



## **FIRST QUARTERLY REPORT FOR THE PERIOD ENDING – January 31, 2009**

The Company remains focused on the exploration and discovery of ore deposits within Québec's newest mining district – the Eastmain/Opinaca (Éléonore) region. Eastmain owns 100% of two gold deposits, Eau Claire and Eastmain, as well as 10 other projects, covering in excess of 1,200 km<sup>2</sup> within the region.

### Clearwater Project

During the period, the Company reported final assay results for the 2007-2008 drilling completed within the Eau Claire gold deposit. Over 300 gold-bearing, quartz-tourmaline veins with an average grade of 14.65 g/t Au over an average width of 1.28 metres, were intersected from near the surface to a vertical depth of 200 metres. 200 hundred vein intersections ranging from >1 to 2,540 g/t Au (74.2 oz/ton) contain an average grade of 17.56 g/t Au (0.51 ounces per ton) over an average thickness of 1.25 metres.

One of the objectives of the definition drill program is to upgrade the geological confidence of the gold deposit, which will raise the resource classification from indicated to measured status. A top-priority of the program is to reconcile the difference between the former drill-indicated grade and the average composite gold grade defined at surface. Switching to a larger diameter (HQ) drill core has proven to be very positive, reflected in the number of veins containing visible gold (94).

A winter diamond drill program, designed to follow the high-grade central portion of the deposit to a vertical depth of 300 metres is underway. The program is being conducted from an ice platform established on a small lake located south of the deposit. Approximately twenty drill holes are planned dependant on maintaining sufficient ice thicknesses to support the drill rig. A second phase drill program has been recommended to test the newly discovered T Veins following spring break-up.

The Corporation is in the process of selecting six composite samples for metallurgical testing at SGS Minerals Lakefield Research facility. The six metallurgical samples will include four of the main veins (P, JQ, R and S) to be tested individually, one met sample will be a composite of these four veins and one composite of mineralized wall rock will be processed.

### Éléonore South JV

Subsequent to the period ending January 31, 2009 Goldcorp, through its wholly owned subsidiary Les Mines Opinaca Ltée. ("Opinaca"), elected to proceed with exploration at the Éléonore South project as a 3-Way funded joint venture instead of funding a bankable feasibility study. This decision was the result of a severe market correction last fall combined with the fact that earning 40% did not justify funding a bankable feasibility. Goldcorp recently (February 19, 2009) reported that as of December 31, 2008, the Roberto deposit contained 2.3 million ounces of measured and indicated gold resources at an average grade of 10.05 grams per tonne and 3.0 million ounces of inferred gold resources at an average grade of 12.75 grams per tonne. In contrast to most of the gold mining districts in the Canadian Shield which are declining, the Eastmain/ Éléonore district is growing in size and importance.

Eastmain as project operator has presented a program and budget to the Joint Venture partners recommending a second phase of drilling focused on the JT Gold Zone along with testing other regional targets. Each of the JV partners must fund its share of the program to maintain their ownership in the project.

## MegaTEM JV

During the quarter the Corporation completed a three-hole drill program for approximately 600 metres to test a MegaTEM anomaly coinciding with a copper-nickel prospect in St. Laurent Township, located within the western portion of the Abitibi Belt. The prospect is situated within a few kilometres of an all-weather road and any discovery would be within trucking distance of existing smelter facilities.

## Financial

The Company's current assets are comprised of \$15.2 million cash and cash equivalents, \$2 million in marketable securities and \$2.6 million in exploration rebates receivable from the province of Quebec. During the quarter the Corporation completed a private placement in the amount of \$127,500 at an issue price of \$1.00 per share, with no warrant or commission fees, subscribed to by directors, officers, technical advisors and service providers of the Corporation. As at January 31, 2009 there were 85.8 million shares issued and 6.86 million warrants outstanding at an average exercise price of \$1.91 per share and 4.6 million options at an average exercised price of \$0.72 per share.

## Outlook

The Corporation is well positioned with sufficient working capital to continue our exploration programs for the foreseeable future. Our \$4 million exploration budget will focus on expanding the high grade gold resources at Eau Claire along with advancing our key projects to build and discover new resources.

We look forward to an exciting 2009 season.

Donald J. Robinson, Ph.D., P. Geo.  
President and Chief Executive Officer  
March 17, 2009

*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 2007 Annual Information Form available on SEDAR at [www.sedar.com](http://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

### General

*The following discussion of performance, financial condition and future prospects should be read in conjunction with the interim consolidated financial statements (the "interim consolidated financial statements") of Eastmain Resources Inc. (the "Company" or "Eastmain") for the three months ended January 31, 2009 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles. 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 March 10, 2009.

### Corporate Overview

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

The Company is principally 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. In 2006 Goldcorp Inc. ("Goldcorp") purchased the Éléonore property and the Roberto gold deposit from Virginia Mines Inc., in a transaction valued at approximately \$500 million (Goldcorp 2006 First Quarter Report). As of December 31, 2008, the Roberto deposit contained 2.3 million ounces of measured and indicated gold resources at an average grade of 10.05 grams per tonne and 3.0 million ounces of inferred gold resources at an average grade of 12.75 grams per tonne (Goldcorp news release Feb. 19, 2009).

In May of 2006, Goldcorp, Eastmain and Azimut Exploration Inc. ("Azimut") formed a joint venture by combining 65 km<sup>2</sup> of the Éléonore property with the Azimut C claim block, to form the Éléonore South Property. Subsequently, Eastmain discovered a gold zone, referred to as the JT Target, which occurs within sedimentary rocks similar to those observed at the Roberto Gold Deposit. In February 2008, Les Mines Opinaca Ltée. ("Opinaca"), a wholly-owned subsidiary of Goldcorp, elected to increase its interest in the Éléonore South joint venture by 6.67%, to a total of 40%, by funding all exploration expenditures to a bankable feasibility study by June 2015. Due to dramatic current market downturns, Opinaca withdrew from its option to fund a bankable feasibility study in favour of funding continuing exploration as a 3-way joint venture, with Eastmain as the project operator.

There are five known deposits in the Eastmain/Opinaca district including the Eau Claire and Eastmain gold deposits, which are wholly owned by the Corporation. Exploration in the region has been enhanced by a well-developed infrastructure of roads, power, airports, telecommunications and fuelling stations built to service massive Hydro Québec installations. The province of Québec also provides a generous financial incentive in the form of tax credits for resources and mining duties totalling up to 50.75% of eligible exploration expenditures to companies working in the area.

Eastmain holds 12 properties covering over 1200 km<sup>2</sup> in this new mining district, including 100% interest in the Clearwater Project, which hosts a gold resource referred to as the Eau Claire gold deposit. As at December 2005, the Eau Claire Deposit contained 313,000 ounces of indicated gold resources at an average grade of 9.46 grams gold per tonne and 679,000 ounces of inferred gold resources at an average grade of 6.79 grams gold per tonne. Subsequent to the last resource estimate, the Company has completed in excess of 15,000 metres of diamond drilling at Eau Claire, intersecting hundreds of new high-grade gold intercepts, which had not been included in the previous resource.

In May 2007, Eastmain and Goldcorp signed a confidentiality agreement on the Clearwater Project for the purposes of data sharing and providing technical support in a preliminary economic evaluation of the Eau Claire gold deposit.

In February 2007, the Company acquired 100% interest in a second gold deposit in the district, the Eastmain Mine, which 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, (source: Campbell Resources Inc. 2004 Annual Report, Alain Blais VP Geology and Development - Qualified Personnel). These resources are historical estimates and may no longer be National Instrument 43-101 compliant. The Eastmain gold deposit is geologically analogous to the multi-million ounce Detour Lake gold deposit located in Northern Ontario. The acquisition of the Eastmain Mine property included an access ramp and underground development, an airstrip, mine camp, tailings pond and 20-year mining lease. There is significant exploration potential to expand the known deposit and possibly find additional deposits on the property.

The Company also holds 70% interest in a district-scale exploration project in joint venture with Xstrata in Northern Ontario. 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. Eastmain is the project operator.

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. Goldcorp is the Corporation's largest shareholder at 8.8%, and in 2006, Goldcorp also extended its strategic alliance with the Company, first formed in 2003, to 2011.

### **Overall Performance**

The Company's total consolidated assets were \$43.9 million as at January 31, 2009 (\$45.4 million - October 31, 2008 and \$30.2 million - January 31, 2008). During the three months ended January 31, 2009, the Company raised net cash proceeds of \$122,907 through the issue of shares. During this same period, the Company invested \$0.6 million in gross exploration expenditures. During the three months ended January 31, 2008, the Company invested \$0.8 million in exploration expenditures.

The Company holds 100% interest in the Clearwater Project, subject to a 2% Net Smelter Return Royalty ("NSR") in favour of SOQUEM Inc. Eastmain also holds an option to purchase one-half of the NSR for \$1 million. The cash component of this acquisition, made during fiscal 2005, was offset by \$427,655 in tax rebates received that year.

In 2006, Eastmain, Azimut and Goldcorp formed a 3-way joint venture by combining Azimut's mining claims comprising the Opinaca C Block and selected mining claims from Goldcorp's Éléonore claim block to create the Éléonore South Property. Eastmain satisfied its work requirements to earn a one-third interest in the Éléonore South project by completing \$4 million in work expenditures within the proceeding four-year period. In February 2008, Goldcorp expressed interest in exercising an option to acquire an additional 6.67% interest by funding all exploration expenditures up to the delivery of a bankable feasibility study. In January 2009, Goldcorp withdrew from its option to fund a bankable feasibility study in favour of funding continuing exploration as a 3-way joint venture, with Eastmain as the project operator and manager. As project manager, Eastmain receives a management fee based on a percentage of exploration costs.

The Eastmain Mine property was acquired in February 2007 from Campbell Resources Inc. through the Company's wholly-owned subsidiary, Eastmain Mines Inc. at 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.

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, but has since retreated to a range of between US\$850 and US\$1,000 per ounce. Although world markets may experience volatility in the short-term, the long-term outlook for gold remains bullish and management believes the price of gold will continue its upward trend.

Increased gold prices in the last several years have encouraged the Company to participate more actively in exploration and acquisition activities. 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.

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, the Company must contribute its one-third share of any proposed exploration expenditures for the Éléonore South project, in order to retain its full 33.34% interest in the property.

As project manager, Eastmain has currently proposed a \$2.5-million-drill program at the Éléonore South project for 2009. All parties must participate equally for one-third of the proposed budget in order to maintain their interest. Should any party elect not to participate, its interest would be diluted on a prescribed basis in accordance with the joint-venture agreement. For any given year, participating partners can also elect to contribute the non-participant's portion of the budget or elect to reduce the proposed budget.

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

## **Results of Operations**

During the first quarter the Company's exploration activity focused primarily on the Clearwater Project and its MegaTEM JV with Xstrata Copper Canada Inc.

### **Clearwater Project**

Over the past 14 months the Company completed more than 15,000 metres of drilling within the upper 300 vertical metres of the deposit. Drilling identified a new series of veins (T Veins) located north of the known gold resource.

During the quarter, the Company reported assay results received for the definition drill program completed on the Eau Claire gold deposit in 2008. These results confirmed hundreds of high-grade gold intercepts not included in the previous resource calculation.

### **MegaTEM JV**

During the quarter the Company completed three holes to test a deep-seated airborne geophysical anomaly located in St. Laurent Township, Ontario. Previous historical drilling intersected wide zones of nickel-copper mineralization. Assay data is pending.

### **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 \$49,471 for the three months ended January 31, 2009 (\$31,748 for the three months ended January 31, 2008).

In accordance with Canadian generally accepted accounting principles, some significantly large, non-cash, income and expense items are recorded through the Company's consolidated financial statements. Net loss for the three months ended January 31, 2009 was \$132,454 compared to a net loss of \$201,808 for the three months ended January 31, 2008. The net loss for the three months ended January 31, 2008 included a non-cash expense of \$40,200 for the Black-Scholes value of stock option compensation granted and a non-cash recovery of future income taxes of \$53,700, arising from the renunciation of resource expenditures in favour of flow-through share investors. These non-cash items were derived from the flow-through placement with directors, officers, employees and other service providers completed in December 2007. Under the accounting standard regarding the income component of flow-through shares, introduced in March 2004, a part of the equity raised from flow-through shares is apportioned to a future tax liability, based on an estimate of the value of future income tax recoveries, otherwise available to the Company, that are being transferred to the shareholder. This transaction resulted in an income statement recovery during the time in which the Company's actual cost of its assets exceeded its tax cost for those assets.

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, forcing the Company to reinvest funds at lower rates of interest. The Company's investment in bonds as at January 31, 2009 was \$2.0 million. The average rate of return for the fiscal year ended October 31, 2008 was 4.24%. With the current uncertainty in the financial markets, the Company is investing only in short-term instruments. Current short-term interest rates are less than 1.0%

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.

### First Quarter Results of Operations

First quarter advertising and promotion expenditures included in operating expenditures were approximately \$58,000 less than those incurred in the first quarter last year. Advertising and promotional expenditures are not incurred evenly throughout the year. There were no large non-cash revenues or expenditures during the first fiscal quarter ended January 31, 2009. During the comparable period last year, the Company recorded a stock option compensation expense of \$40,200 and a deferred income tax recovery of \$53,700.

### Selected Quarterly Information

	Quarter ended 01/31/2009	Quarter ended 10/31/2008	Quarter ended 07/31/2008	Quarter ended 04/30/2008
<b>Interest / other Income</b>	\$ 49,741	\$ 123,494	\$ 78,536	\$ 75,156
<b>Net Income (loss)</b>	\$ (132,453)	\$ (1,329,520)	\$ (174,903)	\$ (136,703)
Per share basic	\$(0.0015)	\$(0.0178)	\$(0.0022)	\$(0.0018)
Per share diluted	\$(0.0015)	\$(0.0056)	\$(0.0022)	\$(0.0018)
<b>Trading Range of Shares</b>				
High	\$1.09	\$1.55	\$1.68	\$1.55
Low	\$0.55	\$0.48	\$1.32	\$0.75
	Quarter ended 01/31/2008	Quarter ended 10/31/2007	Quarter ended 07/31/2007	Quarter ended 04/30/2007
<b>Interest / other Income</b>	\$ 31,748	\$ 52,452	\$ 12,702	\$ 72,167
<b>Net Income (loss)</b>	\$ (201,808)	\$ (109,326)	\$ (420,892)	\$ (193,979)
Per share basic	\$(0.0015)	\$(0.0019)	\$(0.0063)	\$(0.0029)
Per share diluted	\$(0.0015)	\$(0.0019)	\$(0.0063)	\$(0.0029)
<b>Trading Range of Shares</b>				
High	\$0.92	\$0.77	\$0.89	\$0.85
Low	\$0.63	\$0.57	\$0.65	\$0.69

### 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 with the possible forced sale or loss of such properties. The Company at some point will require additional financing for ongoing

exploration, however, management believes that there are sufficient funds on hand to continue its exploration program on current projects for approximately five years.

### 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 had letters of agreement for two claim blocks held by Azimut located in the Éléonore district, Opinaca C and Opinaca D ("Azimut C and Azimut D"). 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 Opinaca C agreement, Eastmain had the option to earn a 50% interest in Block C from Azimut 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 formed a 3-way joint venture by combining Azimut's mining claims from the Opinaca C Block and selected mining claims from Goldcorp'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 Opinaca 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 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 on the Opinaca D project with no further financial obligations. The 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 01/31/2009		Quarter ended 10/31/2008		Quarter ended 07/31/2008		Quarter ended 04/30/2008		
	\$	%	\$	%	\$	%	\$	%	
Clearwater	140	23	1,913	67	288	22	105	31	
Eastmain Mine	6	1	77	3	36	3	30	9	
Éléonore South	69	11	75	3	0	0	2	1	
Xstrata JV	277	45	4	0	11	1	22	6	
Azimut C & D	0	0	2	0	15	1	37	11	
Ruby Hill	26	4	788	27	951	72	28	8	
Reservoir	3	1	8	0	0	0	31	9	
Radisson	20	3	1	0	4	0	4	1	
Other	73	12	1	2	18	1	82	24	
	614	100	2,869	100	1,323	100	341	100	

## Deferred Mining Property Costs and Exploration Expenditures (continued)

Project	Project Expenditures by Quarter (in thousands of dollars)							
	Quarter ended 01/31/2008		Quarter ended 10/31/2007		Quarter ended 07/31/2007		Quarter ended 04/30/2007	
	\$	%	\$	%	\$	%	\$	%
Clearwater	568	71	251	17	58	3	40	1
Eastmain Mine	6	1	(36)	(2)	826	48	3,531	89
Éléonore South	186	23	1,150	78	778	45	203	5
Xstrata JV	12	2	34	2	14	1	76	2
Azimet C & D	5	1	23	2	9	1	63	2
Ruby Hill	6	1	3	0	2	0	28	1
Reservoir	3	0	14	1	1	0	4	0
Radisson	1	0	28	2	0	0	0	0
Other	10	1	6	0	39	2	34	1
	798	100	1,473	100	1,727	100	3,979	100

### Liquidity and Capital Resources

During the three months ended January 31, 2009, the Company received proceeds of \$122,907 from the issue of shares (the Company received \$3.2 million from the exercise of common share purchase warrants and the issue of common shares in the three months ended January 31, 2008). During the same period, the Company invested \$0.6 million in acquisition and exploration of mineral resource properties (\$0.8 million in the three months ended January 31, 2008). As at January 31, 2009 cash and cash equivalents, the current portion of marketable securities, prepaid expenses and sundry receivables on hand totalled \$15.2 million (\$6.3 million - January 31, 2008). Current liabilities are \$0.3 million (\$0.6 million - January 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 three months ended January 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 are subject to approximately 46.1% mining duty and provincial refund to the Company. An estimated \$2,600,000 of resource tax credits and mining duty rebates are recoverable by the Company from the Province of Québec in respect of qualified expenditures up to October 31, 2008. Since the Company has received no confirmation of the refund, these amounts have not been recorded in the consolidated financial statements. The rebates are recorded when they are received. As at January 31, 2008 the Company was eligible for resource tax credits and mining duty rebates estimated at \$1,860,000 for qualified expenditures up to October 31, 2007. Amounts received in respect of those claims were recorded in the financial statements for the year ended October 31, 2008.

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, 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 current financial market uncertainties, funds are being kept in short-term notes and interest-bearing bank accounts.

The Company does not hold any Asset Backed Commercial Paper (ABCP).

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. As a result of fair-market valuations January 31, 2009, the carrying value of the Company's investments has been written-down from book value by \$336,553. The effect on comprehensive net loss for the quarter was a gain of \$139,118. For the three months ended January 31, 2008 investments were written-up from book value by \$447,105 to reflect fair-market values at that date. The effect on comprehensive net loss for that quarter was a loss of \$11,811. Accounts receivable as at January 31, 2009 includes an amount of \$180,035 for recoverable sales taxes, which are subject to verification and normally refunded within 60 to 90 days of the claim. Taxes are not considered a financial instrument since no obligation exists for governments to make these payments. Accounts payable outstanding as at January 31, 2009 were \$297,867 (2008 - \$751,640). The accounts payable amount varies from month-to-month depending on the amount of work performed and the time required to verify the satisfactory completion of work invoiced.

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 and not 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 generally accepted accounting principles (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 \$43,605 in the three months ended January 31, 2009 in connection with the December 2008 issue of flow-through shares, and a future income tax recovery of \$53,700 in the three months ended January 31, 2008 in connection with the December 2007 renunciation of expenditures associated with the issue of flow-through shares.

During the three months ended January 31, 2009, there was no change in the number of common share purchase warrants outstanding. As at January 31, 2009 there were 6,828,200 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 three months ended January 31, 2009, 200,000 stock options with an average weighted exercise price of \$0.77 expired. No stock options were issued or exercised. As at January 31, 2009, 4,600,000 options were outstanding with a weighted average exercise price of \$0.71, which if exercised, would result in proceeds of \$3,254,500 to the Company.

As at January 31, 2009, the Company has an estimated \$2,600,000 in resource investment and mining duty credits recoverable from the Province of Québec for qualified expenditures incurred between November 1, 2006 and October 31, 2008. Québec resource credits are refunds from the government that are paid to companies exploring for precious metals in Québec, subject to verification and adjustment of expenditures by both the Québec Ministry of Natural Resources and the Ministry of Revenue. 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.

#### **Off Balance Sheet Arrangements**

The Company has no off balance sheet arrangements.

#### **Transactions with Related Parties**

Related party transactions include \$15,000 per month salary and \$1,000 premises rent paid to the President of the Company. Consulting fees of \$500 per day and out of pocket expenditures are paid to a service provider of the Company.

## **Share Capital**

The authorized capital of the Company consists of an unlimited number of common shares of which, as of March 10, 2009 there are 85,881,918 common shares outstanding. In addition, as of March 10, 2009, 4,600,000 share purchase options and 6,868,200 common share purchase warrants are 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 before extraordinary items; 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 exploration risk, development risk, commodity-price risk, operating risk, ownership and political risk and currency risk, as well as environmental risk. The ability of the Company to obtain necessary financing to complete the development of its properties and obtain future profitable production is uncertain.

## **Change in Accounting Policy**

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

## **Future Accounting Pronouncements**

### **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, comparative financial statements in accordance with IFRS for the three months ended January 31, 2011.

## **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 Company is focusing its efforts on gold exploration in the Eastmain/Éléonore region of Northern Québec, where sedimentary-hosted gold deposits, like Roberto, have multi-million-ounce size potential and projects like Clearwater have demonstrated Red-Lake-type gold grades. In the eastern end of the region, strong similarities also exist

between the Eastmain Mine Deposit and the multi-million-ounce Detour Lake Gold Deposit, located in Northern Ontario.

At Clearwater, definition drilling continues to expand vein geometry and deliver high gold grades. Six tonnes of large diameter (HQ) core delivered to SGS Minerals Lakefield Research will be the basis for metallurgical testing and design of a milling flow sheet, which will optimize future gold recoveries from the Eau Claire deposit. These studies will also help to determine if high-grade vein material from Eau Claire will be compatible with Goldcorp's future milling process at Éléonore. A winter drill program designed to evaluate the central high-grade keel of the Eau Claire deposit is currently underway at Clearwater. A second phase of drilling is planned following spring break-up.

At the Eastmain Mine property, detailed compilation of surface and underground work is underway. A comprehensive field mapping program, planned for the summer of 2009, will focus on identifying drill targets needed to assess the existing deposit both laterally and at depth. Field work will also focus on the search for a second deposit on the property. Based on historic information and comparisons to successful models like Detour Gold, management feels that the wholly-owned Eastmain Mine project adds significant future growth potential to the Company. As proposed local infrastructure develops, the intrinsic value of this acquisition will be realized.

A second-phase of drilling on the Éléonore South joint-venture is planned for the summer of 2009 and will continue to test the potential of a sedimentary-hosted gold zone at the JT Gold Target. Still in its early stages, management believes that Éléonore South exhibits the same key geological ingredients and gold mineralization found by Virginia during the early days at Roberto. Eastmain is the project operator and manager.

Exploration budgets have been approved for the 100%-owned Radisson and Reservoir projects. Both projects are situated along structural/stratigraphic breaks interpreted to be highly prospective for gold deposits in the James Bay region. Previous work at each property identified significant gold-bearing horizons which require drill testing. Proposed summer work will focus on defining additional drill targets.

The MegaTEM project covers the western end of one of the richest greenstone belts in the world – the Abitibi Greenstone Belt. Continued exploration of the Xstrata MegaTEM JV will focus on areas where isolated magnetic and electromagnetic conductors may reflect a buried metallic ore deposit.

The Corporation has significant positive leverage to the price of gold through its growing in-situ, high-grade resource at Eau Claire. There is sufficient working capital to continue with our exploration programs for the foreseeable future. Exploration and development expenditures for fiscal 2009 are forecast to be approximately \$4.4 million, excluding contributions from joint-venture partners. The net expenditure for the year upon receipt of future rebates is \$2.7 million.

### **Subsequent events**

There are no subsequent events that would have a material impact on the Company's interim financial statements.

### **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](http://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 January 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 January 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 multilateral 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 Multilateral Instrument 52-109 of the Canadian Securities Administrators. These controls were reviewed as at January 31, 2009. There were no changes during the three months ended January 31, 2009 which materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

## **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. Given the small size of the Company, a true segregation of duties is impossible to achieve. The Company 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](http://www.sedar.com).

# **NOTICE TO SHAREHOLDERS FOR THE THREE MONTHS ENDED JANUARY 31, 2009 EASTMAIN RESOURCES INC.**

## 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. The most significant of these accounting principles were set out in the October 31, 2008 audited financial statements. Only changes in accounting information have been discussed in the current 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, using careful judgment, estimates and approximations have been made. 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.

## Auditors' involvement

The auditors of Eastmain Resources Inc. have not performed a review of the unaudited financial statements for the three months ended January 31, 2009 and January 31, 2008.

# EASTMAIN RESOURCES INC.

CONSOLIDATED BALANCE SHEETS  
(PREPARED BY MANAGEMENT – UNAUDITED)

	January 31, 2009	October 31, 2008
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 14,211,216	\$ 16,098,247
Marketable securities maturing in 1 year (Note 3)	823,484	755,361
Prepaid and sundry receivables	180,035	526,966
	15,214,735	17,380,574
Marketable securities (Note 3)	2,001,069	1,924,263
Equipment (Note 4)	87,414	96,941
Mining properties and deferred exploration expenditures (Note 5)	26,606,997	25,992,671
	\$ 43,910,215	\$ 45,394,449
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 297,867	\$ 1,911,673
Future income tax liabilities	97,305	53,700
Shareholders' equity		
Capital stock		
Authorized –		
Unlimited common shares		
Issued –		
Common shares (Note 6)	43,911,896	43,832,594
Warrants (Note 8)	4,681,823	4,681,823
Contributed Surplus	4,248,959	4,248,959
	52,842,678	52,763,376
Deficit	(8,991,102)	(8,858,649)
Accumulated other comprehensive income	(336,533)	(475,651)
Total equity	43,515,043	43,429,076
	\$ 43,910,215	\$ 45,394,449

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

# EASTMAIN RESOURCES INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS (PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended January 31,	
	2009	2008
<hr/>		
EXPENSES		
Amortization	\$ 9,527	\$ 9,388
General and administration	158,922	216,464
Professional fees	13,745	21,204
Stock option compensation	-	40,200
	<hr/>	<hr/>
	182,194	287,256
<hr/>		
Loss for the period before the following:	(182,194)	(287,256)
Interest and other income	49,741	31,748
	<hr/>	<hr/>
Loss for the period before income taxes	(132,453)	(255,508)
Future income tax recovery	-	53,700
	<hr/>	<hr/>
NET LOSS FOR THE PERIOD	(132,453)	(201,808)
DEFICIT, Beginning of period (audited)	(8,858,649)	(7,015,715)
	<hr/>	<hr/>
DEFICIT, End of period (unaudited)	\$ (8,991,102)	\$ (7,217,523)
	<hr/>	<hr/>
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)
	<hr/>	<hr/>
Weighted average number of common shares outstanding	85,801,538	70,027,929
	<hr/>	<hr/>

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

# EASTMAIN RESOURCES INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended January 31,	
	2009	2008
<b>NET LOSS FOR THE PERIOD</b>	<b>\$ (132,453)</b>	<b>\$ (201,808)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Unrealized gains (loss) on available-for-sale financial Assets arising during the period (net of income taxes and taxes recovered of \$3,111 in 2008)	139,118	(11,811)
<b>COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ 6,665</b>	<b>\$ (213,619)</b>

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(PREPARED BY MANAGEMENT – UNAUDITED)

	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
As at October 31, 2008 (audited)	\$ 43,832,594	\$4,681,823	\$ 4,248,959	\$(475,651)	\$ (8,858,649)	\$ 43,429,076
Share capital issued	122,907	-	-	-	-	122,907
Flow-through tax effect	(43,605)	-	-	-	-	(43,605)
Warrants exercised	-	-	-	-	-	-
Warrants expired	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-
Fair market value gain on available-for-sale financial assets	-	-	-	139,118	-	139,118
Net loss for the period	-	-	-	-	(132,453)	(132,453)
As at January 31, 2009 (unaudited)	\$ 43,911,896	\$4,681,823	\$ 4,248,959	\$(336,533)	\$ (8,991,102)	\$ 43,515,043

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

**EASTMAIN RESOURCES INC.**  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended January 31,	
	2009	2008
Cash provided by (used in)		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (132,453)	\$ (201,808)
Adjustments not affecting cash:		
Amortization	9,527	9,388
Future income tax recovery	-	(53,700)
Stock option compensation	-	40,200
Change in non-cash working capital items	(1,266,874)	26,636
	(1,389,801)	(179,284)
<b>FINANCING ACTIVITIES</b>		
Issue of common shares, net of costs	122,907	3,189,700
<b>INVESTING ACTIVITIES</b>		
Mining properties and deferred exploration expenditures	(614,326)	(798,387)
Purchase of equipment	-	(25,995)
Purchase of marketable securities	(306,387)	-
Net proceeds and redemptions from the sale of marketable securities	300,576	6,346
	(620,137)	(818,036)
Change in cash and cash equivalents	(1,887,031)	2,192,380
Cash and cash equivalents, beginning of period	16,098,247	414,373
Cash and cash equivalents, end of period	\$ 14,211,216	\$ 2,606,753

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

# EASTMAIN RESOURCES INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Three Months Ended January 31, 2009

### 1. NATURE OF OPERATIONS

Eastmain Resources Inc. (the "Company" or "Eastmain") and its wholly-owned subsidiary, Eastmain Mines Inc. are engaged in the mining, exploration and development of resource properties. 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.

The company is in the exploration stage of operations and has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of its properties. The Company will periodically have to raise additional funds to continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. To date the Company has not earned significant revenues and is considered a company in the exploration stage. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and therefore not compliant with regulatory requirements.

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at January 31, 2009, the Company had an accumulated deficit of \$8,991,102 and working capital of \$14,916,868.

### 2. FINANCIAL RISK FACTORS

#### Sensitivity Analysis

The Company has designated its cash and cash equivalents and marketable securities as available-for-sale, which are both measured at fair value with unrealized gains and losses recorded in other comprehensive income. Financial instruments included in prepaid and sundry receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying and fair value amounts of the Company's financial instruments are:

	January 31, 2009	
	Carried at cost (\$)	Carried at fair Market value (\$)
Cash and cash equivalents	14,202,933	8,283
Marketable securities	-	2,824,553
Prepaid expenses and sundry receivables	-	-
Accounts payable and accrued liabilities	(297,867)	-

Cash denominated in Canadian dollars is carried at cost. Cash denominated in United States dollars is carried at fair market value. Financial instruments included in prepaid and sundry receivables January 31, 2009 are nil. Accounts receivable are comprised of sales taxes recoverable, which are not considered a financial instrument. Based on Management's knowledge and experience of the financial markets, the Company believes that the following movements are "reasonably possible" over a twelve-month period:

i) Interest bearing bank accounts are at a variable rate. Investments maturing in less than one year are subject to renewal at lower interest rates. Sensitivity to a plus or minus 1% (100 basis point) change in interest rates would affect net loss by \$136,428.

ii) The Company has investments in public companies. Sensitivity to a plus or minus 50% change in the fair market value of those securities would affect comprehensive net loss by \$307,000.

# EASTMAIN RESOURCES INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Three Months Ended January 31, 2009

### 3. MARKETABLE SECURITIES

#### a) Marketable Securities

Bonds and other securities are recorded at current market values in accordance with CICA Section 3855 on financial instruments. The Company has classified all of its investments in marketable securities, including the investments below, as available-for-sale in the current year. Investments in bonds bear interest at annual rates ranging from 0.09% to 6.15%, maturing between January 22, 2009 and November 19, 2037. 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 Western Uranium Corporation received in exchange for prospecting permits and mineral claims and shares in Western Lithium Corporation resulting from a spin-out of Western Uranium Corporation.

The Company has classified marketable securities as long-term assets because currently, it has no intention of liquidating these securities. The current portion of marketable securities is comprised of those securities with maturity dates occurring in less than one year.

#### Marketable Securities

	January 31, 2009	October 31, 2008
Investment grade bonds	\$ 2,210,954	\$ 2,150,884
Dianor common shares	37,500	47,500
Three Gold common shares	1,114	1,238
Western Uranium Corporation common shares	422,334	432,511
Western Lithium Corporation common shares	152,651	47,491
	2,824,553	2,679,624
Less:		
Current portion	(823,484)	(755,361)
	\$ 2,001,069	\$ 1,924,263

#### b) Hedging Activities

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

### 4. EQUIPMENT

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

	Cost	Accumulated Amortization	Net Book Value January 31, 2009	Net Book Value October 31, 2008
Computer equipment	\$ 30,981	\$ 24,158	\$ 6,823	\$ 7,643
Field equipment	251,619	171,028	80,591	89,298
	\$ 282,600	\$ 195,186	\$ 87,414	\$ 96,941

# EASTMAIN RESOURCES INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Three Months Ended January 31, 2009

### 5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

#### STATEMENT OF MINING AND DEFERRED EXPLORATION EXPENDITURES

FOR THE THREE MONTHS ENDED JANUARY 31, 2009

Project	Balance October 31, 2008	Net Expenditures	Government Grants	Write Down & Recoveries	Balance January 31, 2009
Clearwater	\$ 8,797,928	\$ 140,196	\$ -	\$ -	\$ 8,938,124
Eastmain Mine	4,434,407	5,977	-	-	4,440,384
Éléonore South	2,917,114	69,558	-	-	2,986,672
Xstrata JV	3,586,993	276,678	-	-	3,863,671
Azimut Block C	652,885	-	-	-	652,885
Ruby Hill	2,341,526	25,777	-	-	2,367,303
Reservoir	372,539	3,232	-	-	375,771
Radisson	211,995	19,787	-	-	231,782
Québec Projects	1,704,245	73,121	-	-	1,777,366
New Brunswick Projects	903,084	-	-	-	903,084
Ontario Projects	69,955	-	-	-	69,955
	\$ 25,992,671	\$ 614,326	\$ -	\$ -	\$ 26,606,997

The following is a breakdown of mineral properties and deferred expenditures by type for the Company's significant projects for the three months ended January 31, 2009.

Project	Balance Oct. 31, 2008	Drilling & Assays	Technical Surveys	Project Acquisition	Grants & Write Downs	Total	Balance Jan. 31, 2009
Clearwater	\$ 8,797,928	\$ 127,024	\$ 13,172	\$ -	\$ -	\$ 140,196	\$ 8,938,124
Eastmain Mine	4,434,407	759	5,218	-	-	5,977	4,440,384
Éléonore South	2,917,114	63,186	6,372	-	-	69,558	2,986,672
Xstrata JV	3,586,993	263,640	13,038	-	-	276,678	3,863,671
Azimut C	652,885	-	-	-	-	-	652,885
Ruby Hill	2,341,526	17,500	2,757	5,520	-	25,777	2,367,303
Reservoir	372,539	-	3,232	-	-	3,232	375,771
Radisson	211,995	-	1,387	18,400	-	19,787	231,782
Other	2,677,284	-	16,642	56,479	-	73,121	2,750,405
<b>Total</b>	<b>\$ 25,992,671</b>	<b>\$ 472,109</b>	<b>\$ 61,818</b>	<b>\$ 80,399</b>	<b>\$ -</b>	<b>\$ 614,326</b>	<b>\$ 26,606,997</b>

As at January 31, 2009 the Company has outstanding refund claims for mining duties and resource investment tax credits from the Ministry of Natural Resources (Québec) and Revenu Québec in respect to claims filed up to October 31, 2008 amounting to approximately \$2,600,000. As of the financial statement date the Company had not received confirmation of those refund amounts, therefore they have not been reflected in the financial statements.

The mineral properties and deferred exploration expenditures are recorded at cost. The following is a summary breakdown of mineral properties and deferred expenditures for the Company's significant projects:

# EASTMAIN RESOURCES INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Three Months Ended January 31, 2009

### 6. CAPITAL STOCK

Common Shares	Shares	Amount
Issued and outstanding, October 31, 2008 (audited)	85,754,418	\$ 43,832,594
Private placement (i)	127,500	127,500
Cost of issue (i)		(4,593)
Flow-through tax effect (ii)		(43,605)
Issued and outstanding, January 31, 2009 (unaudited)	85,881,918	\$ 43,911,896

- i) In December 2008 the Company issued 127,500 flow-through shares in a private placement to directors, officers, employees and other service providers at \$1.00 per share for gross proceeds of \$127,500. Legal costs in connection with the private placement were \$4,593.
- ii) The Company has adopted EIC-146, whereby the Company recognizes the future tax liability and reduces shareholders' equity accordingly, on the date that the Company renounces the tax credits associated with expenditures from flow-through proceeds. The Company is then allowed to offset the future income tax liability against unrecognized future income tax assets, if certain criteria are met. As a result of the private placement in note 6(i), the Company has recorded a future income tax liability of \$43,605.

### 7. STOCK OPTIONS

The Company has a stock option plan available to directors, officers, employees and other service providers of the Company. Under the plan, the Company may issue options, up to a maximum of 10% of the common shares outstanding, at prices not less than the market price of the common shares at the close of the trading day on the day immediately preceding the date of the grant. The number of common shares reserved for issuance to any one person may not exceed 5% of the issued and outstanding common shares at the date of such grant. The Company applies the fair value method of accounting for all stock-based compensation awards.

For purposes of the options granted, the fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model.

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2008 (audited)	4,800,000	\$ 0.71
Cancelled or expired during period	(200,000)	\$ 0.77
Outstanding, January 31, 2009 (unaudited)	4,600,000	\$ 0.71

#### Stock options outstanding as at January 31, 2009

Expiry date	Black-Scholes Value (\$)	Number of Options	Exercise Price (\$)
November, 2009	340,500	750,000	0.64
February, 2010	30,500	100,000	0.48
April, 2010	183,000	600,000	0.43
June, 2010	44,700	150,000	0.42
November, 2010	28,700	100,000	0.52
January, 2011	358,200	900,000	0.72
April, 2012	40,500	100,000	0.75
June, 2012	312,375	975,000	0.78
January, 2013	40,200	100,000	0.79
September, 2013	386,925	825,000	0.96
	1,765,600	4,600,000	0.71

# EASTMAIN RESOURCES INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Three Months Ended January 31, 2009

### 8. WARRANTS

For purposes of the warrants granted, the fair value of each warrant is estimated on the date of grant using the Black-Scholes option pricing model.

Warrants outstanding as at January 31, 2009

Expiry date	Black-Scholes Value (\$)	Number of Warrants	Exercise Price (\$)
July, 2010	3,754,616	5,723,500	2.00
July, 2010	927,207	1,144,700	1.41
	4,681,823	6,868,200	1.90

### 9. RELATED PARTY TRANSACTIONS

Management wages paid to a director	\$ 45,000
Premises rent paid to a director	\$ 3,000

Geological and administrative fees and out-of-pocket expenditures to a private company controlled by a service provider to the Company	\$ 37,000
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### 10. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the presentation adopted in the current fiscal year