



## **SECOND QUARTERLY REPORT FOR THE PERIOD ENDING – April 30, 2008**

Our business strategy is to advance the Eau Claire and Eastmain gold deposits to development stage through drilling, and then sell these assets to a producing company while maintaining a royalty interest. Our approach also includes the creation of joint ventures with both junior and senior partners on earlier-stage projects to enhance the possibility of discovery. As such, we are currently exploring a new discovery on the Éléonore South Joint Venture, located adjacent to Goldcorp's multi-million-ounce Éléonore Project. All exploration expenditures to bankable feasibility at Éléonore South are to be funded by Goldcorp.

The Eastmain\Éléonore district is undergoing a transformation from a new exploration frontier to a mining district. Any gold resource asset within trucking distance of Goldcorp's impending mill has the potential to become part of their future production. Our near-term objective is to "drill under metal" to discover new deposits and add near-surface high-grade quality ounces that can be mined at low cost.

### Éléonore South JV

During the reporting period, Goldcorp through its wholly-owned subsidiary Les Mines Opinaca Ltée. ("Opinaca"), elected to increase its interest in the Éléonore South project. To earn the additional 6.67% interest, Opinaca must fund all exploration expenditures and deliver a bankable feasibility study to the partners. Eastmain will remain as the project manager until Opinaca elects to take over as Operator of the project. Eastmain will retain a 30% carried interest to bankable feasibility.

The Éléonore South property covers 147 km<sup>2</sup>, which had never been drilled-tested prior to the winter of 2008, when a first-phase drill program was completed to test the JT Target area and a few priority targets elsewhere on the property. Sixteen drill holes were completed for a total of 3,129 metres. The objective of the program was to search for sedimentary-hosted "Roberto-type" gold horizons. There are two primary ore-types evident at Goldcorp's Roberto mine property – wide zones of disseminated sulphide and gold mineralization in sedimentary rocks (wackes) containing 5 to 20 g/t gold and narrow, very high grade quartz-rich veins (shear system) containing free gold, with assays ranging from 62 to 327 g/t gold. Signs of both gold ore-types are apparent in the JT Target area, as evidenced from trenching and channel sampling during the 2007 field program.

First-phase drilling at Éléonore South has intersected altered and mineralized sediments in the JT Target area and elsewhere, confirming that the mine sequence extends onto the property. We are encouraged with the progress made to date and additional drilling, funded by Goldcorp, will be necessary to develop gold resources on this property. Virginia similarly completed several phases of drilling on the mine property prior to encountering ore-grade thicknesses at Roberto.

### Clearwater Project

During the first quarter, the Company completed 51 large-diameter (HQ), closely-spaced drill holes within our wholly owned Eau Claire gold deposit. The drill campaign successfully tested the upper portion of the deposit (450 West Zone) for a length of 300 metres and to a depth of 100 metres. The objectives of the program were to convert indicated and inferred resources to measured resources, expand near surface open pit gold resources and determine mineable gold grade. Results to date indicate that the close-spaced drilling at Eau Claire has accomplished our objectives. Enough gold-bearing vein material was collected for metallurgical testing and to sufficiently increase the geological confidence of the deposit to allow us to upgrade the resource category, number of contained ounces and mineable grade.

Definition drilling and detailed surface channel sampling have demonstrated a positive correlation between gold grade, sample size and drill spacing. At Eau Claire, the average composite channel sample grade of 23.5 g/t gold collected at surface is much higher than the currently published drill-derived indicated resource grade of 9.46 g/t

gold. However, initial results from recent closely-spaced drilling suggest that the Eau Claire deposit average resource grade may actually be closer to that of the average surface composite grade.

Initial assay data, from 76 half-metre drill core samples taken during the last drill program, confirmed that visible gold-bearing veins at Eau Claire contain an impressive average of 70.74 g/t gold or 2.07 ounces per ton. Lab-reported gold content for these samples ranges from 0.5 to 2,540 g/t gold (74.2 ounces per ton). These high-grade results are expected to significantly enhance the average grade of the deposit.

The next phase of drilling will focus on adding and up-grading near-surface resources at Eau Claire over a length of 600 metres and a depth of 300 metres in addition to searching for a second deposit on the property.

#### Eastmain Mine

The Company acquired the Eastmain Mine property, including \$40 Million in infrastructure, for the equivalent of \$16 per measured and indicated ounce of gold. Management is particularly impressed with this project due to its geological and mineralogical similarities to the multi-million-ounce Detour Lake gold deposit, located in Northern Ontario. The main gold zone or "contact" ore type at Eastmain is geologically equivalent to ore previously mined at Detour. There is also tremendous potential for "hanging-wall"-type ore at Eastmain, similar to that which is currently being outlined in a super pit at Detour.

The first phase of a 10,000-metre drilling program is expected to begin in June 2008. The near-term objective of the program is to explore for high-grade contact ore on a regional scale at the adjacent Ruby Hill properties and to evaluate both the contact and hangingwall ore types laterally to the present Eastmain gold deposit.

#### Financial

The Company's current assets, comprised of cash, cash equivalents and short-term investments total \$5.67 million. The Company also has in excess of \$1 million in resource credits receivable due from the Province of Québec for expenditure claims up to October 31, 2007.

#### Outlook

During the reporting period the market capitalization of the Corporation broke through the \$100 million mark and traded at a 25-year high. Over 35 million shares traded year-to-date with a very positive share price performance. Two financial institutions, Genuity Capital Markets and Laurentian Bank, initiated formal research coverage on the Corporation with positive recommendations. These groups and Macquarie Bank have commenced a non-contractual marketing campaign on behalf of the Corporation.

The Company achieved a significant milestone with Goldcorp opting to fund the Éléonore South project to bankable feasibility, while retaining Eastmain as the project manager. Positive exploration results at Goldcorp's Éléonore project will also enhance the value of Eastmain's properties in the region. Drill results at Eau Claire are impressive, adding near-surface, high-grade quality ounces at low cost.

Numerous drill programs are planned for 2008; each will include drilling holes under "metal". Our \$3.75-million exploration budget will focus on testing world-class targets, which have taken considerable determination and effort to develop.

We look forward to an exciting 2008 season.

Donald J. Robinson, Ph.D., P. Geo.  
President and Chief Executive Officer  
June 11, 2008

*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 audited consolidated financial statements of Eastmain Resources Inc. (the "Company") for the six months ended April 30, 2008 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 June 11, 2008.

### 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 primarily focused on gold exploration in the Eastmain/Éléonore area of James Bay, Québec. The Company 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. In March 2006, Goldcorp Inc. ("Goldcorp") finalized the purchase of the Éléonore property and the Roberto gold deposit from Virginia Mines Inc. in a transaction valued at US\$406 Million (Goldcorp 2006 First Quarter Report). The Goldcorp-Virginia transaction created renewed interest in the exploration of the frontiers of James Bay. Subsequently, Goldcorp Inc., Eastmain Resources Inc. and Azimut Exploration Inc. formed a joint venture by combining 65 km<sup>2</sup> of the Éléonore property with the Azimut C claim block, to form what is now referred to as the Éléonore South Property. Goldcorp also increased its ownership in Eastmain Resources Inc. and extended its strategic alliance with the Company into 2011. Goldcorp currently holds 8.9% of Eastmain's common shares.

In February 2007, the Company acquired 100% interest in the Eastmain gold deposit, which hosts a gold resource of 255,700 ounces (measured and indicated).

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 2008 Les Mines Opinaca Ltée. ("Opinaca"), a wholly-owned subsidiary of Goldcorp Inc. exercised its right to increase its interest by 6.67% in the Éléonore South joint venture, to a total of 40%. To earn the additional interest, Opinaca must fund exploration expenditures and prepare a bankable feasibility by June 2015, subject to a minimum expenditure of \$500,000. If Opinaca completes the earn-in obligations, the project ownership will be: Opinaca 40%, Eastmain 30% and Azimut Exploration Inc. 30%. Opinaca will retain Eastmain as project manager for a management fee based on a percentage of exploration costs. Opinaca holds the right to take over as project manager if it so chooses.

Eastmain will remain as the project manager until Opinaca chooses to exercise its right to take over as operator of the project. The decision by Opinaca to increase its interest in the project speaks to their opinion of the quality of the property and the progress of the work completed by Eastmain to date. The James Bay region of Québec is becoming one of Canada's most important areas for mineral exploration and discovery."

The Company has formed joint-venture partnerships or strategic alliances with a number of mining companies including Barrick Gold Corporation, BHP Billiton PLC, Xstrata Copper Canada Inc. (formerly Falconbridge Limited) and Goldcorp, to capitalize on their technical, financial and marketing capabilities.

The Company holds 70% interest in a district-scale exploration project in joint venture with Xstrata. The joint venture is designed to locate base metal deposits (copper, nickel and zinc) within trucking distance of Xstrata's existing smelters, utilizing proprietary geophysical technology.

### **Overall Performance**

The Company's total assets of \$29.7 million as at April 30, 2008 have increased from the \$27.4 million reported as at October 31, 2007. During the six months ended April 30, 2008, the Company raised \$3.0 million through exercise of warrants and \$0.2 million through issue of shares. During this period, the Company invested \$1.1 million gross in exploration expenditures and received \$0.2 million in resource tax credits. During the six months ended April 30, 2007, the Company raised \$0.4 million through exercise of warrants and \$0.1 million through issue of shares. During the six months ended April 30, 2007, the Company invested \$4.0 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. The cash component of this acquisition, made during fiscal 2005, was offset by \$427,655 in tax rebates received. Deferred exploration expenditures on the Company's Québec projects are subject to approximately 46.1% mining duty and provincial refund to the Company. Resource tax credits and mining duty rebates in excess of \$1,000,000 are still owed to the Company by the Province of Québec in respect of claims filed up to the Company's year-end, October 31, 2007.

The Company, 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 the Éléonore South property. Eastmain has satisfied the work requirements to earn a 1/3 interest in the Éléonore South project by completing \$4 million in work expenditures within the four-year period. Goldcorp has exercised its option to acquire an additional 6.67% interest by funding all exploration expenditures up to the delivery of a bankable feasibility study.

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 cost of \$4.3 million: Cash - \$2.5 million, Eastmain Resource Inc. common shares - \$1.6 million, Eastmain Resource Inc. common share purchase warrants - \$32,500 and legal costs and other - \$156,000. One-half of these warrants expired unexercised in February 2008.

Campbell Resources Inc. retains a 2% net smelter return royalty ("NSR") on the mine property. Eastmain Resources Inc. 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 in recent years and wide fluctuations are expected to continue. The market price of gold fell from above US\$350 per ounce for most of the 1990's to US\$260 per ounce in 2001. Since that time the price of gold has risen steadily, reaching current highs exceeding US\$900 per ounce. Increased gold prices in the last several years have encouraged the Company to participate more actively in exploration and acquisition activities. Apart from these factors, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

### **Results of Operations**

The Company does not earn any significant revenue from 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 \$78,283 for the six months ended April 30, 2008 (\$134,288 in the six months ended April 30, 2007).

Net loss for the six months ended April 30, 2008 was \$338,511 compared to net income of \$432,660 for the six months ended April 30, 2007. In accordance with generally accepted accounting principles, some significantly large, non-cash, income and expense items are recorded through the Company's financial statements. Net loss for the six months ended April 30, 2008 included 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 derived from the flow-through

placement with directors, officers, employees and other service providers completed in December 2007. Deferred income tax recoveries for the six months ended April 30, 2007 were \$768,600, which included the private flow-through placement with Goldcorp, completed in June of 2006 and the flow-through placement with directors, officers, employees and other service providers completed in December 2006. 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 current income based on an estimate of the value of future income tax recoveries otherwise available to the Company that are being transferred to the shareholder.

Interest and other income for the quarter ended April 30, 2008 includes project management fees of \$45,515 for work performed during the quarter.

Operating expenses for the six months ended April 30, 2008 also included a non-cash expenditure of \$40,200, (\$87,350 in 2007) being the Black-Scholes value of the stock options issued as director, officer and employee compensation.

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

### Summary of Quarterly Information

	Quarter ended 04/30/2008	Quarter ended 01/31/2008	Quarter ended 10/31/2007	Quarter ended 07/31/2007
<b>Interest / other Income</b>	\$ 75,156	\$ 31,748	\$ 52,452	\$ 12,702
<b>Net Income (loss)</b>	\$ (136,703)	\$ (201,808)	\$ (109,326)	\$ (420,892)
Per share basic	\$(0.0018)	\$(0.0015)	\$(0.0019)	\$(0.0063)
Per share diluted	\$(0.0018)	\$(0.0015)	\$(0.0019)	\$(0.0063)
<b>Trading Range of Shares</b>				
High	\$1.55	\$0.92	\$0.77	\$0.89
Low	\$0.75	\$0.63	\$0.57	\$0.65
	Quarter ended 04/30/2007	Quarter ended 01/31/2007	Quarter ended 10/31/2006	Quarter ended 07/31/2006
<b>Interest / other Income</b>	\$ 72,167	\$ 62,061	\$ 93,911	\$ 71,835
<b>Net Income (loss)</b>	\$ (193,979)	\$ 626,639	\$(1,355,454)	\$1,165,049
Per share basic	\$(0.0029)	\$0.0106	\$(0.0229)	\$0.0200
Per share diluted	\$(0.0029)	\$0.0089	\$(0.0229)	\$0.0164
<b>Trading Range of Shares</b>				
High	\$0.85	\$0.86	\$0.72	\$0.90
Low	\$0.69	\$0.58	\$0.53	\$0.51

### 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, has no operating cash flow and has 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 will require additional financing for ongoing exploration of its properties.

### 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 adopted a policy whereby the deferred exploration expenditures on a given property shall be reduced as the banked provincial assessment credit of the property declines. The determination of property write-downs, if required, is usually performed at the fiscal year-end.

There have been no write-downs of deferred exploration expenditures since the fiscal year ended October 31, 2006 as the government resource tax credits and mining duty rebates were sufficient to cover any reductions in the banked provincial assessment credits.

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 are as follows:

Project Expenditures by Quarter (in thousands of dollars)								
Project	Quarter ended 04/30/2008		Quarter ended 01/31/2008		Quarter ended 10/31/2007		Quarter ended 07/31/2007	
	\$	%	\$	%	\$	%	\$	%
Clearwater	105	31	568	71	251	17	58	3
Eastmain Mine	30	9	6	1	(36)	(2)	826	48
Éléonore South*	2	1	186	23	1,150	78	778	45
Xstrata JV	22	6	12	1	34	2	14	1
Azimut C & D	37	11	5	1	23	2	9	1
Ruby Hill	28	8	6	1	3	0	2	0
Other	117	34	15	2	48	3	40	2
	341	100	798	100	1,473	100	1,727	100

Project Expenditures by Quarter (in thousands of dollars)								
Project	Quarter ended 04/30/2007		Quarter ended 01/31/2007		Quarter ended 10/31/2006		Quarter ended 07/31/2006	
	\$	%	\$	%	\$	%	\$	%
Clearwater	40	1	51	6	162	7	401	36
Eastmain Mine	3,531	89	0	0	0	0	0	0
Éléonore South*	203	5	570	71	1,126	48	371	34
Xstrata JV	76	2	31	4	8	0	20	2
Azimut C & D	63	2	7	1	116	5	236	21
Ruby Hill	28	1	10	1	0	0	12	1
Other	38	1	135	17	928	40	67	6
	3,979	100	804	100	2,340	100	1,107	100

\* Expenditures for Éléonore South represent Eastmain's costs only and do not include any portion of the current exploration expenditures of \$871,881 undertaken by Eastmain on Goldcorp's account.

### Liquidity and Capital Resources

During the six months ended April 30, 2008, the Company received proceeds of \$3.2 million from the exercise of common share purchase warrants and options, (the Company received \$0.5 million from the exercise of common share purchase warrants in the six months ended April 30, 2007). During this same period the Company invested \$1.1 million in acquisition and exploration of mineral resource properties (\$3.2 million in the six months ended April 30, 2007). As at April 30, 2008 cash and cash equivalents, marketable securities, prepaid expenses and sundry receivables on hand totalled \$5.6 million (\$4.3 million in as at October 31, 2007). Current liabilities are \$0.7 million (\$0.8 million as at October 31, 2007) and the Company has no long-term debt. Accordingly, as the Company's base operating costs are 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 six months ended April 30, 2008, directors, officers, employees and other service providers of the Company undertook a private placement financing. The December 2007 private placement issue of 150,000 flow-through common shares at \$1.00 raised net proceeds of \$145,750. Other placements may be contemplated if market conditions are appropriate.

The properties held by the Company are not income generating. The Company is still reliant on equity markets over the long term to raise capital to fund its other 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.

Cash-on-hand for future exploration costs, is invested in term deposits, bonds and 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 may also be held from time-to-time on an available-for-sale basis.

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 April 30, 2008, the carrying value of the Company's investments has been written down by \$ 64,866. For the six months ended April 30, 2008, the value of common shares (Western Uranium Corporation and Dianor Resources Inc.) has decreased by \$577,806, while investments in bonds have increased by \$24,024. The after tax adjustment to fair market values of marketable securities resulted in an unrealized loss for the six months ended April 30, 2008 of \$553,782 and an unrealized gain of \$1,104,828 for the six months ended April 30, 2007. As at the time of this report, the market value of the common shares in the portfolio has increased approximately \$395,000 since April 30, 2008.

Accounts receivable at April 30, 2008 includes an amount of \$871,882 due from Les Mines Opinaca Ltée. for exploration expenditures undertaken at the Éléonore South project during the quarter ended April 30, 2008.

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 mineral exploration nature, 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 recovery of \$53,700 in the six months ended April 30, 2008 in connection with the December 2007 issue of flow-through shares and \$768,600 in the six months ended April 30, 2007 in connection with the December 2006 renunciation of expenditures associated with the issue of flow-through shares in 2006.

During the six months ended April 30, 2008, 4,683,000 common share purchase warrants were exercised at \$0.65 (523,215 share purchase warrants were exercised in the six months ended April 30, 2007 at \$0.65); 525,000 share purchase warrants with an exercise price of \$0.98 expired without being exercised (510,781 share purchase warrants expired without being exercised in the six months ended April 30, 2007). No common share purchase warrants were issued in the six months ended April 30, 2008 (500,000 warrants were issued in the six months ended April 30, 2007). As at April 30, 2008, 500,000 share purchase warrants were outstanding with an average exercise price of \$1.50. 7,208,000 share purchase warrants remained outstanding at April 30, 2007.

For the six months ended April 30, 2008, 100,000 common share stock options were issued as director, officer and employee compensation; 50,000 options were exercised and none expired or were cancelled. For the six months

ended April 30, 2007, 250,000 stock options were issued as director, officer and employee compensation; 200,000 options were exercised; and 50,000 expired or were cancelled. As at April 30, 2008, 4,550,000 options were outstanding with an average exercise price of \$0.65, which if exercised, would result in proceeds of \$2,947,750 to the Company (April 30, 2007, 3,525,000 options were outstanding with an average exercise price of \$0.61).

As at April 30, 2008, the Company has resource credits recoverable from the Province of Québec in excess of \$1,000,000 for expenditures incurred between November 1, 2006 and October 31, 2007. 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 eligible project expenditures by the Québec Ministry of Revenue and Ministry of Natural Resources. 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.

### **Transactions with Related Parties**

Related party transactions include \$14,583 per month salary and \$1,000 premises rent paid to the President of the Company. Consulting fees of \$450 per day 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 June 9, 2008 there are 73,282,418 common shares outstanding. In addition, as of June 9, 2008, 4,550,000 share purchase options and 500,000 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 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 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, 2007.

November 1, 2006 the Company adopted CICA Handbook Section 3855 "Financial Instruments – Recognition and Measurement" which has become a standard reporting requirement for all publicly traded companies with year-ends after October 1, 2006.

The Company also adopted the recommendations of Section 3865 on hedges even though the Company does not engage in any hedging activities.

## **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 has achieved several significant milestones over the past 6 months including surpassing \$100 million in market capitalization and share trading prices reaching 25-year highs. Three financial institutions, Genuity Capital Markets, Laurentian Bank Securities and Macquarie Capital Markets Canada Ltd. have recognized the potential of the corporation through marketing and / or research coverage, generating an increase in both the Company's share price and trading volume on the stock market.

The Company is focusing its efforts on exploring for gold and base metal deposits in Eastern Canada, with an emphasis on the Eastmain/Éléonore region of Northern Québec, where sedimentary-hosted gold deposits, like Roberto, have multi-million-ounce size potential. Through the use of mechanical stripping and trenching, the Company discovered a Gold Zone at the Éléonore South property in July 2007. This new sedimentary gold target is particularly attractive. It confirms that the 10-kilometre-long metallic anomaly, detected in overlying soils across the property, has at least one in-situ bedrock source. Recent drilling funded by Goldcorp has further confirmed the potential for a sedimentary hosted gold deposit.

An advanced definition diamond drill program was completed in December 2007 to test the open pit potential of the Eau Claire deposit. This drill program was designed to outline vein geometry and gold grade within a proposed open pit area, and to provide sufficient ore and wall rock material for metallurgical testing. Six tonnes of large diameter (HQ) core was delivered to SGS Minerals Lakefield Research with the objective of designing an optimum processing flow-sheet for the ore at Eau Claire. These studies will also determine if ore from Eau Claire can be processed locally at Goldcorp's future mill site.

Definition drilling at Eau Claire is adding near-surface, high-grade quality ounces at low cost. The next phase of drilling will focus on expanding the near-surface measured resource to a length of 600 meters and a depth of 300 meters.

The acquisition of the Eastmain Mine property has added a second deposit, containing measured and indicated resources, to our gold inventory. This deposit and surrounding land package represents significant growth potential for the future of our Company. Our plans are to evaluate the deposit at depth and to search for another deposit locally and regionally, over a three- to five-year time frame. Drilling is expected to begin June 2008.

Detailed HeliGEOTEM surveys completed on five priority areas on the Xstrata MegaTEM JV in Ontario during 2007 have generated a number of drill targets. Based on the geometry and size of conductive responses, two of the areas are highly prospective for base metal mineralization. An isolated magnetic and electromagnetic conductor was confirmed on the St. Laurent nickel prospect. Eastmain proposes to drill these targets once a drill can be secured.

Exploration and development expenditures for fiscal 2008 are forecast to be approximately \$0.3 million for Ontario and \$3.7 million for Québec.

The Corporation has significant positive leverage to the price of gold through its in-situ resource ounces.

## **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 April 30, 2008, 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 April 30, 2008, the disclosure controls and procedures were effective to 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 April 30, 2008. There were no changes during the six months ended April 30, 2008 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.

## **Critical Accounting Estimates**

In preparing the financial statements, great care is taken to use appropriate 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 Company's audited 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 SIX MONTHS ENDED APRIL 30, 2008 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, 2007 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 six months ended April 30, 2008 and April 30, 2007.

**EASTMAIN RESOURCES INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(PREPARED BY MANAGEMENT – UNAUDITED)

	April 30, 2008	October 31, 2007
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,639,343	\$ 414,373
Marketable securities (Note 2)	3,013,545	3,547,508
Prepaid and sundry receivables (Note 4b)	1,017,903	331,191
	<u>5,670,791</u>	<u>4,293,072</u>
Equipment (Note 3)	107,311	100,092
Mining properties and deferred exploration expenditures (Note 4)	23,938,119	23,028,531
	<u>\$ 29,716,221</u>	<u>\$ 27,421,695</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 734,759	\$ 751,640
Shareholders' equity		
Capital stock		
Authorized –		
Unlimited common shares		
Issued –		
Common shares (Note 5)	32,349,795	28,411,282
Warrants (Note 7)	3,000	790,488
Contributed Surplus (Note 8)	4,047,759	3,995,084
	<u>36,400,554</u>	<u>33,196,854</u>
Deficit	(7,354,226)	(7,015,715)
Accumulated other comprehensive income	(64,866)	488,916
Total equity	<u>29,981,462</u>	<u>26,670,055</u>
	<u>\$ 29,716,221</u>	<u>\$ 27,421,695</u>

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 April 30,		Six Months Ended April 30,	
	2008	2007	2008	2007
<b>EXPENSES</b>				
Amortization	\$ 9,388	\$ 6,695	\$ 18,776	\$ 13,390
General and administration	184,816	204,733	401,280	332,607
Professional fees	17,655	14,218	38,859	36,821
Stock option compensation (Note 6)	-	40,500	40,200	87,350
	211,859	266,146	499,115	470,168
Loss for the period before the following:	(211,859)	(266,146)	(499,115)	(470,168)
Interest and other income	75,156	72,167	106,904	134,228
Loss for the period before income taxes	(136,703)	(193,979)	(392,211)	(335,940)
Future income tax recovery (Note 5)	-	-	53,700	768,600
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>(136,703)</b>	<b>(193,979)</b>	<b>(338,511)</b>	<b>432,660</b>
<b>DEFICIT, Beginning of period</b>	<b>(7,217,523)</b>	<b>(6,291,518)</b>	<b>(7,015,715)</b>	<b>(6,918,157)</b>
<b>DEFICIT, End of period</b>	<b>\$ (7,354,226)</b>	<b>\$ (6,485,497)</b>	<b>\$ (7,354,226)</b>	<b>\$ (6,485,497)</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2008	2007	2008	2007
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (136,703)</b>	<b>\$ (193,979)</b>	<b>\$ (338,511)</b>	<b>\$ 432,660</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized gains (loss) on available-for-sale Financial assets arising during the period net of Income taxes and taxes recovered. (*)	(541,971)	612,688	(553,782)	1,104,828
<b>COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (678,674)</b>	<b>\$ 418,709</b>	<b>\$ (892,293)</b>	<b>\$ 1,537,488</b>
* Income taxes and taxes recovered	\$ (142,754)	\$ 161,381	\$ (145,865)	\$ 291,010

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

# EASTMAIN RESOURCES INC.

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

APRIL 30, 2008

(PREPARED BY MANAGEMENT – UNAUDITED)

	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
As at October 31, 2007(audited)	\$ 28,411,282	\$ 790,488	\$ 3,995,084	\$ 488,916	\$ (7,015,715)	\$ 26,670,055
Share capital issued	3,217,200	-	-	-	-	3,217,200
Flow-through tax effect	(53,700)	-	-	-	-	(53,700)
Warrants exercised	753,963	(753,963)	-	-	-	-
Warrants expired	-	(33,525)	33,525	-	-	-
Options exercised	21,050	-	(21,050)	-	-	-
Stock-based compensation	-	-	40,200	-	-	40,200
Unrealized loss on fair market valuation of available-for-sale financial assets	-	-	-	(553,782)	-	(553,782)
Net loss for the period	-	-	-	-	(338,511)	(338,511)
As at April 30, 2008 (unaudited)	\$ 32,349,795	\$ 3,000	\$ 4,047,759	\$ (64,866)	\$ (7,354,226)	\$ 29,981,462

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 April 30,		Six Months Ended April 30,	
	2008	2007	2008	2007
Cash Provided by (used in)				
<b>OPERATING ACTIVITIES</b>				
Income (loss) for the period	\$ (136,703)	\$ (193,979)	\$ (338,511)	\$ 432,660
Adjustments not affecting cash:				
Amortization	9,388	6,695	18,776	13,390
Future income tax recovery	-	-	(53,700)	(768,600)
Stock option compensation (Note 6)	-	40,500	40,200	87,350
Change in non-cash working capital items	(730,229)	(1,407,810)	(703,593)	(1,965,432)
	(857,544)	(1,554,594)	(1,036,828)	(2,200,632)
<b>FINANCING ACTIVITIES</b>				
Issue of common shares, net of costs	27,500	56,250	3,217,200	522,839
	27,500	56,250	3,217,200	522,839
<b>INVESTING ACTIVITIES</b>				
Mining properties and deferred exploration expenditures	(340,914)	(3,163,379)	(1,139,301)	(3,967,672)
Government grants and recoveries	229,713	1,353,300	229,713	1,353,300
Purchase of equipment	-	(6,480)	(25,995)	(6,480)
Purchase of marketable securities	(109,165)	(2,998,880)	(109,165)	(4,555,774)
Net proceeds and redemptions from the sale of marketable securities	83,000	4,266,051	89,346	5,804,608
	(137,366)	(549,388)	(955,402)	(1,732,018)
Change in cash and cash equivalents	(967,410)	(2,047,732)	1,224,970	(3,049,811)
Cash and cash equivalents, beginning of period	2,606,753	3,001,069	414,373	4,003,148
Cash and cash equivalents, end of period	\$ 1,639,343	\$ 953,337	\$ 1,639,343	\$ 953,337

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

# EASTMAIN RESOURCES INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Six Months Ended April 30, 2008

### 1. THE COMPANY

Eastmain Resources Inc. (the "Company") 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.

Exploration expenditures relating to mining properties in which an interest is retained are deferred. It is the intention that the acquisition costs and related deferred exploration expenditures would be amortized against net earnings from future mining operations. The recovery of amounts shown for mining properties and deferred exploration costs is dependent on the existence of economically recoverable reserves. The Company is dependent on share issuances to obtain the necessary financing to complete the development of its business interests and upon future profitable mining operations or proceeds from the disposition of these properties.

The Company's principal assets are the properties as listed in Note 4.

### 2. FINANCIAL INSTRUMENTS

	Assets (Liabilities)	
	Carried at cost	Carried at fair market value
Cash and cash equivalents	\$ 1,623,898	\$ 15,445
Marketable securities	-	3,013,545
Prepaid expenses and sundry receivables	1,017,903	-
Accounts payable and accrued liabilities	(734,759)	-

Cash and cash equivalents consist of bank cash balances denominated in both Canadian and United States dollars. Marketable securities consist of fixed-term government and corporate bonds, bond coupons and shares in publicly traded companies.

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

### 3. EQUIPMENT

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

	Cost	Accumulated Amortization	Net Book Value April 30, 2008	Net Book Value October 31, 2007
Computer equipment	\$ 30,981	\$ 21,701	\$ 9,280	\$ 10,918
Field equipment	242,608	144,577	98,031	89,174
	\$ 273,589	\$ 166,278	\$ 107,311	\$ 100,092

# EASTMAIN RESOURCES INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Six Months Ended April 30, 2008

### 4. MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

- a) The mining properties and deferred exploration expenditures are recorded at cost and are comprised as follows:

Project	Balance October 31, 2007	Gross Expenditures	Government Grants	Write Down & Recoveries	Balance April 30, 2008
Clearwater	\$ 6,159,422	\$ 673,449	\$ (97,910)	\$ -	\$ 6,734,961
Eastmain Mine	4,306,836	36,158	-	-	4,342,994
Éléonore South*	3,697,154	187,628	(35,509)	-	3,849,273
Xstrata JV	3,537,409	33,782	-	-	3,571,191
Azimut Block C	660,083	1,144	(8,342)	-	652,885
Azimut Block D	834,726	40,951	(23,485)	-	852,192
Ruby Hill	579,359	34,471	(3,712)	-	610,118
Other – Québec	2,341,742	119,468	(60,755)	-	2,400,455
- New Brunswick	887,912	12,181	-	-	900,093
- Ontario	23,888	69	-	-	23,957
	\$ 23,028,531	\$ 1,139,301	\$ (229,713)	\$ -	\$ 23,938,119

The following is a breakdown of deferred expenditures by type for the six months ended April 30, 2008.

Project	Balance Oct. 31, 2007	Drilling & Assays	Technical Surveys	Project Acquisition	Grants & Write Downs	Total	Balance April 30, 2008
Clearwater	\$ 6,159,422	\$ 609,142	\$ 64,279	\$ 28	\$ (97,910)	\$ 575,539	\$ 6,734,961
Eastmain Mine	4,306,836	15	36,143	-	-	36,158	4,342,994
Éléonore South*	3,697,154	61,305	30,251	96,072	(35,509)	152,119	3,849,273
Xstrata JV	3,537,409	992	32,752	38	-	33,782	3,571,191
Azimut Block C	660,083	-	-	1,144	(8,342)	(7,198)	652,885
Azimut Block D	834,726	1,284	7,830	31,837	(23,485)	17,466	852,192
Ruby Hill	579,359	12,600	10,637	11,234	(3,712)	30,759	610,118
Other – Québec	2,341,742	6,150	48,068	65,250	(60,755)	58,713	2,400,455
- NB	887,912	-	-	12,181	-	12,181	900,093
- Ontario	23,888	41	28	-	-	69	23,957
<b>Total</b>	<b>\$ 23,028,531</b>	<b>\$ 691,529</b>	<b>\$ 229,988</b>	<b>\$ 217,784</b>	<b>\$ (229,713)</b>	<b>\$ 909,588</b>	<b>\$ 23,938,119</b>

\* Expenditures for Éléonore South represent Eastmain's costs only and do not include any portion of the current exploration expenditures of \$871,881 undertaken by Eastmain on Goldcorp's account.

- b) The Company has outstanding refundable mining duties and resource tax credits in excess of \$1,000,000 due from the Province of Quebec in respect to claims filed up to its fiscal year ended October 31, 2007. As the Company has not received confirmation of the amounts, these refunds have not been reflected in these financial statements.

**EASTMAIN RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(PREPARED BY MANAGEMENT – UNAUDITED)**  
Six Months Ended April 30, 2008

5. CAPITAL STOCK

	Shares	Amount
Issued and outstanding, October 31, 2007 (audited)	68,399,418	\$ 28,411,282
Private placement (i)	150,000	150,000
Cost of issue (i)		(4,250)
Exercise of warrants (ii)	4,683,000	3,043,950
Exercise of warrants - Black-Scholes valuation (ii)		753,963
Flow-through tax effect (iii)		(53,700)
Exercise of options (iv)	50,000	27,500
Exercise of options - Black-Scholes valuation (iv)		21,050
Issued and outstanding, April 30, 2008 (unaudited)	73,282,418	\$ 32,349,795

- i) In December 2007, the Company issued 150,000 flow-through shares in a private placement to directors, officers, employees and other service providers at \$1.00 per share for gross proceeds of \$150,000. Issue costs in connection with the private placement are estimated at \$4,250.
- ii) 4,683,000 share purchase warrants were exercised at \$0.65 in the six months ended April 30, 2008. The Black-Scholes value associated with the issue of these warrants was \$753,963.
- iii) On the date that the Company renounces the tax credits associated with expenditures from flow-through proceeds, the Company recognizes the future tax liability and reduces shareholders' equity accordingly. The Company then offsets the future income tax liability against unrecognized future income tax assets if certain criteria are met. As a result, the Company has recorded a \$53,700 future income tax recovery for the period ended April 30, 2008, (\$768,600 during the six months ended April 30, 2008).
- iv) 50,000 stock options were exercised at \$0.55 in the six months ended April 30, 2008. The Black-Scholes value associated with the issue of these options was \$21,050.

6. 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 closing market price of the common shares on the day 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.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option-pricing model, using the following assumptions:

Dividend yield	0
Expected volatility	55.80%
Risk free interest rate	3.23%
Expected option term - years	5

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2007 (audited)	4,500,000	\$ 0.64
Granted during the period	100,000	\$ 0.79
Exercised during the period	(50,000)	\$ 0.55
Outstanding, April 30, 2008 (unaudited)	4,550,000	\$ 0.65

**EASTMAIN RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(PREPARED BY MANAGEMENT – UNAUDITED)**  
Six Months Ended April 30, 2008

6. STOCK OPTIONS (continued)

Stock options outstanding as at April 30, 2008

Expiry date	Black-Scholes Value (\$)	Number of Options	Exercise Price (\$)
July 2008	26,000	100,000	0.70
October 2008	115,775	275,000	0.55
November 2008	21,400	100,000	0.65
January 2009	67,300	100,000	0.88
November 2009	340,500	750,000	0.64
February 2010	30,500	100,000	0.48
April 2010	198,250	650,000	0.43
June 2010	44,700	150,000	0.42
November 2010	57,400	200,000	0.52
January 2011	358,200	900,000	0.72
December 2011	18,150	50,000	0.75
April 2012	40,500	100,000	0.75
June 2012	312,375	975,000	0.78
January 2013	40,200	100,000	0.79
	1,671,250	4,550,000	0.65

7. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Outstanding, October 31, 2007 (audited)	5,708,000	\$ 0.76
Cancelled or expired during the period	(525,000)	\$ 0.98
Exercised during the period	(4,683,000)	\$ 0.65
Outstanding, April 30, 2008 (unaudited)	500,000	\$ 1.50

Warrants outstanding as at April 30, 2008

Expiry Date	Black-Scholes Value (\$)	Number of Warrants	Exercise Price (\$)
July 2008	3,000	500,000	1.50

8. SUPPLEMENTARY INFORMATION

During the six months ended April 30, 2008, 525,000 warrants expired. The value originally attributed to these warrants has been transferred to contributed surplus.

As at April 30, 2008 contributed surplus is comprised of the following:

Balance, October 31, 2007 (audited)	\$ 3,995,084
Options granted during the period	40,200
Options exercised during the period	(21,050)
Warrants expired during the period	33,525
Balance, April 30, 2008 (unaudited)	\$ 4,047,759

**EASTMAIN RESOURCES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(PREPARED BY MANAGEMENT – UNAUDITED)**  
Six Months Ended April 30, 2008

9. RELATED PARTY TRANSACTIONS

Management wages to a director	\$ 80,000
Premises rent to a director	\$ 6,000
Geological and administrative fees and out of pocket expenditures to a private company controlled by the exploration manager of the Company	\$ 64,820

10. INCOME (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended April 30		Six Months Ended April 30	
	2008	2007	2008	2007
Basic income (loss) per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
Diluted income (loss) per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
<u>Numerator:</u>				
Net income (loss) for the period	\$ (136,703)	\$ (193,979)	\$ (338,511)	\$ 432,660
<u>Denominator:</u>				
Weighted average of basic common shares	71,627,951	65,803,886	71,627,951	65,803,886
Weighted average of diluted common shares	71,627,951	75,559,551	71,627,951	75,559,551

For the six months ended April 30, 2008 diluted loss per share was calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding, used for the calculation of diluted loss per share, assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. For the current period, this calculation proved to be anti-dilutive. For the six months ended April 30, 2007, 1,500,000 share purchase warrants and 100,000 options were excluded from the calculation of diluted earnings because the exercise prices exceeded the fair market value of the common shares for the period.

11. RECLASSIFICATION

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

## CORPORATE INFORMATION

### MANAGEMENT AND DIRECTORS

Donald J. Robinson, Ph.D., P. Geo  
President, CEO, Director

James L. Bezeau, BBA, CMA,  
Chief Financial Officer

Catherine I. Butella, B.Sc.  
Exploration Manager

Jay Goldman, BA, MBA, LLB  
Corporate Secretary

Ian J. Bryans, B.A.\*  
Director

John A. Hansuld, Ph.D.\*  
Director

Richard W. Hutchinson, Ph.D.  
Director

William L. Koyle \*  
Lead Director

Neil Hillhouse, Ph.D.  
Special Advisor

Jacques Bonneau, P. Eng., M.Sc.  
Special Advisor

Dr. Ted Moses, (former Grand Cree Grand Chief)  
Special Advisor

Chad Steward  
Manager Communications

\* Member of Audit Committee

### AUDITORS

Stern & Lovrics  
1200 Sheppard Ave. East, Suite 406  
Toronto (North York), Ontario, Canada M2K 2S5

### CORPORATE SERVICES

Marrelli & Drake  
360 Bay Street, Suite 500  
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### LEGAL COUNSEL

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### TRANSFER AGENT

Equity Transfer & Trust Services Inc.  
200 University Avenue, Suite 400  
Toronto, Ontario, Canada M5H 4H1

### SHARES LISTED

Symbol: ER  
The Toronto Stock Exchange

### SHARE STRUCTURE

Issued: 73,232,418  
Options: 4,550,000 (\$2,947,750)  
Warrants: 500,000 (\$750,000)

### CORPORATE OFFICE

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### EXPLORATION OFFICE

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