



EASTMAIN

Eastmain Resources Inc. FIRST QUARTERLY REPORT

FOR THE PERIOD ENDING October 31, 2002

Highlights

- **Drill program significantly expands gold deposit at Clearwater**
- **SIDEX Mining Fund completes placement at 70% premium to share price**
- **Québec financial incentive rebates to explorers increases to 60%**

Clearwater Project (Eau Claire Gold Deposit), Quebec

With the objective of significantly expanding the contained gold resource at the Eau Claire deposit, the Corporation completed 10,500 metres of diamond drilling. Drill results received to date confirm that the deposit extends to a minimum of 500 metres vertical depth and is open in all directions.

Multiple gold-bearing veins and schist zones were intersected in the recent drilling. Thirty veins from the first 12 holes assayed above the resource cut-off grade of 3.5 grams gold per tonne, ranging up to 22.8 grams gold per tonne over a minimum mining width of 1.5 metres. The main ore veins from the 450 Zone have been traced down-dip for a length of 750 metres and are open at depth.

A second phase of drilling is recommended for 2003. The objectives of this 10,000-metre program are to increase the gold resource, confirm vein grade and complete the Corporation's 75% earn-in. A new resource estimate will be released in the next quarter.

Eastmain is exercising its option to earn 75% interest in the Clearwater Project by spending \$2.5 million in exploration over a four-year period. Through financial rebates currently offered by the Government of Québec the net earn-in requirement to the Corporation will be reduced to approximately \$1.0 million. The first year's expenditure is estimated at \$1.5 million and the Company anticipates completing its earn-in within the next 12 months.

Financial

As at October 31, 2002 the working capital of the Corporation was \$1,887,058. Eastmain contributed \$649,197 in deferred exploration expenditures. Revenue for the three-month period was \$96,130 while operating expenses totaled \$113,448. The Corporation completed a private placement with the SIDEX Mining Fund of Québec for gross proceeds of \$500,000. The placement was completed at a 70% premium to the share price. During the current reporting period general and administrative expenses increased to \$90,903. This increase is primarily the result of applications to the Québec Securities Commission to establish Eastmain as a reporting issuer in the Province of Québec. Therefore, in this quarter the Company incurred one time non-recurring charges of approximately \$30,000. Subsequent to the reporting period the Corporation received notice of a \$123,187 tax rebate from the Province of Québec for 2001 exploration expenditures at its Clearwater property.

Donald J. Robinson,
President and Chief Executive Officer
December 17, 2002

EASTMAIN RESOURCES INC.

Balance Sheets (Prepared by Management)

	October 31, 2002 (Unaudited)	July 31, 2002 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,728,882	\$ 2,099,207
Marketable securities	29,000	49,125
Prepaid and sundry receivables	129,176	51,107
	1,887,058	2,199,439
Capital assets	25,902	28,321
Mining properties	1,001,507	899,102
Deferred exploration expenditures	7,346,847	6,697,651
	\$ 10,261,314	\$ 9,824,513

Liabilities and Shareholders' Equity

Current Liabilities		
Accounts payable and accrued liabilities	\$ 108,046	\$ 143,927
Shareholders' equity		
Capital stock		
Authorized - Unlimited common shares		
Issued		
Common shares (Note 2)	12,658,190	12,168,190
Deficit	(2,504,922)	(2,487,604)
	10,153,268	9,680,586
	\$ 10,261,314	\$ 9,824,513

Responsibility for Financial Statements

The accompanying financial statements for Eastmain Resources Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the July 31, 2002 audited financial statements and the July 31, 2002 unaudited interim financial statements. Only changes in accounting policies have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependant upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

EASTMAIN RESOURCES INC.

(Prepared by Management - Unaudited)

Three Months Ended
October 31,

2002 2001

Statements of Operations and Deficit

Revenue		
Interest and dividends	\$ 27,532	\$ 8,630
Management fees	<u>68,598</u>	<u>36,735</u>
	<u>96,130</u>	<u>45,365</u>
Expenses		
Amortization	2,420	242
Loss on sale of marketable securities	-	605
General and administration	90,903	28,441
Write-down of marketable securities	<u>20,125</u>	<u>-</u>
	<u>113,448</u>	<u>29,288</u>
Income (loss) for the period	(17,318)	16,077
DEFICIT, beginning of period	<u>(2,487,604)</u>	<u>(2,411,594)</u>
DEFICIT, end of period	<u>\$ (2,504,922)</u>	<u>\$ (2,395,517)</u>

Income (loss) per share (Note 5)	\$ (0.0006)	\$ 0.0009
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Statements of Cash Flows

Cash provided by (used in)

OPERATING ACTIVITIES

Income (loss) for the period	\$ (17,318)	\$ 16,077
Less: Adjustments not affecting cash		
Amortization	2,420	242
Write-down of marketable securities	20,125	-
Changes in non-cash working capital items	<u>(113,950)</u>	<u>(91,867)</u>
	<u>(108,723)</u>	<u>(75,548)</u>

FINANCING ACTIVITIES

Issue of common shares, net of costs	<u>490,000</u>	<u>-</u>
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INVESTING ACTIVITIES

Acquisition of mining claims	(102,405)	14,338
Deferred exploration expenditures	(649,197)	(285,777)
Decrease in marketable securities	<u>-</u>	<u>21,078</u>
	<u>(751,602)</u>	<u>(250,361)</u>

Change in cash and cash equivalents	(370,325)	(325,909)
Cash and cash equivalents, beginning of period	<u>2,099,207</u>	<u>588,379</u>
Cash and cash equivalents, end of period	<u>\$ 1,728,882</u>	<u>\$ 262,470</u>

EASTMAIN RESOURCES INC.

Notes to Financial Statements (Prepared by Management)

Three Months Ended October 31, 2002

(Unaudited)

1. ACCOUNTING POLICIES

The management of Eastmain Resources Inc. (the "Company") have prepared these financial statements in accordance with Canadian generally accepted accounting principles. These statements should be read in conjunction with the audited financial statements for the year ended July 31, 2002.

The disclosures in these interim financial statements do not conform in all respects to generally accepted accounting principles in Canada for annual financial reporting.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the three months ended October 31, 2002 are not indicative of the results that may be expected for the full year ending July 31, 2003.

These statements follow the same accounting policies as the July 31, 2002 audited financial statements except for the following:

Stock Option Compensation

Effective August 1, 2002, the Company adopted the new recommendations of the CICA Handbook Section, Stock-based Compensation and Other Stock-based Payments. This section established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These new recommendations require that compensation for all awards made to non-employees and certain awards made to employees be measured and recorded in the financial statements at fair value. This section also sets out a fair value based method of accounting for stock options issued to employees and applies to awards granted on or after fiscal years ending January 1, 2002.

The Company, as permitted by Section 3870, has chosen not to use the fair value method to account for stock-based employee compensation plans, but to disclose pro-forma information for options granted after August 1, 2002. The Company records no compensation expense when options are issued to employees. Any consideration paid by employees on the exercise of the options is credited to capital stock.

2. CAPITAL STOCK

	Shares	Amount
Balance, July 31, 2002 (audited)	28,794,469	\$ 12,168,190
Private placement	909,091	500,000
Cost of issue	-	(10,000)
Balance, October 31, 2002 (unaudited)	<u>29,703,560</u>	<u>\$ 12,658,190</u>

During the period, the Company issued 909,091 units at a price of \$0.55 per unit for gross proceeds of \$500,000. Each unit consists of one common share and one half-warrant. Each complete warrant gives the warrant holder the right to buy one common share of the Company at a price of \$0.75 per share for a period of 18 months (February 26, 2004).

EASTMAIN RESOURCES INC.

Notes to Financial Statements (Prepared by Management)

Three Months Ended October 31, 2002

(Unaudited)

3. STOCK OPTIONS

The following summarizes the stock option activity for the period:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2002	1,770,000	0.40
Expired during the period	<u>(395,000)</u>	<u>0.65</u>
Balance, October 31, 2002	<u>1,375,000</u>	<u>0.33</u>

As at October 31, 2002, the Company had the following stock options outstanding:

	NUMBER OF OPTIONS	EXERCISE PRICE (\$)	EXPIRY DATE
	100,000	0.25	March, 2003
	50,000	0.30	May, 2003
	825,000	0.36	February, 2005
	100,000	0.34	May, 2006
	<u>300,000</u>	0.26	February, 2007
	<u>1,375,000</u>		

4. WARRANTS

As at October 31, 2002, the Company had the following warrants outstanding:

	NUMBER OF WARRANTS	EXERCISE PRICE (\$)	EXPIRY DATE
	500,000	0.80	November, 2002
	3,050,000	0.40	May, 2003
	200,000	0.25	December, 2003
	<u>454,546</u>	0.75	February, 2004
	<u>4,204,546</u>		

5. INCOME (LOSS) PER SHARE

The loss per share figures are calculated using the weighted monthly average number of common shares outstanding during the period. Fully diluted loss per share considered the dilutive impact of the conversion of outstanding stock options and warrants as if the events had occurred at the beginning of the year. For the periods presented, this calculation proved to be anti-dilutive.

EASTMAIN RESOURCES INC.

Notes to Financial Statements (Prepared by Management)

Three Months Ended October 31, 2002

(Unaudited)

6. INCOME TAXES

The estimated taxable income for the period is nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. This estimated taxable temporary difference valuation allowance will be adjusted in the period that it can be determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

For further information about the Company's losses for tax purposes, refer to the audited July 31, 2002 financial statements. The benefits for these losses and the estimated loss for the period are not recognized in these financial statements.

7. RELATED PARTY TRANSACTIONS

The Company paid a director \$24,000 for management wages.

8. STOCK OPTION COMPENSATION

A pro-forma calculation has not been presented because the compensation cost and net loss for the period ended October 31, 2002 would not have been different had the Company applied the fair value based method of accounting for stock options.

Supplement to Financial Statements (Prepared by Management)

Three Months Ended October 31, 2002

(Unaudited)

As of December 5, 2002, the following items were outstanding:

a) 29,703,560 common shares

b) Stock Options:

	NUMBER OF OPTIONS	EXERCISE PRICE (\$)	EXPIRY DATE
	100,000	0.25	March, 2003
	50,000	0.30	May, 2003
	825,000	0.36	February, 2005
	100,000	0.34	May, 2006
	<u>300,000</u>	0.26	February, 2007
	<u>1,375,000</u>		

c) Warrants:

	NUMBER OF WARRANTS	EXERCISE PRICE (\$)	EXPIRY DATE
	500,000	0.80	November, 2002
	3,050,000	0.40	May, 2003
	200,000	0.25	December, 2003
	<u>454,546</u>	0.75	February, 2004
	<u>4,204,546</u>		
