



# EASTMAIN

## Eastmain Resources Inc.

### SECOND QUARTERLY REPORT

FOR THE PERIOD ENDING OCTOBER 31, 1999

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#### Highlights

- Significant discovery of high grade gold in veins and wide zones at Clearwater
- Ground geophysical surveys confirm base metal and gold targets at Abitibi Extension
- \$500,000 raised in Flow-Through financing
- \$1.2 million in working capital, December 31, 1999

**Clearwater Project** – Surface stripping completed in the fall exposed two parallel high grade veins and one wide gold-bearing zone at the Corporation's 50% owned Eau Claire deposit. The newly discovered *P-Vein* is exposed on surface for a length of 135 metres and contains an average grade of 12.34 grams gold per tonne (0.36 ounces per ton, 8.24 gpt cut grade) across a minimum two-metre mining width. The *Q-Vein*, located 15 metres north of P, contains an average grade of 12.6 grams gold per tonne over an 18-metre length. The previously reported *O-Vein* at surface has been re-interpreted as the *J-Vein* and contains an average grade of 15.56 grams gold per tonne over a length of 82 metres, with an average width of two metres. The J-Vein ore shoot contains 400,000 tonnes grading 10 grams gold per tonne.

**Bonanza grade gold** was also detected from channel sampling a 17.6 metre-wide tourmaline-rich zone, which assayed 16.2 grams gold per tonne (0.47 ounces per ton). This high-grade zone, located immediately east of the J-Vein, includes a **3.9-metre-wide interval grading 67.1 grams gold per tonne** (1.96 ounces per ton). These ore grade veins and wide tourmaline zones are likely to add significant tonnage to the known resource. A multi-phase exploration program has been recommended and approved by the joint venture partners. Diamond drilling will commence in mid February 2000 and surface stripping will follow in May. The first phase program will focus on detailed drilling of the new high-grade discovery.

**Lac Elmer Project** – Cambior has terminated its option to earn a 50% interest in the Lac Elmer Project owned jointly by Eastmain and Barrick Gold Corporation. The project is characterized by a precious-metal-bearing horizon, which resembles the ore-bearing rocks at Barrick's Bousquet gold deposit. All exploration permits have been renewed to 2001.

**Abitibi Extension Project** – Phase one linecutting and ground geophysical surveys initiated in October 1999 have confirmed the potential for both base metal massive sulphide deposits and lode gold ore on the Abitibi Extension Project.

The second phase of linecutting and geophysical surveying is in progress and will be completed by the end of January. Immediately following completion of the geophysics a winter diamond-drilling program is planned to test an initial 10 to 15 targets.

Eastmain and Quaterra Resources are jointly exploring the western extension of the Abitibi Greenstone Belt – which has accounted for a multitude of impressive ore deposits. The joint venture partners acquired four large claim blocks, including the 27-kilometre-long Nett River greenstone belt almost in its entirety. The Nett River belt includes dozens of strong untested electromagnetic and magnetic anomalies typically associated with base and precious metal deposits. Quaterra has funded \$300,000 in exploration as their first year commitment to earn a 50% interest in the project. Eastmain is the project operator.

#### **Financial**

Eastmain had approximately \$ 750,000 in working capital and no debt as at October 31, 1999. During the six-month period, the Corporation spent \$166,788 principally on exploration of the Clearwater and Railroad projects. Subsequent to the end of the reporting period the Corporation received \$140,000 from Quaterra Resources Inc. towards funding exploration at the Abitibi Extension Project and \$95,000 from other sources. The Corporation also completed an offering of 1,428,570 flow-through common shares for proceeds of \$500,000 on December 30, 1999.

As part of a multi-stage program, the joint venture partners have approved a \$600,000 budget for the first two phases of diamond drilling and surface stripping at Clearwater. Eastmain's share of the budget is \$300,000.

Donald J. Robinson,  
*President and Chief Executive Officer*  
December 30, 1999

**EASTMAIN RESOURCES INC.**  
**BALANCE SHEETS (Unaudited)**

As at October 31,	1999	1998
<b>ASSETS</b>		
CURRENT		
Cash and short-term investments	\$ 249,647	\$ 769,653
Marketable securities	444,653	379,302
Sundry receivables	53,281	39,011
	747,581	1,187,966
Capital Assets	22,807	31,583
Mining Properties	742,088	613,111
Deferred Exploration	4,653,036	4,452,127
	\$ 6,165,512	\$ 6,284,787
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 85,299	\$ 48,355
Advances from joint venture partners	88,041	-
	173,340	48,355
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	8,106,078	8,098,578
Deficit	(2,113,906)	(1,862,146)
	5,992,172	6,236,432
	\$ 6,165,512	\$ 6,284,787

**EASTMAIN RESOURCES INC.**  
**STATEMENT OF OPERATIONS (Unaudited)**

Six months ended October 31,	1999	1998
<b>Revenue</b>		
Interest and dividends	\$ 33,562	\$ 42,455
Loss on sale of marketable securities	-	(5,232)
Management fees	6,676	-
	40,238	37,223
<b>Expenses</b>		
Professional fees	9,441	11,429
General and office	75,490	70,348
Write down of marketable securities to market value	106,772	188,414
Depreciation	4,025	5,073
	195,728	275,264
<b>Net loss for the period</b>	<b>\$ 155,490</b>	<b>\$ 238,041</b>
Net loss per share	\$ 0.01	\$ 0.01

**SCHEDULE OF EXPLORATION EXPENDITURES**

**Six months ended October 31, (Unaudited)**

Projects	1999	1998
Reservoir	28	15,111
Lac Elmer	2,461	8,170
Clearwater	77,404	9,897
Lidge	-	1,962
Abitibi Extension	2,490	22,923
Mattagami VMS	-	4,201
Bathurst VMS	1,066	43,688
Bathurst Cu-Au	-	25,098
Rocky Lake	1,659	-
Railroad	81,212	154,046
Tingley Brook	18,113	-
General Exploration	22,355	76,542
	61,980	127,822
Government grants	(40,000)	(17,416)
	<b>\$ 168,788</b>	<b>\$ 344,222</b>

**STATEMENT OF CASH FLOWS (Unaudited)****Six months ended October 31,****Cash provided by (used in)****Operating Activities**

	<b>1999</b>	<b>1998</b>
Net loss for the period	\$ (155,490)	\$ (238,041)
Loss on sale of marketable securities	-	5,232
Items not affecting cash:		
Write down of marketable securities to market value	106,772	188,414
Depreciation	4,025	5,073
	(44,693)	(39,322)
Net changes in non-working capital		
(Increase) decrease in sundry receivables	(46,286)	9,666
Increase (decrease) in accounts payable	15,598	20,520
Increase (decrease) in advances from joint venture partners	(47,804)	(145,046)
	(123,185)	(154,182)

**Investing activities**

Exploration expenditures (schedule)	(166,788)	(344,222)
Acquisition of capital assets	-	(4,971)
Acquisition of mining claims	(96,243)	(6,800)
Net purchases of marketable securities	-	(121,736)
	(263,031)	(477,729)

**Financing activities**

Issuance of common shares:		
For cash, on exercise of stock options	7,500	6,250
	7,500	6,250

**Increase (decrease) in cash**

	(378,716)	(625,661)
Cash and short-term investments, beginning of period	628,363	1,395,314
Cash and short-term investments, end of period	\$ 249,647	\$ 769,653

**EASTMAIN RESOURCES INC.**

**TRANSFER AGENT**

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**SHARES LISTED**

The Toronto Stock Exchange

**EXPLORATION OFFICE**

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