, 2009 (year-to-date: \$183,667) and \$123,494 for the three months ended October 31, 2008 (year-to-date 2008: \$308,934). During the year ended October 31, 2009, the Company has had more funds at its disposal to invest than during the comparative year, however, prevailing interests rates are at historic lows. Where call provisions existed, some longer-term, higher-yielding bonds were retracted by the borrowers, which left the Company with additional funds that had to be reinvested at lower rates.

In accordance with Canadian GAAP, some significantly large, non-cash, income and expense items are recorded through the Company's consolidated financial statements. Net loss for the year ended October 31, 2009 was \$3,106,059 compared to a net loss of \$1,842,934 for the year ended October 31, 2008. The net loss for the year ended October 31, 2009 included a non-cash expense of \$541,600 for the Black-Scholes value of stock option compensation granted (\$427,125 for the year ended October 31, 2008) and a write-down of deferred exploration

expenditures in the amount of \$1,973,936 for the year ended October 31, 2009 (\$847,219 for the year ended October 31, 2008). The Company is postponing exploration on base metal claims for the foreseeable future as a result of depressed base metal commodity prices. At the time of this report, interest rates are at historically low levels. As a result of current market uncertainties, the Company is holding a larger than usual cash balance in an interest-bearing bank account, which maintains its liquidity. Where call provisions exist in the bonds held by the Company, the call provisions are being exercised, resulting in the Company having to reinvest funds at lower rates of interest. The Company's investment in bonds and GIC's at October 31, 2009 was \$2.5 million at cost. The average rate of return on bonds and GICs for the fiscal year ended October 31, 2009 was 3.32% (4.24% in 2008). With interest rates at all-time lows, the Company has been investing in short-term instruments only. Current short-term interest rates are less than 1%. For the year ended October 31, 2009 general and administrative expenses, are reasonably the same as those incurred during the year ended October 31, 2008. Year-to-date costs for advertising and promotion were less than those incurred last year. Advertising and promotion costs vary as a function of the number of trade shows attended. Corporate services and stock exchange fees for the year were less than the comparative year. In fiscal 2008 higher trading volumes on the stock exchange resulted in higher fees payable to the exchange. Shareholder information costs increased in fiscal 2009 due to higher costs associated with the Annual General Meeting and the costs of complying with accountability and shareholder reporting requirements.

With the exception of some promotional expenditures incurred in foreign currencies, all administrative and exploration expenditures are denominated in Canadian dollars. As such, these costs have little exposure to foreign exchange fluctuations.

For a description of the proposed future activities of the Company, see "Future Outlook" below.

Fourth Quarter Financial Review – Results of Operations

Net loss for the quarter ended October 31, 2009 was \$2,064,055 compared to a net loss of \$1,329,520 for the quarter ended October 31, 2008. No stock option compensation was issued during the fourth quarter ended October 31, 2009. During the fourth quarter ended October 31, 2008, the Company recorded a non-cash expense of \$386,925 for the Black-Scholes value of 850,000 stock options issued in accordance with its stock option compensation plan. Stock option compensation was issued and recorded in the third quarter of the current fiscal year. Operating results also included a non-cash write-down of deferred exploration expenditures on base metal claims in the amount of \$1,973,936 in the fourth quarter ended October 31, 2009 compared to a write-down of \$847,219 on an abandoned project in the fourth quarter ended October 31, 2008.

Selected Quarterly Information

	Quarter ended 10/31/2009	Quarter ended 07/31/2009	Quarter ended 04/30/2009	Quarter ended 01/31/2009
Interest / other Income	\$ 72,738	\$ 12,241	\$ 48,947	\$ 49,741
Net Income (loss)	(2,064,055)	\$ (632,959)	\$ (276,592)	\$ (132,453)
Per share basic	\$(0.0184)	\$(0.0074)	\$(0.0032)	\$(0.0015)
Per share diluted	\$(0.0184)	\$(0.0074)	\$(0.0032)	\$(0.0015)
Trading Range of Shares				
High	\$1.50	\$1.35	\$1.15	\$1.09
Low	\$1.06	\$0.89	\$0.80	\$0.55
	Quarter ended 10/31/2008	Quarter ended 07/31/2008	Quarter ended 04/30/2008	Quarter ended 01/31/2008
Interest / other Income	\$ 123,494	\$ 78,536	\$ 75,156	\$ 31,748
Net Income (loss)	\$ (1,329,520)	\$ (174,903)	\$ (136,703)	\$ (201,808)
Per share basic	\$(0.0178)	\$(0.0022)	\$(0.0018)	\$(0.0015)
Per share diluted	\$(0.0056)	\$(0.0022)	\$(0.0018)	\$(0.0015)
Trading Range of Shares				
High	\$1.55	\$1.87	\$1.55	\$0.92
Low	\$0.48	\$1.10	\$0.75	\$0.63

Risks and Uncertainties

Exploration and Development Risks

The business of exploration for minerals involves a high degree of risk. Major expenses may be required to establish ore resources and reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that current exploration programs will result in profitable mining operations.

Financing Risks

The Company has limited financial resources, no operating cash flow and no assurance that sufficient funding will be available to it for future exploration and development of its projects, or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects, possibly resulting in the forced sale or loss of such properties. The Company at some point will require additional financing for ongoing exploration.

Deferred Mining Property Costs and Exploration Expenditures

The cost of exploration and development 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 a policy, described in Note 2b to the Audited Consolidated Financial Statements, 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.

The Company and Azimut Exploration Inc. ("Azimut / Azimut Exploration") had letters of agreement for two claim blocks, Opinaca C and Opinaca D ("Azimut C and Azimut D"), held by Azimut and located in the Éléonore district. According to the original agreements, Eastmain could acquire 50% interest in the properties during a five-year period and acquire an additional 15% interest upon delivery of a bankable feasibility study.

Under the terms of the Azimut Block C agreement, Eastmain had the option to earn a 50% interest in Block C from Azimut Exploration during a five-year period through total cash payments of \$160,000 and the issuance of 30,000 common shares of the Company. In April 2006, Eastmain, Azimut and Goldcorp's wholly-owned subsidiary, Les Mines Opinaca Ltée. formed a 3-way joint venture by combining Azimut's mining claims from the Azimut C Block and selected mining claims from Le Mines Opinaca Ltée.'s Éléonore claim block to create a new property, referred to as the Éléonore South project. The 3-way joint venture agreement, which supercedes the Azimut Block C agreement, is also described in Note 7c to the Audited Consolidated Financial Statements.

Eastmain also had the option to earn a 50% interest in the Opinaca D project from Azimut by making total cash payments of \$140,000, issuing 45,000 common shares of the Company, and completing \$1.9 million in total work expenditures of over the five-year term of the agreement, of which an aggregate of \$900,000 in work expenditures was required to be completed prior to the third anniversary of the agreement. Eastmain made cash payments of \$55,000, issued 45,000 common shares of the Company to Azimut and satisfied its work expenditure commitments for the third year anniversary. In January 2009, the Company elected to withdraw from its option in the Opinaca D project with no further financial obligations. Deferred exploration expenditures of \$847,219 related to this project were written-off in the fiscal year ended October 31, 2008.

The Company's activities involve the exploration and development of gold and base metals on its properties in Ontario, Québec and New Brunswick. Gross exploration expenditures for the last eight quarters are as follows:

Project Expenditures by Quarter (in thousands of dollars)								
Project	Quarter ended 10/31/2009		Quarter ended 07/31/2009		Quarter ended 04/30/2009		Quarter ended 01/31/2009	
	\$	%	\$	%	\$	%	\$	%
Clearwater	1,971	64	169	54	1,250	83	140	23
Eastmain Mine	386	13	40	13	56	4	6	1
Éléonore South	356	12	32	10	22	1	69	11
Xstrata JV	8	0	7	2	37	2	277	45
Azimut C	0	0	0	0	80	5	0	0
Ruby Hill	52	2	(2)	0	21	1	26	4
Reservoir	2	0	5	1	2	0	3	1
Radisson	260	8	79	25	2	0	20	3
Other	27	1	(16)	(5)	40	3	73	12
	3,062	100	314	100	1,510	100	614	100

Project Expenditures by Quarter (in thousands of dollars)								
Project	Quarter ended 10/31/2008		Quarter ended 07/31/2008		Quarter ended 04/30/2008		Quarter ended 01/31/2008	
	\$	%	\$	%	\$	%	\$	%
Clearwater	1,913	67	288	22	105	31	568	71
Eastmain Mine	77	3	36	3	30	9	6	1
Éléonore South	75	3	0	0	2	1	186	23
Xstrata JV	4	0	11	1	22	6	12	2
Azimut C & D	2	0	15	1	37	11	5	1
Ruby Hill	788	27	951	72	28	8	6	1
Reservoir	8	0	0	0	31	9	3	0
Radisson	1	0	4	0	4	1	1	0
Other	1	2	18	1	82	24	10	1
	2,869	100	1,323	100	341	100	798	100

Liquidity and Capital Resources

During the year ended October 31, 2009, the Company received proceeds of \$581,407 from the issue of shares (the Company received \$19.2 million from the exercise of common share purchase warrants and the issue of common shares in the year ended October 31, 2008). During the same period the Company invested \$5.5 million in acquisition and exploration of mineral resource properties (\$5.3 million in the year ended October 31, 2008). As at October 31, 2009, cash and cash equivalents, the current portion of marketable securities, prepaid expenses and sundry receivables totalled \$14.1 million (\$17.4million – October 31, 2008). Current liabilities are \$1.3 million (\$1.9 million – October 31, 2008) and the Company has no long-term debt. Accordingly, as the Company's base operating cost is approximately \$60,000 per month, and as all exploration expenditures to be made by the Company are discretionary, management believes the Company has sufficient working capital to fund the ongoing overheads and cost of its exploration activities for the foreseeable future.

During the year ended October 31, 2009, directors, officers, employees and other service providers of the Company undertook a private placement financing. The December 2008 private placement issue of 127,500 flow-through common shares at \$1.00 raised net proceeds of \$122,907. Other private placements may be completed if market conditions are appropriate.

Exploration expenditures on the Company's Québec projects currently generate mining duty and provincial resource exploration refunds to the Company of 46% of the qualifying expenditures. Québec resource credits are refunds from the government that are paid to companies exploring for precious metals in Québec. The expenditures are subject to verification and adjustment by both the Québec Ministry of Natural Resources and the Ministry of Revenue. Rebates are recorded when they are actually received or confirmed receivable.

As at October 31, 2009, the Company has an estimated \$2,575,000 in resource and mining duty credits recoverable from the Province of Québec for qualified expenditures incurred between November 1, 2007 and October 31, 2008. Since no confirmation of the amount outstanding of the Company's refund has, as yet, been received, the estimated refund outstanding has not been recorded in the Company's financial statements. No provision has been made in the financial statements for resource credits arising from 2009 expenditures. At October 31, 2008 the Company was eligible for resource tax credits and mining duty rebates estimated at more than \$2,600,000 for qualified expenditures up to October 31, 2008. Amounts received in respect of those claims were recorded in the financial statements for the year ended October 31, 2009.

The properties held by the Company are not income generating. 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.

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. Shares in other companies acquired as a result of property transactions are classified as available-for-sale and are also a component of the funds on-hand for exploration. Due to currently low interest rates, funds are being kept in short-term notes and interest-bearing bank accounts.

Marketable securities are subject to changes in valuation depending on market fluctuations. Under current reporting requirements for corporations with year-ends after October 1, 2006, financial assets designated as available-for-sale must be recorded at fair-market values. Unrealized gains or losses arising from the valuation of these financial assets are reported in the balance sheet as "Other Comprehensive Income (Loss)". Realized gains and losses are transferred to the statement of operations. The Company adopted this accounting standard on a prospective basis as of November 1, 2006 and has classified all of its marketable securities as available-for-sale. The adjustment to fair-market value as at October 31, 2009, required a write-down from the cost of the Company's investments of \$235,062. The resulting adjustment to comprehensive net loss, for the year ended October 31, 2009, was a gain of \$240,589. At October 31, 2008, investments were written-down from cost by \$475,651. The comprehensive loss on the write-down of marketable securities for the year ended October 31, 2008 was \$964,567. Actual gains or losses are recorded upon disposal of the investments. The Company is not actively seeking to dispose of any of its marketable securities.

Accounts receivable at October 31, 2009 includes an amount of \$376,252 for recoverable sales taxes, which are subject to verification and normally refunded within 60 to 90 days of the claim. Refunds of taxes are not considered a financial instrument since governments are not obligated to make these payments.

Accounts payable and accrued liabilities outstanding as at October 31, 2009 were \$1,256,253 2008 (\$1,911,673 – October 31, 2008). Accounts payable balances vary from quarter-to-quarter depending on the season and the amount of work performed during the quarter.

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 and seven years for losses in tax years ending prior to March 22, 2004). 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. Canadian tax legislation allows an enterprise to issue securities to investors, whereby the deductions for tax purposes, relating to resource expenditures, may be claimed by the investors when not claimed by the enterprise. These securities are referred to as flow-through shares. Under recommendation number 146, issued by the Emerging Issues Committee (EIC-146), regarding GAAP for the accounting treatment of flow-through shares, the issuer recognizes part of the proceeds from the sale of flow-through shares as tax credits associated with the expenditures being transferred to the shareholders, records this amount as a future income tax liability and the rest of the net proceeds as shareholders' equity. As a result, the Company has recorded a future income tax liability of \$97,305 in the year ended October 31, 2009 in connection with the December 2008 issue of flow-through shares, and a future income tax recovery of \$53,700 in the year ended October 31, 2008 in connection with the December 2007 renunciation of expenditures associated with the issue of flow-through shares.

During the year ended October 31, 2009, there was no change in the number of common share purchase warrants outstanding. As at October 31, 2009 there were 6,868,200 common share purchase warrants at an average exercise price of \$1.90 expiring July 3, 2010. If exercised, these warrants would result in proceeds to the Company of \$13,061,727.

During the year ended October 31, 2009 a total of 200,000 stock options with an average weighted exercise price of \$0.77 expired. Stock option compensation of 950,000 options was issued and 750,000 options were exercised with an average weighted exercise price of \$0.61. As at October 31, 2009, 4,800,000 options were outstanding with a weighted average exercise price of \$0.82, which if exercised, would result in proceeds of \$3,954,500 to the Company.

The Company does not hold, and has never held, any Asset-Backed Commercial Paper (ABCP).

Off-Balance-Sheet Arrangements

The Company has no off-balance-sheet arrangements.

Transactions with Related Parties

Related party transactions include \$16,500 per month salary and \$1,000 premises rent paid to the President of the Company. Consulting fees of \$550 per day and out of pocket expenditures are paid to a service provider.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares of which, as of May 20, 2010 there are 89,602,538 common shares outstanding, 4,281,000 share purchase options and 6,988,200 common share purchase warrants outstanding.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of the recoverable value of its mineral properties, related deferred exploration expenditures and stock-based compensation. These critical accounting estimates significantly affect the values attributed to the following line items in the Company's financial statements: mining properties and deferred exploration expenditures; total assets; shareholders' equity; stock-based compensation; total expenses; loss for the period; net loss; deficit; and basic and diluted loss per share.

These estimates involve considerable judgment and are, or could be, affected by factors that are out of the Company's control. Factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock-price volatility. The timing for exercise of options is out of the Company's control and will depend upon the market value of the Company's shares and the financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with the Black-Scholes model, however future volatility is uncertain and the model has its limitations. These estimates can have a material impact on the stock-based compensation and hence results of operations. The assumptions used for options issued are detailed in Note 9 to the audited consolidated financial statements and assumptions used for warrants are detailed in Note 10.

The Company's recorded value of its mineral properties and associated deferred exploration expenses is based on historical costs that may be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with its properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is exposed to a number of risks and uncertainties, including but not limited to: exploration risk; development risk; commodity-price risk; operating risk; ownership and political risk; currency risk; and environmental risk. The ability of the Company to obtain necessary financing to complete the development of its properties and obtain future profitable production is also uncertain.

Change in Accounting Policy

There have been no changes in accounting policy since the year ended October 31, 2008.

Adoption of Accounting Policies

Mining Exploration Costs

In March of 2009, the Emerging Issues Committee (EIC) issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from their properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition for long-lived assets. EIC-174 is to be applied in interim and annual financial statements for periods

ended on or after the date of issuance of EIC-174. The Company has adopted this recommendation retrospectively effective November 1, 2008 and determined that there was no impact on the financial statements.

Going Concern

Effective November 1, 2007, the Company adopted the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of the company's ability to continue as a going concern. When financial statements are not on a going-concern basis that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. The Company's accounting policies were already compliant with the requirements on the amended section and there was no effect on the Company's financial statement disclosure, financial position, or results of operations.

Future Accounting Pronouncements

Business Combinations and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and section 1602 "Non-controlling Interests". These sections replace the former Handbook Section 1581 "Business Combinations" and Section 1600 "Consolidated Financial Statements" and establish a new section for accounting for non-controlling interest in a subsidiary.

Sections 1582 and 1601 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are not to be expensed when occurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently assessing the future impact of this new standard on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2012 filing, ending January 31, 2012, IFRS compliant 2011 quarterly comparative financial statements.

Currently under IFRS, companies deferring exploration expenditures as permitted under Canadian GAAP will be allowed to continue this practice. They may however, elect to expense exploration expenditures until such time as either reserves are proven or permits to operate a mineral resource property are received and financing to complete the project has been obtained, as is the practice under US GAAP. Those currently treating exploration expenditures as operating expenses or those opting to write-off their deferred exploration expenditures will not be permitted to reverse these deferrals or defer any future exploration expenditures. The effect of adopting a policy of expensing exploration expenditures as incurred would cause the mineral properties and deferred exploration expenditures, on the balance sheet as at October 31, 2009, in the amount of \$27,291,353, less the future income tax liability of \$97,305, to be written-off, thereby increasing the deficit from \$11,964,708 to \$39,158,756. In the statement of operations and deficit, current mineral property acquisition costs and exploration expenditures would be expensed. If adopted, the loss per share under this policy for the quarter ended October 31, 2009 would be \$0.036 and a loss of \$0.051 for the year ended October 31, 2009.

Under IFRS, pre-exploration expenditures such as acquisition expenditures, leasing, staking, etc. are expensed. Companies electing to use the deferral method will also be allowed to continue the deferral of pre-exploration costs if such has been their past practice under Canadian GAAP. Eastmain's current policy is to defer both exploration and pre-exploration expenditures.

The company is currently planning its IFRS conversion implementation and has not as yet determined what policy it will adopt, with respect to exploration expenditures, under IFRS.

Use of Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance-sheet arrangements and the Company does not hold any asset-backed commercial paper. The principal financial instruments affecting the Company's financial condition and results of operations currently are its cash and marketable securities portfolio. To minimize risk, the funds are managed by independent financial advisors with ultimate administration by the Company. All of the Company's investment portfolio has been designated as available-for-sale and is recorded at fair-market value in accordance with CICA Handbook Section 3855.

Future Outlook

The focus of the Company is the exploration and development of its core gold assets located in James Bay, Québec. This region is becoming a rapidly evolving mining district, endowed with vast array of mineral deposits complimented by essential mine-building infrastructure of roads, power and communications, all of which is endorsed by provincial financial incentives.

The 2010 exploration budget has been increased by 50% over 2009 to \$7.65 million. Diamond drilling at four key projects – Clearwater, Eastmain Mine, Eleonore South and Reservoir – all located within the James Bay mining district has been recommended for 2010. Our near-term objective at Clearwater is to expand and upgrade the existing gold resource through closely spaced large diameter (HQ) drilling. An updated resource estimate is underway and will incorporate drilling results from the an additional 181 drill holes with previous data.

Continued definition drilling is planned in 2010 to evaluate the resource potential of the high-grade Eau Claire vein system within the 850 West Zone and to test the newly discovered Boomerang Prospect, located approximately one-half kilometre to the east of the main zone at 450 West. Drilling will also focus on the expansion of gold resources within main deposit and T-Vein group of veins at depth. Metallurgical test work will continue to identify the optimum metallurgical processing flow sheet design for future production at Eau Claire. Additional test work will also address the potential recovery of the abundant rare metal by-products, while maximizing gold recoveries.

A 5,000-metre winter drill program at the Eastmain Mine property, scheduled to begin in March 2010, will test the gold deposit at depth and laterally along the known mine trend. Based on previous surface and underground exploration, the Eastmain Gold deposit is remarkably similar in nature to the main contact ore horizon previously mined at Detour Lake, Ontario.

Follow-up drilling is also recommended to evaluate the kilometric-size gold halo outlined in the JT Gold Target area at Éléonore South. The gold target at Éléonore South represents a unique opportunity for discovery in close proximity to the multi-million-ounce Roberto deposit, which is currently in late pre-production stages of development and mining.

This year, the Company proposes to complete a diamond drill program on its wholly-owned Reservoir project, located approximately 50 kilometres west of Clearwater and south of Éléonore. Wide-spaced drilling in the 1990's outlined an 1,800-metre-long mineralized gold-silver-copper envelope containing at least three significant copper-gold zones. . Previous drill intercepts include wide intervals of anomalous gold ranging from 0.10 to 0.60 g/t Au, and higher grade zones of up to 5.35 g/t Au, 1.15 g/t Ag 0.17% Cu over 6.0 metres. One zone returned assays grades of up to 8.15% copper, 36 g/t gold (1.05 oz/ton) and 52 g/t (1.52 oz/ton) silver. Reservoir is geologically analogous to the 10-million-ounce past-producing McIntyre Gold mine at Timmins.

The Corporation has significant positive leverage to the price of gold through its growing in-situ resource ounces and has enough capital to proceed with substantial exploration programs at projects that are more advanced, or those in which it holds 100% interest, for the foreseeable future.

Subsequent events

On November 3, 2009, 100,000 stock options were exercised for proceeds of \$64,000. The Black-Scholes value associated with the options was \$45,400.

On December 29, 2009 the Corporation completed a non-brokered private placement consisting of 243,620 flow-through shares at a price of \$1.75 per share for aggregate gross proceeds of \$426,335. The shares are subject to a hold period of four months. In accordance with income tax legislation, the Company renounced \$426,335 in resource expenditure tax deductions on December 31, 2010 for activities funded by flow-through share arrangements as described in note 2(j). The transaction will result in a recovery of future income taxes and a corresponding reduction of share capital of \$141,543 in the first quarter of 2009-2010.

The company has completed and filed interim financial statements for the first quarter ended January 31, 2009 reporting a net loss for the quarter of \$198,621, working capital decrease of \$601,205, deferred expenditures on mineral properties and exploration of \$862,918, an increase in future income tax liability of \$141,800 and an increase

in shareholders' equity of \$182,926. Complete interim financial statements for the quarter ended January 31, 2010 are available on SEDAR at www.sedar.com.

Between February 1, 2010 and May 20, 2010, 619,000 stock options were exercised for proceeds of \$277,940. The Black-Scholes value of these options was \$220,901. 250,000 stock options were issued with an exercise price of \$1.35 per share with an expected term of 10 years. The Black-Scholes value of options issued was \$251,250.

On February 26, 2010 the Corporation completed a private placement consisting of 2,000,000 flow-through shares at a price of \$2.50 per share (a 78% premium to market) for aggregate gross proceeds of \$5,000,000. The shares are subject to a hold period of four months. The agent for the placement received finder's fees equal to 6% of the gross proceeds of the financing as well as non-transferable broker-warrants entitling the agent to purchase 120,000 ordinary common shares at \$2.00 per share for a period of 2 years from the closing date. In accordance with income tax legislation, the Company will renounce resource expenditure tax deductions equal to the eligible amount spent, to a maximum of \$5,000,000, on December 31, 2010 for activities funded by this flow-through share arrangement as described in note 7(ii). The transaction will result in a future income tax liability and a corresponding reduction of share capital, in the period when the renunciation occurs (first quarter of fiscal 2011), proportionate to the amount of expenditures, to a maximum of approximately \$1,705,000. Any unspent flow-through amount and corresponding future tax liability will be carried forward and applied in the following year.

Scientific and Technical Disclosure

All disclosure of a scientific or technical nature herein concerning the Clearwater Project is based upon the technical report entitled "Clearwater Project (1170) – Report on the 2004 Exploration Activities for Eastmain Resources Inc." dated December 30, 2005, which was prepared by E. Canova and M.J. Perkins (the "Clearwater Report"). E. Canova is a "qualified person" within the meaning of National Instrument 43-101 of the Canadian Securities Administrators and has verified the data underlying the statements contained herein concerning the Clearwater Project. Further information concerning the Clearwater Project is contained in the Clearwater Report available at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide assurance that all relevant information is gathered and reported to senior management, which includes the Company's President and Chief Executive Officer, Chief Financial Officer and the Corporate Secretary on a timely basis so that appropriate decisions can be made regarding public disclosure. As of October 31, 2009, the company's certifying officers, being the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the certifying officers have concluded that, as of October 31, 2009, the disclosure controls and procedures effectively provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings, (as such terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*), and reports filed or submitted under Canadian securities laws were recorded, processed, summarized and reported within the time periods specified by those laws. 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 the Company's internal controls over financial reporting in accordance with National Instrument 52-109 of the Canadian Securities Administrators. These controls were reviewed as at October 31, 2009. There were no changes during the year ended October 31, 2009, which materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. The Company's President and Chief Executive Officer and the Chief Financial Officer are satisfied that these controls and procedures are operating effectively.

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, 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.

The accounting systems employed by the Company include appropriate controls, checks and balances to provide reasonable assurance that the Company's assets are safeguarded from loss or unauthorized use as well as facilitating the preparation of comprehensive, timely and accurate financial information. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Management believes that its policies and procedures provide the best controls achievable under the constraints described above.

Use of Accounting Estimates

In preparing the financial statements, great care is taken to use appropriate Canadian generally accepted accounting principles and estimates, considered necessary by management, to present the financial position and results of operations on a fair and consistent basis. The principal accounting policies followed by the Company are summarized in Note 2 to the Audited Consolidated Financial Statements.

Additional Information

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