

Up ~60% since May, Eastmain's new agreement will allow for greater focus on their key James Bay gold assets

With gold prices hitting US\$1,500 an ounce quality junior gold mining companies are starting to do very well. One such company is up ~60% in the past few months.

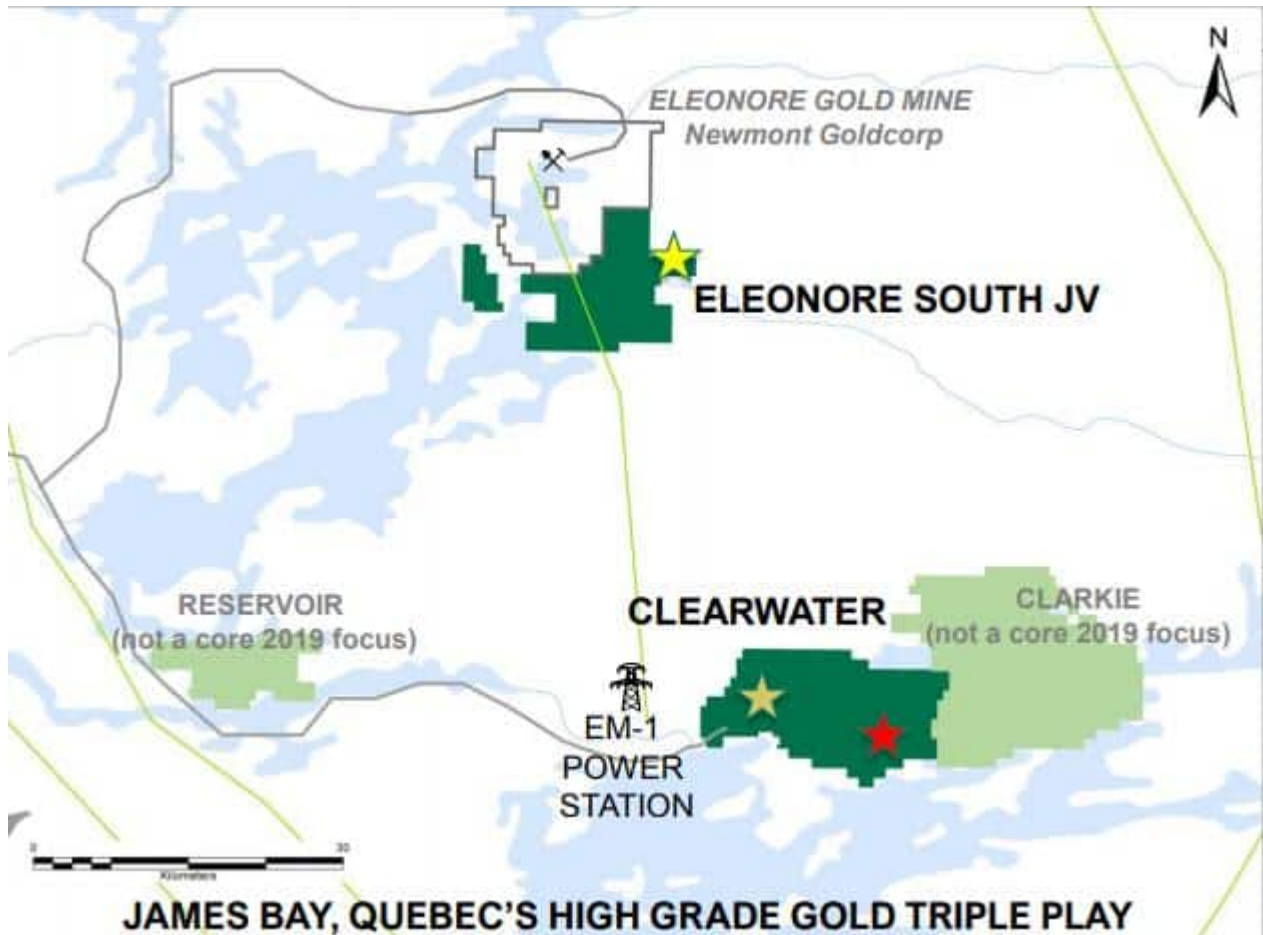
Eastmain Resources Inc. (TSX: ER | OTCQX: EANRF) is a very promising junior gold explorer and developer with projects in James Bay, Canada. The stock is up a massive ~60% since we covered them back in May when it was at C\$0.12 a share. The Company's activities consist mainly of acquisition, exploration, and discovery of mineral resources, with the intent of advancing, developing and ultimately operating their key assets. In total, Eastmain has a pipeline of 11 exploration projects ranging from early exploration to pre-development, covering 109,000 hectares. While gold is the main target there is also potential for silver, copper, and PGMs.

Eastmain Resource's James Bay projects

1. Clearwater Property, host of the Eau Claire Project (100% owned) and Percival prospect (flagship)
2. Eastmain Mine Project – Recently optioned to Benz Mining (see below). Eastmain retains a 2% NSR Royalty.
3. Éléonore South JV (36.72% owned).
4. Other early stage projects – Ruby Hill East & West, Reservoir, Radisson, and Lidge.

Note: Reservoir has good potential based on previous wide-spaced drilling which identified three copper-gold zones grading up to 8.15% copper, 36 g/t gold (1.05 ounces) and 52 g/t silver (1.52 ounces).

Eastmain Resources Projects location map



Eastmain Resources options the Eastmain Mine project to Benz Mining

Through its wholly-owned subsidiary Eastmain Mines Inc., Eastmain Resources has reached an agreement with Benz Mining Corp. to option the Eastmain Mine Project. The Project holds great potential and Eastmain Resources will be looking forward to watching its progress over the following years. The Project will allow Benz Mining the opportunity to explore, develop and eventually bring the gold-poly-metallic mine back into production.

Claude Lemasson, Eastmain President and CEO commented: "The agreement with Benz Mining is opportune to Eastmain, allowing our team to focus our resources on our key James Bay gold assets, Clearwater and the Eleonore South JV."

Following the exercise of the Option, Eastmain will retain a

2% NSR royalty. The royalty payment will commence following the production of the initial 250,000 oz. Half of the royalty may be repurchased by Benz, thereby reducing the royalty to a 1% NSR, for a purchase price of \$1,500,000. The Option Agreement is subject to Benz obtaining the approval of the TSX Venture Exchange and will be effective on the date Benz has received approval of the Exchange.

Exploration results at Clearwater and the Percival discovery

Eastmain Resources spring field exploration campaign progressed very well, expanding and enhancing on the previous year's information that ultimately led to the Percival discovery in late 2018. This fieldwork, combined with the previously completed surveys, has already demonstrated an improved interpretation of the geology and the potential mineralization at the KS Horizon's southern leg and will be used to define targets for drilling that should begin later in the summer of 2019.

During the winter program, 21 drill holes had been completed at Percival, over 3 main east trending zones traced over an extended east-west strike length of at least 750 metres and a north south width of 250 metres. The Spring Field Exploration Campaign continued from the Knight target eastwards over a 5 km strike of the KS Horizon. Results from surface geophysics, geological mapping, trenching and sampling will be used for planned drilling in August.

On August 13 Eastmain Resources released what should be the beginning of many good results at Percival. The news release reported: "Eastmain's summer exploration program cuts channel samples up to 3.69 g/t Au over 14 m at Percival and collects grab sample of 10.3 g/t Au at a new priority target; drilling program underway." Other samples at Percival included 3.33 g/t Au over 18 m, 1.96 g/t Au over 28 m and 2.07 g/t Au over 11 m; and at the new Caradoc Target a grab sample of 10.3 g/t Au.

Eau Claire Project PEA

Eastmain Resources can now focus their efforts on their flagship Eau Claire Project. Eau Claire has a M&I Resource of 853,000 ounces of contained gold (@6.18g/t), and an Inferred Resource of 500,000 ounces of contained gold (@6.53g/t). The May 2018 PEA results (see below) were very positive. The NPV5% was C\$260m, 27% post-tax IRR, and AISC of US\$574/oz, and a CapEx of C\$175m. It is important to note this was assuming a gold price of USD 1,250/oz, meaning at current gold prices of ~USD 1,500/oz the NPV would be quite a bit higher.

EAU CLAIRE PROJECT: ROBUST ECONOMICS PRELIMINARY ECONOMIC ASSESSMENT

Financial Highlights

NPV _{5%} (after-tax)	C\$260M
IRR (after-tax)	27%
Payback	3.1 years
Pre-Production Capex	C\$175M
Sustaining Capex (LOM)	C\$108M
Open Pit Mining Cost	\$41.07 / t processed
Underground Mining Cost	\$49.47 / t processed
Average LOM Total Cash Costs	US\$486/oz C\$632/oz
All-In Sustaining Cost (AISC)	US\$574/oz C\$746/oz

Key assumptions

- ✓ US\$1,250/oz Au
- ✓ C\$/US\$ 0.77 FX

Operating Highlights

Mine Life	12 years
Daily Throughput (LOM)	1,500 tpd
Average Annual Production (Yrs 1-10)	86,100 oz/y
LOM Au Produced	951,000 oz
Mineable Ounces	1.0 Moz
M&I / Inferred	70% / 30%
Average Head Grade (fully diluted)	OP: 3.78 g/t Au UG: 5.24 g/t Au
Total (blended)	4.86 g/t Au
Process Plant Recovery	95%
LOM Average Annual Production	79,200 oz/y
Total Mineralization Processed	Total: 6.40 Mt
	OP: 1.64 Mt UG: 4.76 Mt

Eastmain's strategy and next steps

Eastmain's strategy is to explore and develop very safe and stable jurisdictions; and to focus on gold projects that are high grade and accessible.

Next steps for the Company include further exploration at Clearwater Au (including the new Percival discovery), pre-development at the Eau Claire Project, and exploration of the Eleonore South project and Eastmain Mine Project by their JV

partners. A final step will be to get project funding for Eau Claire and commence production with a production target for now of 79,000 oz pa of gold over a 12 year mine life.

Eastmain Resources certainly look to be progressing well and is still very well valued despite the recent share price rise. Eastmain Resources Inc. is headquartered in Toronto, Canada; and has a market cap of C\$ 42 million.