



## **SECOND QUARTERLY REPORT FOR THE PERIOD ENDING – April 30, 2010**

The Company is focused on the exploration and discovery of ore deposits within Canada's newest mining district – the Eastmain/Opinaca (Éléonore) region of James Bay, Québec. Eastmain owns 100% of two gold deposits, Eau Claire and Eastmain, along with a new early-stage discovery in joint venture with Goldcorp Inc. and Azimut Exploration Inc. The Company also holds a number of other projects with very high mineral potential within the region.

### *Clearwater Project*

During the period, the Company has focused on completing an updated resource estimate for the Eau Claire gold deposit. The Company has contracted the services of a well-known mining consulting firm to audit the new resource estimate and prepare the NI 43-101 technical report. The new resource estimate will be released once the consulting firm has completed its audit.

The previous resource estimate, completed in 2005, was based on 182 vein intersections in addition to surface channel sample data from the 450 West Zone for three of the main veins. The updated 2010 resource calculation will include all previous drilling within the Eau Claire gold deposit, together with all vein intersections from 181 drill holes completed during the period from November 2007 to November 2009, which focused solely on the upper 1/3 of the deposit. Closely spaced, large diameter drilling completed during the 2007 to 2009 campaigns concentrated on defining gold grades and vein morphology within the top third of the Eau Claire deposit, with respect to potential future open-pit extraction. There is also now sufficient drill data within the upper portion of the deposit to define and classify measured resources in addition to indicated and inferred categories.

There is significant potential to increase the Eau Claire resource beyond 2010 calculations. Both the T group of veins (T Veins), discovered during the last drill program, and the Main Group of veins at the 450 Zone are open laterally and vertically at depth. Additional drilling is warranted to define the resource grade and morphology of these veins below 300 metres depth and along strike of the main deposit area. Likewise, high-grade veins previously defined by surface stripping and drilling west of the Eau Claire deposit, at the 850 West Zone, have not been included in the resource estimate. Continued definition drilling is needed to establish the continuity of potential resources in this zone. There is also additional resource potential immediately east of the Eau Claire deposit at the newly discovered high-grade Boomerang prospect. This target is situated along the same favourable geological contact and characterized by the same unique metal signature of Au-Te-Bi-Ag as Eau Claire.

Exploration in 2010 will focus on expanding the Eau Claire gold deposit at depth and testing targets along two regional trends both east and northwest of the main deposit area in search of a second gold discovery nearby. The Company has allocated an exploration and drill budget for 2010.

During the period, metallurgical test work continued by SGS Lakefield Research to optimize favourable total gold recoveries and evaluate the metallurgical behaviour and potential recovery of the rare metal by-products tellurium and bismuth.

### *Eastmain Mine Property*

A multi-phase drill program began at the Eastmain Mine property during the period. A \$3- million drill budget has been allocated to test the Eastmain Mine deposit A and B Zones as well as regional targets along the known mine trend. The average grade of 106 historic drill holes, within the A and B Zones of the Eastmain deposit, is 18.92 g/t gold or 0.55 ounces per ton gold (Au), 16.06 g/t silver (Ag) and 0.24% copper (Cu) across 3.96 metres. Exceptional drill results within the deposit include: 53.28 g/t Au (1.56 ounces per ton), 59.20 g/t Ag and 0.20% Cu over 13.2 metres or 43.3 feet; 125.43 g/t Au (3.66 ounces per ton), 13.80 g/t Ag and 0.12% Cu across 3.66 metres; and 36.73 g/t Au (1.07 ounces per ton), 18.88 g/t Ag and 0.21% Cu over 9.05 metres.

14 drill holes, for a total of 4,059 metres of the 11,000 metres planned for 2010, have been completed to date. This drilling includes 9 regional holes, testing airborne geophysical targets coincident with mine geology, and five holes into the A Zone. A total of 20 are planned for the A and B Zones during this phase of drilling. The mine horizon is characterized by a three- to five-metre thick siliceous, sulphide-bearing horizon containing both pyrrhotite and chalcopyrite. Drill hole EM10-04 intersected a six-metre thick siliceous horizon with abundant pyrrhotite, chalcopyrite and multiple grains of visible gold at a depth of 320 metres within the A Zone. Assays are pending.

The Eastmain mine was discovered when Placer Development drill tested an airborne geophysical conductor caused by pyrrhotite and chalcopyrite contained within the siliceous horizon. The deposit is bounded by marker horizons located above and below the mineralized gold-rich horizon. These marker horizons have been traced across the property and form the basis for future drilling. The objectives of the 2010 drill program are to expand the lateral and vertical limits of the A and B Zones and to search for a second deposit along the known mine trend.

### *Éléonore South Joint Venture*

Eastmain and Goldcorp, through its wholly-owned subsidiary, les Mines Opinaca Ltée, currently each own a 35% interest in the Éléonore South project, while Azimut Exploration Inc. has a 30% stake.

During the period a \$1.6-million program and budget, to test four priority areas on the property with 3,300 metres of drilling, was approved by the Éléonore South joint venture partners. Eastmain and Goldcorp Inc. have agreed to fund the drill program equally, which upon completion of the program will result in an increase in project ownership to approximately 36.5% for each party. Azimut elected not to participate for 2010, therefore diluting its ownership on a prescribed basis relative to expenditure contributions made by the participating partners, to approximately 27%.

The top-priority target is the JT Gold Zone situated just 12 kilometres southeast of the multi-million-ounce Roberto Gold deposit held by Goldcorp. Previous trenching and drilling has defined a 1.2-kilometre-long by 100 metre-wide zone containing highly anomalous gold in similar rocks to those hosting Roberto. A large gold-arsenic geochemical "plume" evident at the north-end of the JT Zone will be tested during this phase of drilling. The immediate objectives of the drill campaign are to search for "ore grade-thickness" within the JT Target area, which is open laterally and at depth.

Goldcorp reported a substantial increase in total gold resources at Éléonore, which now comprise 3.15 million ounces of gold of measured and indicated resources contained within 8.2 million tonnes at an average grade of 11.9 g/t and 6.15 million ounces of inferred resources within 15.0 million tonnes at an average grade of 12.9 g/t. Pre-feasibility studies suggest that the deposit will be a low-cost, long-life producing mine with annual production forecasted at 330,000 ounces of gold.

## Financial

The Company's current assets are comprised of \$15.2 million cash and cash equivalents, \$3.2 million in marketable securities and \$2.4 million in exploration rebates receivable from the province of Québec. During the quarter, the Corporation completed a flow-through private placement of \$5 million at an issue price of \$2.50 per share, a 78% premium to market price, with no warrant. As at April 30, 2010 there were 89.8 million shares issued and 6.98 million warrants outstanding at an average exercise price of \$1.91 per share, and 4.58 million options at an average exercise price of \$0.97 per share.

## Outlook

The Corporation is well positioned with sufficient working capital to continue its exploration programs for the foreseeable future. Our \$7.5 million-exploration budget for 2010 will focus on drilling at our wholly-owned Eau Claire and Eastmain Mine deposits and Reservoir Project, as well as the Éléonore South Joint Venture.

We look forward to advancing our global resources with a new NI 43-101 estimate, while adding new discoveries, through multiple drill programs in the James Bay District in 2010.

Donald J. Robinson, Ph.D., P. Geo.  
President and Chief Executive Officer  
June 14, 2010

*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 2009 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.*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General**

*The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited interim consolidated financial statements (the "unaudited interim consolidated financial statements") of Eastmain Resources Inc. (the "Company" or "Eastmain") for the quarter ended April 30, 2010 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). 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. Other risk factors may include: general business, economic, competitive, political and social uncertainties; reliability of resource estimates; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of Canadian and United States dollars relative to each other; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future prices of gold and other metal prices; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; and the factors discussed in the section entitled "Risks and Uncertainties".*

This management's discussion and analysis is dated June 14, 2010.

**Corporate Overview**

The Company, incorporated under the laws of Ontario, and its wholly-owned subsidiary, Eastmain Mines Inc. are engaged in the mineral 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/Opinaca area of James Bay, Québec, a region that is becoming one of Canada's most important areas for mineral exploration and discovery. The Company holds 12 properties covering over 1200 km<sup>2</sup> in the frontiers of James Bay, including 100% interest in two gold deposits – Eau Claire and the Eastmain Mine. The Company also holds a 35% interest in, and manages exploration of, the Éléonore South project, a mineral exploration joint venture located immediately south of Goldcorp Inc.'s ("Goldcorp") Roberto gold deposit.

In 2006 Goldcorp purchased the Éléonore property, which includes the Roberto gold deposit, from Virginia Mines Inc. in a transaction valued at US\$406 million (Goldcorp 2006 First Quarter Report). As of February, 2010 the Roberto deposit had 3.15 million ounces of measured and indicated gold resources contained in 8.22 million tonnes at an average grade of 11.92 g/t Au, and 6.25 million ounces of inferred resources within 15.03 million tonnes at an average grade of 12.93 g/t Au. Goldcorp is currently sinking an exploration shaft, which will allow deep drilling in the north high-grade area of the deposit. A feasibility study is expected to be completed by year-end, with production targeted to begin in 2015. The Roberto deposit is projected to have a 16-year-plus mine life with an initial yearly production target of 330,000 ounces of gold (Goldcorp website). Goldcorp's continued exploration at Roberto has demonstrated that the James Bay area has the potential to host multi-million-ounce gold deposits.

In 2004 Eastmain acquired 100% interest in the Clearwater Project, which hosts the Eau Claire gold deposit, subject to a 2% Net Smelter Return Royalty ("NSR") in favour of SOQUEM Inc. Eastmain holds an option to purchase one-half of the NSR for \$1 million. As at December 31, 2005, Eau Claire consisted of 1,029,332 tonnes of indicated gold resources containing 310,000 ounces at an average grade of 9.46 g/t Au, and 3,049,660 tonnes of inferred gold resources containing 680,000 ounces at an average grade of 6.93 g/t Au. New resource calculations are expected for fiscal 2010. Goldcorp has also stated that it plans to update a confidentiality agreement, initially signed in May of 2007, with respect to data sharing and technical support in the preliminary economic evaluation of the Eau Claire deposit. However, neither Goldcorp nor any other party has a first right of refusal in place for the Clearwater project and/or Eau Claire.

In May of 2006, Goldcorp increased its ownership in Eastmain and extended its strategic alliance with the Company into 2011. Goldcorp currently holds 8.4% of Eastmain's common shares.

In May of 2006, Eastmain also entered into a joint venture proposal with Goldcorp and Azimut Exploration Inc. ("Azimut"), in which 65 km<sup>2</sup> of Goldcorp's Éléonore property was combined with Azimut's C claim block, to form the Éléonore South Property. By January of 2008, Eastmain had completed its earn-in requirements for one-third

ownership of the Éléonore South Property with Azimut and Les Mines Opinaca Ltée. ("Les Mines Opinaca"), a wholly-owned subsidiary of Goldcorp Inc. In January of 2009, the project became a three-way joint venture, retaining Eastmain as project manager.

As at May 31, 2010 with ownership in the property at 35% Eastmain, 35% Les Mines Opinaca and 30% Azimut, a \$1.6-million exploration program was approved by the joint venture partners. However, Azimut subsequently declined participation in funding its share of the program, and as such will dilute to 27% interest upon completion of the 2010 program. Eastmain and Les Mines Opinaca will increase their ownership to 36.5% each.

Through its wholly-owned subsidiary, Eastmain Mines Inc., the Company acquired 100% interest in the Eastmain gold deposit in February of 2007 for a total consideration of \$4.3 million in cash, shares and purchase warrants. 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.

The Eastmain Mine 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, (Campbell Resources Inc. 2004 Annual Report). Alain Blais VP Geology and Development was the qualified person for Campbell's mineral reporting. These resources are historical estimates and should not be relied upon. These estimates may not be NI43-101 compliant. A qualified person for Eastmain has not done sufficient work to classify the historical estimates as current mineral resources as defined by NI 43-101, however there is sufficient drilling to provide evidence of a significant copper-gold mineral system, which may be expanded through additional exploration.

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. ("Xstrata") and Goldcorp, in order to capitalize on the senior explorers' technical, financial and marketing expertise.

In addition to its Québec projects, the Company owns exploration properties in New Brunswick and Ontario. In Northeastern Ontario, the Company holds a 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. The Company has no immediate plans for any of these properties.

### **Overall Performance**

The Company's total consolidated assets were \$47.7 million as at April 30, 2010 (\$43.0 million on October 31, 2009). During the six months ended April 30, 2010, the Company raised net cash proceeds of \$5.0 million through the issue of shares. During this same period, the Company invested \$1.7 million gross in mineral exploration expenditures.

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, each partner is required to contribute its proportionate share of any proposed exploration expenditures for the Éléonore South project, or otherwise dilute their interest. Azimut Exploration Inc. elected not to participate in the 2009 drill program at Éléonore South. As a result, both Eastmain's and Les Mines Opinaca's interests in the property increased to 35%. Azimut's share was diluted to 30%. Eastmain and Les Mines Opinaca have each confirmed participation in a \$1.6-million exploration program for 2010. Azimut has declined participation in the 2010 program, leaving both Eastmain and Les Mines Opinaca with a proportionate share of the 2010 exploration budget at \$0.8 million. Upon completion of this year's exploration program, Eastmain's and Opinaca's interests will each increase to approximately 36.5%, while Azimut's interest will be diluted to 27%.

There are significant uncertainties regarding the trends in gold, silver and other mineral prices and the availability of equity financing. 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 instance, 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 late 2009 the price of gold rose to over US\$1,215 and has since retreated to a range between US\$1090 and US\$1,250 per ounce. Although world markets may experience volatility in the short term, the long-term outlook for gold remains bullish.

Increased gold prices in the last several years have encouraged the Company to participate more actively in exploration and acquisition activities. With a positive, long-term outlook for the price of gold in mind, the Company plans to increase its exploration efforts at key gold projects located in Québec.

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 significant portion of the Company's exploration expenditures such as fuel and transportation are impacted by changes in the price of oil.

## Results of Operations

### Project Overview

#### *Clearwater Project*

The Clearwater property is approaching the preliminary economic assessment stage. From November 2007 to November, 2009 a total of 181 holes (35,819 metres) were drilled to expand the Eau Claire gold resource only within the upper 300 metres of the deposit. Over that two-year period more than 25% of all vein intercepts drilled contain over one ounce gold per ton. 70% of all gold-enriched vein and schist material intersected at Eau Claire within this period contain one-half (0.50) ounce gold per ton over an average thickness of 4.4 feet/1.34 metres.

Total drilling to date has intersected over 1,760 vein intervals. At a one-gram cut-off grade, 1,065 vein intersections, with an average thickness of 1.7 metres, have an average grade of 9.12 g/t gold. 526 vein intersections contain an average grade of 15.97g/t gold over an average width of 1.73 metres at a 4.0 g/t cut-off grade. Additional definition drilling is required to evaluate the resource potential of a high-grade vein system in the 850 West Zone and the newly discovered Boomerang Prospect, located 500 metres east of the Main Group of veins at Eau Claire. Continued drilling is also warranted to expand the gold resource beyond 300 metres of depth, within the Main Group and the T-series veins located north of Eau Claire. Deposit and property-scale drilling and surface exploration work is planned to continue in 2010.

The Eau Claire deposit hosts a large number of exceptionally high-grade gold veins, from which three cyanidation tests of gravity tailings, completed by SGS Lakefield Research Limited (SGS), yielded up to 98.8% total recovery. In addition, acid base accounting tests have confirmed that waste from veins processed at SGS is non-acid generating and therefore does not pose any environmental liability. During the period, SGS continued metallurgical test work to optimize total gold recoveries and evaluate the metallurgical behaviour of rare metal bi-products, tellurium and bismuth. Recent testing verifies that tellurium is recoverable and may become a viable bi-product. Additional metallurgical test-work will continue to determine recoveries for tellurium and bismuth, while defining the optimal flow-sheet design for Eau Claire.

During the period, the Company focused on completing an updated resource estimate for the Eau Claire gold deposit, which will include all drilling within the deposit to date. The 2010 estimate will incorporate all 181 vein intervals from the 2007 to 2009 drilling, which concentrated specifically on delineating vein morphology and defining resource grades only within the upper third of the deposit, with 182 vein intersections and surface channel sample data from the previous resource calculation. The Company has contracted the services of a well-known mining consulting firm to audit the new resource estimate and prepare the NI 43-101 technical report. The new resource estimate will be released once the consulting firm has completed its audit.

There is now sufficient drill data within the upper portion of the deposit to define measured resources in addition to indicated and inferred categories. Data also suggests that there is excellent potential to continue to increase the gold resource at Eau Claire through deeper definition drilling within the Main (450) Zone, and additional drilling north and east of the main deposit area. The Company has allocated a drill budget of \$3 Million for continued drilling and target definition for 2010.

The Company's investment in the project to April 30, 2010 net of rebates received is \$11,912,819.

#### *Eastmain Mine Property*

The Eastmain Mine project comprises 152 mineral claims and one mining license located in the Upper Eastmain River Greenstone Belt of James Bay, Québec. The Eastmain Mine project is in the target definition and drilling stages of exploration, with the objectives of expanding known resources and discovering a second deposit nearby.

The Eastmain gold deposit is a copper-gold-silver, sulphide-rich deposit, consisting of three known zones, "A", "B" and "C". The A and B Zones have been traced for more than one kilometre in length and to a vertical depth of 400 metres. The deposit remains open at depth and along strike. Gold mineralization at the Eastmain Mine occurs within a siliceous, sulphide-bearing unit associated with komatiite and highly altered mafic volcanic rocks. This very distinctive geologic marker horizon has been traced for over 10 kilometres across the property.

The Eastmain Gold Deposit has the potential to be expanded through drilling. The average grade of 106 historic drill holes, within the A and B Zones of the Eastmain deposit, is 18.92 g/t gold or 0.55 ounces per ton gold (Au), 16.06 g/t silver (Ag) and 0.24% copper (Cu) across 3.96 metres. Exceptional drill results within the deposit include: 53.28 g/t Au (1.56 ounces per ton), 59.20 g/t Ag and 0.20% Cu over 13.2 metres or 43.3 feet; 125.43 g/t Au (3.66 ounces per ton), 13.80 g/t Ag and 0.12% Cu across 3.66 metres; and 36.73 g/t Au (1.07 ounces per ton), 18.88 g/t Ag and 0.21% Cu over 9.05 metres.

A multi-phase drill program began in April, 2010 to test the A and B Zones as well as regional targets outlined along the defined mine trend. A total of 4,059 metres of an 11,00-metre program have been drilled to date. Of the 14 holes completed, nine have tested regional VTEM geophysical conductors and geochemical anomalies outside the limits of the deposit. Drill holes EM10-09, EM10-10 and EM10-12 have intersected highly altered rocks containing massive magnetite, pyrrhotite and minor chalcopyrite, thought prospective for gold. The Eastmain mine was discovered by Placer Development drill testing an airborne geophysical conductor caused by pyrrhotite and chalcopyrite within the siliceous horizon. Five holes, for a total of 2,013 metres, to date, have tested the A Zone. Drill hole EM10-04

intersected a six-metre thick siliceous horizon with abundant pyrrhotite, chalcopyrite and multiple grains of visible gold at a depth of 320 metres within the A Zone. Assays are pending.

The Company's investment in the project to April 30, 2010 including the purchase price and net of rebates received is \$5,414,465. A budget of \$3 million has been approved for drilling and additional target definition field work in 2010.

#### *Éléonore South Joint Venture*

The Éléonore South project lies within the Eastmain/Opinaca geologic district of James Bay, Québec. Located near the Opinaca Reservoir, the property is about 14 km south of the Les Mines Opinaca's Roberto Gold Deposit and 45 km northwest of Eau Claire.

The Éléonore South project consists of 2 separate blocks. The main Éléonore South block covers 248 claims (166 claims formerly known as the Azimut C block and 82 claims contributed by Goldcorp). The West Block consists of 34 claims, all of which were contributed by Goldcorp upon the formation of the joint venture.

The Éléonore South project is in the exploration drilling stage with the objective of defining gold grades and thicknesses comparable those discovered at Roberto. Drilling to date has intersected wide intervals of altered gold-enriched sediments and felsic intrusive rocks forming a 1.2-kilometre-long geochemical halo in the JT Gold Target area. Three parallel gold-rich zones have been intersected in arsenopyrite-bearing sediments, similar to those hosting the multi-million-ounce Roberto gold deposit at Éléonore. There is evidence at Éléonore South of a large, untested gold-arsenic geochemical "plume" extending north of previous JT Zone drilling. The JT Gold Target is also open to the south and at depth.

The joint venture partners have approved a 3,300-metre drill program to test targets in four sectors on the property, including both the lateral and vertical extensions of the JT zone discovery, in search of ore-grade material.

The Company's investment in the project to April 30, 2010 net of rebates received is \$4,018,016. A budget of \$1.6 million has been established for the 2010 exploration program, of which Eastmain is committed to spending \$800,000.

#### *Ruby Hill Project*

The Ruby Hill Project is located approximately 800 km north of Montréal and 320 km north-northeast of Chibougamau, within the Upper Eastmain River Greenstone Belt of James Bay, Québec. The property includes 268 mineral claims divided into two blocks (Ruby Hill East and Ruby Hill West) covering approximately 14,125.47 hectares. The centre of the Ruby Hill West block is located about 32 kilometres west of the Eastmain Mine Deposit and consists of 180 claims covering an area of 9,485.42 hectares. The Ruby Hill East block is contiguous with the Eastmain Mine property and consists of 88 claims, which cover an area of 4,640.05 hectares.

The Ruby Hill claims exhibit similar geology, alteration and mineralization to the mine property and thus are also highly prospective with respect to economic potential. Drilling completed by the Company in 2008, confirmed that key komatiitic flows and sulphide-bearing chert zones, which host the Eastmain Gold Deposit, extend onto the property.

The Company's investment in the project to April 30, 2010 net of rebates received is \$1,852,404. No field work is planned for this project in 2010.

#### *Radisson Project*

The Radisson property is located near the La Grande River, approximately 500 km north of Matagami, Québec. Radisson comprises 207 mineral claims covering approximately 10,698 hectares within the LaGrande Greenstone Belt district of James Bay, Québec and straddles a similarly-aged structural and stratigraphic break between complex volcanic and sedimentary rocks as Goldcorp's Roberto Gold deposit. Historic gold discovered within well-developed iron formations on the property suggest that Radisson may also be prospective for Lupin-style gold mineralization.

The Radisson project is in the early exploration stage. In 2009, geological mapping, prospecting and soil geochemical sampling at the Radisson project focused on several known gold zones previously defined in the 1980's and 1990's. The Company's investment in the project to April 30, 2010 net of rebates received is \$621,944. A budget of \$50,000 has been approved for additional prospecting and target definition field work in 2010.

#### *Reservoir Project*

The Reservoir Project, comprised of 156 claims, covering approximately 8,098 hectares, is located in the Eastmain-Opinaca district of James Bay, Québec approximately 60 kilometres southwest of Goldcorp's Roberto deposit and approximately 45 kilometres west of the Eau Claire gold deposit. This property hosts a large copper-gold occurrence in albite altered volcanic-sedimentary rocks comparable to those hosting the past producing 10-million-ounce MacIntyre Mine in Timmins, Ontario.

The Reservoir project is in the target definition and early-drilling stage. Previous drilling by the Company includes intervals which assayed up to 8.0 g/t gold, 23.5 g/t silver and 4.21% copper. Surface channels samples included up to 36 g/t gold, 52 g/t silver and 5% copper. A budget of up to \$1 million has been recommended for surface exploration and drilling in 2010.

The Company's investment in the project to April 30, 2010 net of rebates received is \$415,574.

### *Xstrata Joint Venture "MegaTEM Project"*

The MegaTEM project covers an area of over 14,500 line-kilometres of airborne geophysical surveys, which have generated in excess of 225 top-priority drill targets, within the Abitibi Greenstone belt of Northeastern Ontario and Northwestern Québec. One of the most prolific mineral districts in the world, the Abitibi Belt has accounted for more than \$120 billion in past metal production. Over 200 million ounces of gold has been produced from the belt in addition to 8.5 million tonnes of copper, 20 million tonnes of zinc and 900 million ounces of silver. The presence of major felsic volcanic centres, anomalous assays and alteration assemblages intersected in past drilling, and proximity to known base- and precious-metal occurrences suggest that any one of the Company's selected 225 priority geophysical anomalies has the potential to lead to discovery.

Eastmain is project operator and currently holds a 70% interest in any discovery made from these surveys. Xstrata has no back-in rights. The MegaTEM project is in the preliminary to early stages of exploration. To date, there has been insufficient exploration work completed to define mineral resources on the MegaTEM Project and it is uncertain if further exploration will result in and target being delineated as a mineral resource. The Company's written-down carrying value of its investment in this project to April 30, 2010 is \$2,927,166. No field work is planned for the MegaTEM project in 2010.

### *Other projects*

The other project category is composed of a collection of properties of geological interest located in the James Bay area of northern Québec, the Timmins district of Ontario and the Bathurst mining region of New Brunswick. The carrying value of the Company's investment in all other projects to April 30, 2010 net of write-downs and rebates is \$1,678,787. No field work is planned for these projects in 2010.

### **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.

The Company maintains a high liquidity by holding a large cash balance in an interest-bearing bank account. The Company's investment in bonds and GIC's at April 30, 2010 was \$2.5 million compared to \$2.3 million April 30, 2009. With interest rates at all-time lows, the Company has been investing in short-term instruments only. Current short-term interest rates are less than 1%. 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.

### **Three months ended April 30, 2010 compared to the three months ended April 30, 2009**

Net loss for the quarter ended April 30, 2010 was \$402,065 compared to a net loss of \$276,573 for the quarter ended April 30, 2009.

- Interest and other income increased by \$48,601 or 99% to \$97,548 for the three months ended April 30, 2010 from \$48,947 for the three months ended April 30, 2009. Other income included \$74,700 from the rental of camp and equipment and management fees from the Eléonore joint venture. Interest income decreased \$22,300 as a result of interest rates being at historic lows. Last year, where call provisions existed, long-term higher-yielding bonds were retracted by borrowers, leaving the Company with cash on hand that could only be reinvested at lower rates.
- During Q2 the Company granted 250,000 stock options, having a Black-Scholes value of \$251,250, to Directors. In Q2 2009, the Company granted 100,000 stock options, having a Black-Scholes value of \$55,200, to a Director. The Black-Scholes valuation attributes a cost to the Company for issuing stock options as compensation. The factors affecting the cost are the exercise price of the option, dividend rate of the stock, the risk-free interest rate, the expected term of the option and the volatility of the stock's trading range over the historical period of time comparable to the expected term of the option. The Black-Scholes assumptions used in stock option pricing are detailed in Note 8 to the Interim Financial Statements. The Black-Scholes option pricing calculation is a non-cash transaction that is included as an expense in the Statement of Operations.

Long-term incentives for executive officers and directors have been provided through stock options granted under the stock option plan. As the Corporation is in the growth stage, stock options are used to provide incentives to the directors and executive officers of the Corporation and are intended to be an important part of compensation. The Corporation may amend its stock option policies as it evolves in the future and continues to review the appropriateness of all forms of compensation paid to its directors and executive officers.

The purpose of the Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with an opportunity, through share options, to acquire a proprietary interest in the Corporation and benefit from its growth. All options that have been granted under the Plan have been issued at an exercise price not less than the market price of the Common Shares on the date of the grant. The options are non-assignable (excepting in the event of death of an optionee) and may be granted for a term not exceeding ten years. The Plan contains no provision for the transformation of stock options into stock appreciation rights. Options may be granted under the Plan by the Board or any committee established for the purpose thereof, only to directors, officers, employees, insiders and other specified service providers. The Plan also contributes capital to the Corporation as participants pay the Corporation to exercise their options.

During the fiscal year ended October 31, 2009 the Company granted 950,000 stock options, with a Black-Scholes value of \$541,600, under the stock option compensation plan. Stock options granted during the current quarter address director compensation only. Options for officers and service providers were issued in June 2010 upon receiving approval from the Compensation Committee. The 2010 income tax changes to the deferred tax treatment of options exercised to hold shares negatively impacts the Company's promoting the retention of a proprietary interest by encouraging the disposal of the shares acquired through the exercise of options, in order to pay income taxes on the deemed gain at the time of exercise. To restore the incentive for proprietary interest, the Company has increased the length of the option term to ten years. The effect of the increase in term on the factors that determine the Black-Scholes value of the options has increased the non-cash cost attributed to stock option compensation by 63%.

### Six months ended April 30, 2010 compared to the six months ended April 30, 2009

Net loss for the six months ended April 30, 2010 increased by \$191,640 to \$600,686 from a net loss of \$409,046 for the six months ended April 30, 2009.

- Interest and other income increased by \$26,337 or 27% to \$125,025, for the six months ended April 30, 2010, from \$98,688 for the six months ended April 30, 2009. Other income included \$74,700 from the rental of camp and equipment and management fees from the Eléonore joint venture. Interest income decreased \$48,363 as a result of interest rates being at historic lows.
- Advertising and promotion expenses increased \$27,624 or 28%. The increase is primarily due to participation in additional trade shows in 2010.
- Stock option compensation increased by \$196,050. The Black-Scholes option pricing calculation is a non-cash transaction that is included as an expense in the statement of operations.

The Company granted 250,000 stock options, with an expected term of ten years, to Directors. The resulting Black-Scholes calculated value of these options is \$251,250. Last year the Company granted 100,000 stock options, with an expected term of five years to a Director. This transaction resulted in a Black-Scholes calculated value of \$55,200. During the fiscal year ended October 31, 2009 the Company granted 950,000 stock options under the stock option compensation plan with a Black-Scholes value of \$541,600. Stock options granted during the current quarter address director compensation only. Options to be issued to officers and service providers are pending approval of the Compensation Committee. The effect of the increase in term on the factors that determine the Black-Scholes value of the options has increased the non-cash cost attributed to stock option compensation by 63%.

### Selected Quarterly Information

	Quarter ended 04/30/2010	Quarter ended 01/31/2010	Quarter ended 10/31/2009	Quarter ended 07/31/2009
<b>Interest / other Income</b>	\$ 97,548	\$ 27,477	\$ 72,738	\$ 12,241
<b>Net loss</b>	(402,065)	(198,621)	(2,064,055)	\$ (632,959)
Per share basic	\$(0.0046)	\$(0.0022)	\$(0.0184)	\$(0.0074)
Per share diluted	\$(0.0046)	\$(0.0022)	\$(0.0184)	\$(0.0074)
<b>Trading Range of Shares</b>				
High	\$1.60	\$1.75	\$1.50	\$1.35
Low	\$1.27	\$1.24	\$1.06	\$0.89
	Quarter ended 04/30/2009	Quarter ended 01/31/2009	Quarter ended 10/31/2008	Quarter ended 07/31/2008
<b>Interest / other Income</b>	\$ 48,947	\$ 49,741	\$ 123,494	\$ 78,536
<b>Net loss</b>	\$ (276,592)	\$ (132,453)	\$ (1,329,520)	\$ (174,903)
Per share basic	\$(0.0032)	\$(0.0015)	\$(0.0178)	\$(0.0022)
Per share diluted	\$(0.0032)	\$(0.0015)	\$(0.0056)	\$(0.0022)
<b>Trading Range of Shares</b>				
High	\$1.15	\$1.09	\$1.55	\$1.87
Low	\$0.80	\$0.55	\$0.48	\$1.10

## **Risks and Uncertainties**

### **Exploration and Development**

The exploration and development of mineral deposits involves significant risks and while the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. All of the Corporation's properties are in the exploration stage and the Corporation is presently not exploiting any of its properties. The Corporation's future success will depend on its capacity to generate revenues from an exploited property.

The discovery of mineral deposits depends on many factors. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which include the particular attributes of the deposit, such as size; grade and proximity to infrastructure; as well as metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. In the event that the Corporation wishes to commercially exploit one of its properties, the exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital. The Corporation's operations will be subject to all the hazards and risks normally encountered in the exploration and development of mineral deposits. Mining operations generally involve a high degree of risk, including but not limited to, unusual and unexpected geologic formations, possible cave-ins, unexpected labour disputes and changes in commodity prices.

There can be no guarantee that sufficient quantities of minerals will be discovered or that one of the Corporation's properties will reach the commercial production stage. Few properties that are explored are ultimately developed into producing mines. If the Corporation discovers profitable mineralization, the Corporation does not have sufficient financial means to bring a producing mine into operation. Considering that the Corporation has no properties with proven reserves and considering the aforementioned risk factors, it is unlikely that the Corporation will develop a profitable commercial operation in the near future.

### **Regulatory Matters**

The Corporation's mining activities are subject to governmental regulation. Mining activities can be affected at various levels by governmental regulation governing prospecting and development, price control, taxes, labour standards and occupational health, expropriation, mine safety, toxic substances, environmental protection and other matters.

Exploration and commercialisation are subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of wastewater and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties.

### **Reliability of Resource Estimates**

There is no certainty that any of the mineral resources on the Clearwater Project or any other project with mineral resources will be realized. Until a deposit is actually mined and processed the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Corporation. There is also no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in a larger-scale test under on-site conditions or during production.

Fluctuations in gold and base or other precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a materially adverse effect on the Corporation's results of operations and financial condition.

### **No History of Mineral Production**

The Corporation has never had any interest in a mineral producing property. There is no assurance that commercial quantities of minerals will be discovered at any of the properties currently held by the Corporation or any future properties it may hold, nor is there any assurance that the exploration programs of the Corporation thereon will yield positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property held by the Corporation will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of the Corporation to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources which are currently being explored for, availability of additional capital and financing and the nature of any mineral deposits.

### **Permits, Licenses and Approvals**

The operations of the Corporation require licenses and permits from various governmental authorities. The Corporation believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities, which it is currently conducting under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the

Corporation will be able to obtain all necessary licenses and permits that may be required to maintain its mining activities, construct mines or milling facilities and commence operations of any of its exploration properties. In addition, if the Corporation proceeds to production on any exploration property, it must obtain and comply with permits and licenses, which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or onto land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Corporation will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

#### Title to Property

Although the Corporation has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Corporation's interests in its properties.

#### Competition

The Corporation's activities are directed towards the exploration, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Corporation will result in discoveries of commercial quantities of mineral deposits. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Corporation will compete with other interests, many of which have greater financial resources than it will have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

#### Additional Funding

Additional funds will be required for future exploration and development. The source of future funds available to the Corporation is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Corporation. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position.

Programs planned by the Corporation may necessitate additional funding, which could cause a dilution of the value of the investment of the current shareholders of the Corporation. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Corporation's capacity to obtain additional funds in order to realize these programs.

The Corporation's exploration activities can therefore be interrupted at any moment if the Corporation is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Corporation's geological reports for its properties.

#### Dependence on Management

The Corporation is dependent on certain members of management, particularly its President. The loss of his services could adversely affect the Corporation. Investors must rely on the Corporation's directors and those who are unwilling to do so should refrain from investing in the Corporation.

Management of the Corporation rests with a few key people, the loss of any of whom could have a detrimental effect on the Corporation's operations.

#### Conflicts of Interest

Certain directors and officers of the Corporation also serve as directors and officers of other companies involved in natural resource exploration and development, consequently, there is a possibility that such directors and officers will be in a position of conflict of interest. Any decision made by such directors and officers involving the Corporation will be made in accordance with their duties and obligations to deal fairly and in good faith with the Corporation and such other companies. In addition, such directors and officers will declare, and refrain from voting on, any matter in which such directors and officers may have a material conflict of interest.

#### Commercialisation

The commercialisation of minerals depends on a number of factors that are independent from the Corporation's desire to proceed with said commercialisation. An excessive supply of certain minerals may arise from time to time due to the absence of a market for said minerals and to governmental restrictions on exports. Other factors include market fluctuations and governmental regulations concerning prices, taxes, fees, authorized production, imports and exports. The exact effect of these factors cannot be accurately evaluated.

#### Uninsured Hazards

The Corporation could be held responsible for certain risks including environmental pollution, cave-ins or other hazards against which a corporation such as Eastmain cannot insure or against which it may elect not to insure, taking into consideration the importance of the premiums or other reasons. The payment of amounts relating to liability of the aforementioned hazards could cause the loss of the Corporation's assets.

## Land Claims

At the present time, none of the properties in which the Corporation has an interest or an option to acquire an interest is the subject of an aboriginal land claim. However, no assurance can be provided that such will not be the case in the future.

## 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 Exploration Inc. ("Azimut / Azimut Exploration") had letters of agreement for two claim blocks, Opinaca C and Opinaca D ("Azimut C and Azimut D"), held by Azimut and located in the Éléonore district. 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 Azimut Block C agreement, Eastmain had the option to earn a 50% interest in Block C from Azimut Exploration 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's wholly-owned subsidiary, Les Mines Opinaca Ltée, formed a 3-way joint venture by combining Azimut's mining claims from the Azimut C Block and selected mining claims from Les Mines Opinaca'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 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 in the Opinaca D project with no further financial obligations. Deferred exploration expenditures of \$847,219 related to this project were written-off in the fiscal year ended October 31, 2008.

## Liquidity and Capital Resources

During the six months ended April 30, 2010, the Company received net proceeds of \$4,982,139 from the issue of shares (the Company received \$142,107 from the issue of shares in the six months ended April 30, 2009). During the same period the Company invested \$1.5 million in acquisition and exploration of mineral resource properties (\$1.5 million in the six months ended April 30, 2009). As at April 30, 2010, cash and cash equivalents, the current portion of marketable securities, prepaid expenses and sundry receivables totalled \$17.3 million (\$16.6 million – April 30, 2009). Current liabilities are \$0.9 million (\$0.9 million – April 30, 2009) and the Company has no long-term debt. Accordingly, as the Company's base operating cost is approximately \$65,000 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.

In December 2009 the Company completed an unbrokered private placement financing with a financial institution and directors, officers, employees and other service providers of the Company. This issue of 237,620 flow-through common shares at \$1.75 raised net proceeds of \$394,015. In February 2010, the Company issued 2,000,000 flow-through shares in a private placement at \$2.50 per share for gross proceeds of \$5,000,000. Issue costs in connection with the private placement were \$381,261. A brokerage commission of 6% of gross proceeds was paid and 120,000 (agent) purchase warrants were issued. Each agent warrant entitles the holder to purchase one common share at a price of \$2.00 until February 26, 2012. The Black-Scholes value associated with these broker warrants was \$62,040. Stock options exercised between November 1, 2009 and April 30, 2009 contributed another \$427,400 to treasury funds. Other private placements may be completed if market conditions are appropriate.

The Company is committed to spending \$5,000,000 in Québec flow through expenditures by December 31, 2011 in respect of the flow-through shares issued in February 2010. If the Company does not spend these funds, in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill all flow-through commitments within the given time constraints.

Exploration expenditures on the Company's Québec projects currently generate mining duty and provincial resource exploration refunds to the Company of 46% of the qualifying expenditures. Québec resource credits are refunds from the government that are paid to companies exploring for precious metals in Québec. The expenditures are subject to verification and adjustment by both the Québec Ministry of Natural Resources and the Ministry of Revenue. Rebates are recorded when they are actually received or confirmed receivable.

As at April 30, 2010, the Company has an estimated \$2.4 million in resource and mining duty credits recoverable from the Province of Québec for qualified expenditures incurred between November 1, 2008 and October 31, 2009.

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. No provision has been made in the financial statements for resource credits arising from fiscal 2010 expenditures. At April 30, 2009 the Company was eligible for resource tax credits and mining duty rebates estimated at more than \$300,000 for qualified expenditures up to October 31, 2008. Amounts received in respect of those claims were recorded in the financial statements for the year ended October 31, 2009. A Québec resource investment tax credit of \$2,223,513 for the year ended October 31, 2008 was confirmed in the second quarter of 2009. Only \$180,000 of the October 31, 2009 claims outstanding for \$2.6 million has been confirmed.

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, and 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 currently low interest rates, funds are being kept in short-term notes and interest-bearing bank accounts.

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.

The difference between the historical cost and their fair-market value of the Company's marketable securities April 30, 2010 was a cumulative unrealized loss \$219,032. The comprehensive gain for the six months ended April 30, 2010 was \$16,030. The loss in market value for the quarter ended April 30, 2010, was \$49,302 offsetting the gain of \$65,332 reported for the first quarter. At April 30, 2009 the cumulative unrealized loss on the fair market valuation of marketable securities was \$475,651. The comprehensive unrealized gain for the six months ended April 30, 2009 was \$134,256 resulting from an increase in market value of the securities during that period. Actual gains or losses are recorded upon disposal of the investments. Investments maturing or cashable investments are re-invested at prevailing rates. The Company is not contemplating the disposal of any of its marketable securities that would result in losses.

Accounts receivable at April 30, 2010 includes an amount of \$196,311 for recoverable sales taxes, which are subject to verification and normally refunded within 60 to 90 days of the claim. Refunds of taxes are not considered a financial instrument since governments are not obligated to make these payments.

Accounts payable and accrued liabilities outstanding as at April 30, 2010 were \$877,036 (\$897,065 – April 30, 2009). Accounts payable balances vary from quarter-to-quarter depending on the season and the amount of work performed during the quarter.

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 when not claimed 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 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 \$141,800 in the three months ended April 30, 2010, in connection with the December 2009 issue of flow-through shares, and a future income tax recovery of \$43,605 in the three months ended April 30, 2009, in connection with the December 2008 renunciation of expenditures associated with the issue of flow-through shares.

During the three months ended April 30, 2010, 120,000 share purchase warrants were issued for a term of 2 years at a weighted average exercise price of \$2.00. During Q1 there was no change in the number of common share purchase warrants outstanding. As at April 30, 2010 there were 6,988,200 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 \$13,301,027.

During the three months ended April 30, 2010, 755,000 stock options were exercised with an average weighted exercise price of \$0.48. During the three months ended January 31, 2010, 100,000 stock options were exercised with a weighted average exercise price of \$0.64. As at April 30, 2010, 4,195,000 options were outstanding with a weighted average exercise price of \$0.92, which if exercised, would result in proceeds of \$3,864,600 to the Company.

The Company does not hold, and has never held, any Asset-Backed Commercial Paper (ABCP).

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

The Company has no off-balance sheet arrangements.

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

Related party transactions include \$16,500 per month salary and \$1,000 premises rent paid to the President of the Company. Consulting fees of \$550 per day and out of pocket expenditures are paid to a service provider.

#### **Share Capital**

The authorized capital of the Company consists of an unlimited number of common shares of which, as of June 11, 2010, there are 89,788,538 common shares outstanding, 4,081,000 share purchase options and 6,988,200 common share purchase warrants 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; 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 but not limited to: exploration risk; development risk; commodity-price risk; operating risk; ownership and political risk; currency risk; and environmental risk. The ability of the Company to obtain necessary financing to complete the development of its properties and obtain future profitable production is also uncertain.

#### **Change in Accounting Policy**

There have been no changes in accounting policy since the year ended October 31, 2009.

#### **Adoption of Accounting Policies**

##### ***Mining Exploration Costs***

In March of 2009, the Emerging Issues Committee (EIC) issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development- and exploration-stage entities that cannot estimate future cash flows from their properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition for long-lived assets. EIC-174 is to be applied in interim and annual financial statements for periods ended on or after the date of issuance of EIC-174. The Company has adopted this recommendation retrospectively effective November 1, 2008 and determined that there was no impact on the financial statements.

##### ***Going Concern***

Effective November 1, 2007, the Company adopted the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of the company's ability to continue as a going concern. When financial statements are not on a going-concern basis that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. The Company's accounting policies were already compliant with the requirements on

the amended section and there was no effect on the Company's financial statement disclosure, financial position, or results of operations.

## **Future Accounting Pronouncements**

### ***Business Combinations and Consolidated Financial Statements***

In January 2009, the CICA issued Handbook Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and section 1602 "Non-controlling Interests". These sections replace the former Handbook Section 1581 "Business Combinations" and Section 1600 "Consolidated Financial Statements" and establish a new section for accounting for non-controlling interest in a subsidiary.

Sections 1582 and 1601 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are not to be expensed when occurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently assessing the future impact of this new standard on its consolidated financial statements.

### ***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 issue its first annual and interim consolidated financial statements prepared under IFRS for the fiscal year ended October 31, 2012 and the three months ended January 31, 2012 respectively with IFRS compliant comparative information.

The four phases of the Company's transition plan are as follows: scoping and planning ("phase 1"), detailed assessment ("phase 2"), operations implementation ("phase 3"), and post implementation ("phase 4"). Phases 1 and 2 have been completed. The first stage of phase 3, the design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet November 1, 2011 will be completed in the first quarter of fiscal 2011. The implementation of changes to the reporting system and processes to support preparation of the IFRS opening balance sheet at November 1, 2011 will be completed and the review and approval of the changes implemented will be finalized during the second quarter of 2011. The second stage of phase 3, the ongoing training for key personnel, identification and documentation of impact and required changes to, and ensuring the effectiveness of the Company's internal control environment and disclosure controls and procedures will be conducted throughout fiscal 2011. Phase 4 will be carried out throughout fiscal 2012.

Management is in the process of quantifying the financial statement impacts of key differences between the Company's current accounting policies and those it expects to apply in preparing IFRS compliant financial statements. Management has identified the following as potentially the most significant:

Currently under IFRS, companies deferring exploration expenditures as permitted under Canadian GAAP will be allowed to continue this practice. They may however, elect to expense exploration expenditures until such time as either reserves are proven or permits to operate a mineral resource property are received and financing to complete the project has been obtained, as is the practice under US GAAP. Those currently treating exploration expenditures as operating expenses or those opting to write-off their deferred exploration expenditures will not be permitted to reverse these deferrals or defer any future exploration expenditures. It is unclear as to whether such an election to change Company policy, on conversion to IFRS, would require regulatory approval.

The effect of adopting a policy of expensing exploration expenditures as incurred would cause the mineral properties and deferred exploration expenditures, on the balance sheet as at April 30, 2010, in the amount of \$28,841,175, less the future income tax liability of \$239,105, to be written-off, thereby increasing the deficit from \$12,565,394 to \$41,167,464. In the statement of operations and deficit, current mineral property acquisition costs and exploration expenditures would be expensed and a recovery of future income taxes would be recorded. If this policy had been adopted, the loss for the three months ended April 30, 2010 would have been \$1,088,969 [year to date (\$2,008,707)]. Loss per share under this policy for the quarter ended April 30, 2010 would have been \$0.012 [year to date (\$0.023)].

Under IFRS, pre-exploration expenditures such as acquisition expenditures, leasing, staking, etc. are expensed. Companies that have elected to use the deferral method will also be allowed to continue the deferral of pre-exploration costs if such has been their past practice under Canadian GAAP. Eastmain's current policy is to defer both exploration and pre-exploration expenditures.

Management has not as yet determined what policy it will adopt with respect to exploration expenditures, under IFRS. The Company will comply with any accounting standards where required and follow industry norms where choices are available. A change in accounting policy in respect of deferred exploration expenditures would result in a material change to the Company's financial statements. Management does not believe it necessary to show exploration expenditures as a deferred expenditure to be recovered from future income derived from the property. The revenue from any economically viable discovery would by far exceed the accumulated exploration cost. Although deferred exploration expenditures may represent a potentially recoverable cost, however, as an asset they in no way approximate the current value of the Company's interest in mineral properties. Management is prepared to use either method, however, it is unlikely to adopt a change to the Company's deferral policy where the cost of obtaining regulatory approval outweighs the benefits derived from implementing the change.

The International Accounting Standards Board ("IASB") continues to amend and add to current IFRS standards with several projects underway. The Company's transition plan includes monitoring actual and anticipated changes to IFRS and related rules and regulations and assessing the impact of these changes on the Company and its financial statements, including the dates of when such impacts are effective.

### **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 focus of the Company is the exploration and development of its core gold assets located in James Bay, Québec. This region is becoming a rapidly evolving mining district, endowed with a vast array of mineral deposits complimented by essential mine-building infrastructure of roads, power and communications, all of which is endorsed by provincial financial incentives.

The 2010 exploration budget has been increased by 50% over 2009 to \$7.65 million. Diamond drilling at four key projects – Clearwater, Eastmain Mine, Eleonore South and Reservoir – all located within the James Bay mining district has been recommended for 2010.

Our near-term objectives at Clearwater are to continue to expand and upgrade the existing gold resource through sustained, closely-spaced, large diameter (HQ) drilling below a depth of 300 metres, and to search for a second gold discovery on the property. An updated resource estimate is underway and will incorporate drilling results from the additional 181 drill holes completed from 2007 to 2009 with previous data.

Definition drilling is planned in 2010 to evaluate the resource potential of the high-grade Eau Claire vein system within the 850 West Zone and to test the newly discovered Boomerang Prospect, located approximately one-half kilometre east of the Main Zone at 450 West. Drilling will also focus on the expansion of gold resources within the main deposit and T-Vein group veins at depth. Metallurgical test work will continue to define the optimum metallurgical processing flow sheet design for future production at Eau Claire. Additional test work will also address the potential recoveries of the abundant rare metal bi-products, while maximizing gold recoveries.

Based on previous surface and underground exploration, the Eastmain Gold deposit is remarkably similar in nature to the main contact ore horizon previously mined at Detour Lake, Ontario. A multi-staged 11,000-metre drill program, designed test the gold deposit at depth and laterally along the known mine trend, is currently underway at the Eastmain Mine property.

Follow-up drilling has also been recommended to evaluate the kilometer-size gold halo outlined in the JT Gold Target area at Éléonore South. The JT gold target at Éléonore South may potentially reflect the outer limits of second large gold discovery in close proximity to the multi-million-ounce Roberto deposit, located only a few kilometres to the northwest.

This year, the Company proposes to complete a diamond drill program on its wholly-owned Reservoir project, located approximately 45 kilometres west of Clearwater and 60 kilometres southwest of Roberto. Wide-spaced drilling in the 1990's outlined an 1,800-metre-long mineralized gold-silver-copper envelope containing at least three significant copper-gold zones. Previous drill intercepts include wide intervals of anomalous gold ranging from 0.20 to 2.0 g/t Au, and higher grade zones of up to 5.35 g/t Au, 1.15 g/t Ag 0.17% Cu over 6.0 metres. One zone returned assays grades of up to 8.15% copper, 36 g/t gold and 52 g/t silver.

The Corporation has significant positive leverage to the price of gold through its growing in-situ resource ounces and has enough capital to proceed with substantial exploration programs at projects that are more advanced, or those in which it holds 100% interest, for the foreseeable future.

## **Subsequent events**

Between May 1, 2010 and June 14, 2010, 64,000 stock options were exercised for proceeds of \$29,396. The Black-Scholes value of these options was \$25,940.

In accordance with the Company's stock option compensation plan 750,000 stock options with an exercise price of \$1.27 were issued to officers and service providers in June 2010. The Black-Scholes value attributed to the options was estimated at \$665,250 using the following assumptions: Expected term - 10 years, dividend - \$0, risk free interest rate - 3.73%, volatility - 57.2%.

## **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, 2010, 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, 2010, 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 National 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 National Instrument 52-109 of the Canadian Securities Administrators. These controls were reviewed as at April 30, 2010. There were no changes during the three months ended April 30, 2010, which materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. The Company's President and Chief Executive Officer and the Chief Financial Officer are satisfied that these controls and procedures are operating effectively.

## **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. Management 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 SIX MONTHS ENDED APRIL 30, 2010 EASTMAIN RESOURCES INC.**

## Responsibility for Interim Consolidated Financial Statements:

The accompanying interim consolidated 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, 2009 audited financial statements. Only changes in accounting information have been discussed in the current interim consolidated 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 interim consolidated financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

## Auditors' involvement

The auditors of Eastmain Resources Inc. have not performed a review of the unaudited interim financial statements for the six months ended April 30, 2010 and April 30, 2009.

# EASTMAIN RESOURCES INC.

CONSOLIDATED INTERIM BALANCE SHEETS  
(PREPARED BY MANAGEMENT – UNAUDITED)

	April 30, 2010 (unaudited)	October 31, 2009 (audited)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 15,207,560	\$ 11,936,585
Marketable securities maturing in one year (Note 4)	1,698,708	1,669,758
Prepaid and sundry receivables	392,447	536,051
	17,298,715	14,142,394
Marketable securities (Note 4)	1,504,315	1,495,231
Equipment (Note 5)	79,892	67,858
Mineral properties and deferred exploration expenditures (Note 6)	28,841,175	27,291,353
	\$ 47,724,097	\$ 42,996,836
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 877,036	\$ 1,256,523
Future income tax liability	239,105	97,305
	1,116,141	1,353,828
Shareholders' equity		
Capital stock		
Authorized -		
Unlimited common shares		
Issued		
Common shares (Note 7)	50,245,615	44,695,646
Warrants (Note 9)	4,743,863	4,681,823
Contributed surplus (Note 10)	4,402,904	4,465,309
	59,392,382	53,842,778
Deficit	(12,565,394)	(11,964,708)
Accumulated other comprehensive loss (Note 12)	(219,032)	(235,062)
	46,607,956	41,643,008
	\$ 47,724,097	\$ 42,996,836

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

# EASTMAIN RESOURCES INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2010	2009	2010	2009
<b>EXPENSES</b>				
Amortization	\$ 5,830	\$ 5,019	\$ 10,921	\$ 14,546
General and administration	213,940	232,800	415,875	391,723
Professional fees	28,593	32,520	47,665	46,265
Stock option compensation (Note 8)	251,250	55,200	251,250	55,200
	499,613	325,539	725,711	507,734
Loss for the period before the following:	(499,613)	(325,539)	(725,711)	(507,734)
Interest and other income	97,548	48,947	125,025	98,688
<b>NET LOSS FOR THE PERIOD</b>	<b>(402,065)</b>	<b>(276,592)</b>	<b>(600,686)</b>	<b>(409,046)</b>
<b>DEFICIT, Beginning of period</b>	<b>(12,163,329)</b>	<b>(7,354,226)</b>	<b>(11,964,708)</b>	<b>(8,858,648)</b>
<b>DEFICIT, End of period</b>	<b>\$ (12,565,394)</b>	<b>\$ (7,630,818)</b>	<b>\$ (12,565,394)</b>	<b>\$ (9,267,694)</b>
Loss per share, basic and diluted	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00
Weighted average number of common shares outstanding, basic and diluted	87,766,335	85,801,538	87,766,335	85,801,538

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 April 30,		Six Months Ended April 30,	
	2010	2009	2010	2009
NET LOSS FOR THE PERIOD	\$ (402,065)	\$ (276,592)	\$ (600,686)	\$ (409,046)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gains (loss) on available-for-sale financial assets arising during the period (net of income taxes and taxes recovered of \$5,322 for the six months ended April 30, 2010; \$45,781 for the six months ended April 30, 2009)	(49,302)	(4,862)	16,030	134,256
COMPREHENSIVE LOSS FOR THE PERIOD	\$ (451,367)	\$ (281,454)	\$ (584,656)	\$ (274,790)

## CONSOLIDATED INTERIM 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, 2009 (audited)	\$ 44,695,646	\$ 4,681,823	\$ 4,465,309	\$ (235,062)	\$ (11,964,708)	\$ 41,643,008
Share capital issued	4,950,714	-	-	-	-	4,950,714
Flow-through tax effect	(141,800)	-	-	-	-	(141,800)
Warrants issued	-	62,040	-	-	-	62,040
Options granted	-	-	251,250	-	-	251,250
Options exercised	741,055	-	(313,655)	-	-	427,400
Fair-market value gain on available-for-sale financial assets	-	-	-	16,030	-	16,030
Net loss for the year	-	-	-	-	(600,686)	(600,686)
As at April 30, 2010 (unaudited)	\$ 50,245,615	\$ 4,743,863	\$ 4,402,904	\$ (219,032)	\$ (12,565,394)	\$ 46,607,956

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

# EASTMAIN RESOURCES INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2010	2009	2010	2009
Cash Provided by (used in)				
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (402,065)	\$ (276,592)	\$ (600,686)	\$ (409,046)
Adjustments not affecting cash:				
Amortization	5,830	5,019	10,921	14,546
Stock option compensation (Note 8)	251,250	55,200	251,250	55,200
Change in non-cash working capital items	162,480	609,172	(235,883)	(657,703)
	17,495	392,799	(574,398)	(997,003)
<b>FINANCING ACTIVITIES</b>				
Issue of common shares, net of costs	4,982,139	19,200	5,440,154	142,107
<b>INVESTING ACTIVITIES</b>				
Mining properties and deferred exploration expenditures	(686,904)	(1,509,874)	(1,549,822)	(2,124,200)
Purchase of equipment	(22,955)	-	(22,955)	-
Purchase of marketable securities	(80,701)	(645,044)	(782,327)	(951,431)
Net proceeds from the sale and redemptions of marketable securities	63,000	596,966	760,323	897,543
	(727,560)	(1,557,952)	(1,594,781)	(2,178,088)
Change in cash and cash equivalents	(4,272,074)	(1,145,953)	3,270,975	(3,032,984)
Cash and cash equivalents, beginning of period	10,935,486	14,211,216	11,936,585	16,098,247
Cash and cash equivalents, end of period	\$ 15,207,560	\$ 13,065,263	\$ 15,207,560	\$ 13,065,263

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

# **EASTMAIN RESOURCES INC.**

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED APRIL 30, 2010  
(PREPARED BY MANAGEMENT – UNAUDITED)

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Eastmain Resources Inc. (the "Company" or "Eastmain") and its wholly-owned subsidiary, Eastmain Mines Inc. are engaged in the mineral exploration and development of resource properties within Canada. 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 process of exploring its mineral properties and has not yet determined whether its properties contain reserves that are economically recoverable. The recuperation 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 the 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 not compliant with regulatory requirements.

These interim consolidated 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. For the six months ended April 30, 2010, the Company had a net loss of \$600,686, an accumulated deficit of \$12,565,394 and working capital of \$16,421,679. The interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

The Company believes it has sufficient funds to carry out its business plan for a period greater than 12 months.

## **2. FUTURE ACCOUNTING CHANGES**

### **Business Combinations and Consolidated Financial Statements**

In January 2009, the CICA issued Handbook Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and section 1602 "Non-controlling Interests". These sections replace the former Handbook Section 1581 "Business Combinations" and Section 1600 "Consolidated Financial Statements" and establish a new section for accounting for non-controlling interest in a subsidiary.

Sections 1582 and 1601 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are not to be expensed when occurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently assessing the future impact of this new standard on its consolidated financial statements.

### **International Financial Reporting Standards ("IFRS")**

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use the IFRS, replacing Canadian GAAP. The new standards will be effective for the Company for interim statements and financial statements beginning on November 1, 2011. Implementation of the change will require the restatement for comparative purposes of amounts for the year ended October 31, 2010. While the Company is in the process of preparing for the adoption of IFRS for 2011, the financial reporting impact of the transition cannot be reasonably estimated at this time.

## **3. FINANCIAL RISK FACTORS**

The Company's exposure to risk factors and their impact on the Company's financial instruments are summarized below:

# EASTMAIN RESOURCES INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED APRIL 30, 2010  
(PREPARED BY MANAGEMENT – UNAUDITED)

## 3. FINANCIAL RISK FACTORS (continued)

### a) Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents, marketable securities, and receivables included in prepaid and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with the Royal Bank of Canada, from which management believes the risk of loss to be minimal. Financial instruments included in prepaid and sundry receivables consist of other receivables. Management believes that the credit risk concentration with respect to financial instruments included in prepaid and sundry receivables is minimal.

### b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2010, the Company had cash and cash equivalents of \$15,207,560 (October 31, 2009 - \$11,936,585) to settle current liabilities of \$877,036 (October 31, 2009 - \$1,256,523). During the six months ended April 30, 2010, the Company raised net proceeds of \$4,982,139 through the issue of flow-through shares, and the exercise of stock options. In management's opinion, there are sufficient funds to support the planned exploration program for the foreseeable future. All of the company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms. The Company's commitment to spending \$415,835 on flow-through expenditures by December 31, 2010 has already been fulfilled. The Company is further committed to spending an additional \$5,000,000 in Québec flow through expenditures by December 31, 2011 in respect of the flow-through shares issued in February 2010. If the Company does not spend these funds, in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill all of its flow-through commitments within the given time constraints.

### c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### *Interest Rate Risk*

The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade bonds, treasury bills, bankers' acceptances and money market funds. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### *Foreign Currency Risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain administrative expenses in the United States on a cash-call basis using US dollar currency converted from its Canadian dollar bank account held in Canada. Management believes the foreign exchange risk derived from currency conversions is manageable and therefore, does not hedge its foreign exchange risk.

#### *Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity-price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity-price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

### d) 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:

	Assets (Liabilities)	
	Carried at cost (\$)	Carried at fair Market value (\$)
Cash and cash equivalents	15,190,812	16,748
Marketable securities	-	3,203,023
Prepaid expenses and sundry receivables	196,136	-
Accounts payable and accrued liabilities	(877,036)	-

## EASTMAIN RESOURCES INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED APRIL 30, 2010  
(PREPARED BY MANAGEMENT – UNAUDITED)

### 3. FINANCIAL RISK FACTORS (continued)

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 and investments maturing in less than one year are subject to new interest rates at the time of renewal, and therefore, may be impacted. Current short-term interest rates are less than 1.0%. Sensitivity to a plus or minus 1% (100 basis point) change in current interest rates would decrease the net loss by \$118,000 or increase the net loss by \$42,000 respectively.
- 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 \$349,697.

### 4. 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 0.432% to 5.75%, maturing between March 25, 2010 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.

Marketable Securities	
GIC's and investment grade bonds	\$ 2,503,629
Dianor common shares	40,000
Three Gold common shares	1,300
Western Uranium Corporation common shares	447,775
Western Lithium Corporation common shares	210,319
	3,203,023
Less portion maturing within 1 year	(1,698,708)
	<u>\$ 1,504,315</u>

#### b) Hedging Activities

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

### 5. EQUIPMENT

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

	Cost	Accumulated Amortization	Net Book Value April 30, 2010
Computer equipment	\$ 30,981	\$ 26,435	\$ 4,546
Field equipment	274,574	199,228	75,346
	<u>\$ 305,555</u>	<u>\$ 225,663</u>	<u>\$ 79,892</u>

### 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

The mineral property acquisition costs and exploration expenditures are expensed as incurred. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related costs and expenditures are removed. The following is a breakdown of mineral properties and exploration expenditures by type for the Company's significant projects for the six months ended April 30, 2010.

As at April 30, 2010, the Company has outstanding refund claims for mining duties and resource investment tax credits from the Ministry of Natural Resources (Québec) and Revenue Québec, in respect to claims filed up to October 31, 2009, amounting to approximately \$2,400,000 (\$300,000 as at April 30, 2009). As of the financial statement date of each year respectively, the Company had not received confirmation of those refund amounts, therefore they have not been reflected in each of those year's financial statements.

## EASTMAIN RESOURCES INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED APRIL 30, 2010  
(PREPARED BY MANAGEMENT – UNAUDITED)

### 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

FOR THE SIX MONTHS ENDED APRIL 30, 2010

Project	Drilling & Assays	Technical Surveys	Project Acquisition & Maintenance	Gross Expenditures	Resource Investment Credits	2010 Net Expenditures
Clearwater	\$ 515,615	\$ 102,501	\$ -	\$ 618,116	\$ -	\$ 618,116
Eastmain Mine	675,679	52,289	3,750	731,718	(179,819)	551,899
Éléonore South	131,342	14,801	5,528	151,671	-	151,671
Xstrata JV	2,898	8,227	-	11,125	-	11,125
Azimut C	-	9,646	-	9,646	-	9,646
Ruby Hill	24,853	14,793	10,111	49,757	-	49,757
Radisson	24,173	23,966	5,663	53,802	-	53,802
Reservoir	4,273	22,021	12,759	39,053	-	39,053
Other	-	28,230	36,523	64,753	-	64,753
<b>Total</b>	<b>\$1,378,833</b>	<b>\$ 276,474</b>	<b>\$ 74,334</b>	<b>\$ 1,729,641</b>	<b>\$ (179,819)</b>	<b>\$ 1,549,822</b>

The following is a summary breakdown of the cumulative expenditures on mineral property acquisition and exploration for the Company's significant projects:

FOR THE SIX MONTHS ENDED APRIL 30, 2010

Project	Balance October 31, 2009 (audited)	2010 Net Expenditures	Transfers & Write-Downs	Balance April 30, 2010 (unaudited)
Clearwater	\$ 11,294,703	\$ 618,116	\$ -	\$ 11,912,819
Eastmain Mine	4,862,566	551,899	-	5,414,465
Éléonore South	3,129,308	151,671	737,037	4,018,016
Xstrata JV	2,916,041	11,125	-	2,927,166
Azimut C	727,391	9,646	(737,037)	-
Ruby Hill	1,802,647	49,757	-	1,852,404
Radisson	568,142	53,802	-	621,944
Reservoir	376,521	39,053	-	415,574
Other	1,614,034	64,753	-	1,678,787
	<b>\$ 27,291,353</b>	<b>\$ 1,549,822</b>	<b>\$ -</b>	<b>\$ 28,841,175</b>

### 7. CAPITAL STOCK

	Shares	Amount
Issued and outstanding, October 31, 2009 (audited)	86,631,918	\$ 44,695,646
Private placement (i)	237,620	415,835
Cost of issue (i)		(21,820)
Private placement (ii)	2,000,000	5,000,000
Cost of issue (ii)		(381,261)
Issue of warrants (ii)		(62,040)
Exercise of stock options	855,000	427,400
Exercise of stock options – Black-Scholes valuation		313,655
Flow-through tax effect (iii)		(141,800)
Issued and outstanding, April 30, 2010 (unaudited)	89,724,538	\$ 50,245,615

- i) In December 2009, the Company issued 237,620 flow-through shares in a private placement to directors, officers, employees, other service providers and a financial institution at \$1.75 per share for gross proceeds of \$415,835. Issue costs in connection with the private placement were \$21,280.
- ii) In February 2010, the Company issued 2,000,000 flow-through shares in a private placement at \$2.50 per share for gross proceeds of \$5,000,000. Issue costs in connection with the private placement were \$381,261. A brokerage commission of 6% of gross proceeds was paid and 120,000 (agent) purchase warrants were issued. Each agent warrant entitles the holder to purchase one common share at a price of \$2.00 until February 26, 2012. The Black-Scholes value associated with these broker warrants was \$62,040.

## EASTMAIN RESOURCES INC.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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### 8. STOCK OPTIONS

- iii) 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 future income tax liability can be offset against unrecognized future income tax assets, if certain criteria are met. As a result, the Company has recorded \$141,800 as a future income tax liability during the fiscal year.

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 applying the following assumptions:

	<u>2010</u>
Dividend yield	0
Expected volatility	64.8%
Risk free interest rate	3.44 %
Expected term – years	10

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2009 (audited)	4,800,000	\$ 0.82
Granted during the period	250,000	\$ 1.35
Cancelled or expired during the period	-	\$ -
Exercised during the period	(855,000)	\$ 0.48
Outstanding, April 30, 2010 (unaudited)	4,195,000	\$ 0.92

As at April 30, 2010, the following options were outstanding and exercisable:

Exercise Price Range	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable
\$0.01 - \$0.50	100,000	0.11 years	\$0.42	100,000
\$0.51 - \$1.00	2,995,000	1.88 years	\$0.81	2,995,000
\$1.01 - \$1.50	1,100,000	6.56 years	\$1.27	1,100,000

Stock options outstanding as at April 30, 2010

Expiry date	Black-Scholes Value (\$)	Number of Options	Exercise Price (\$)
June, 2010	29,800	100,000	0.42
November, 2010	28,700	100,000	0.52
January, 2011	358,200	900,000	0.72
June, 2012	310,770	970,000	0.78
January, 2013	40,200	100,000	0.79
September, 2013	386,925	825,000	0.96
April, 2014	55,200	100,000	0.96
June, 2014	498,100	850,000	1.25
April, 2020	251,250	250,000	1.35
	1,959,145	4,195,000	0.92

**EASTMAIN RESOURCES INC.**

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED APRIL 30, 2010

(PREPARED BY MANAGEMENT – UNAUDITED)

**9. WARRANTS**

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

	<u>2010</u>
Dividend yield	0
Expected volatility	80.6%
Risk free interest rate	1.28 %
Expected term – years	2

	Number of Warrants	Weighted Average Exercise Price
Outstanding, October 31, 2009 (audited)	6,868,200	\$ 1.90
Granted during the period	120,000	\$ 2.00
Cancelled or expired during the period	-	\$ -
Exercised during the period	-	\$ -
Outstanding, April 30, 2010 (unaudited)	6,988,200	\$ 1.90

Warrants outstanding as at April 30, 2010

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
Feb, 2012	62,040	120,000	2.00
	4,743,863	6,988,200	1.90

**10. SUPPLEMENTARY INFORMATION**

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

Balance, October 31, 2009 (audited)	\$ 4,465,309
Options granted	251,250
Options exercised	(313,655)
Balance, April 30, 2010 (unaudited)	\$ 4,402,904

Changes in non-cash working capital items:

Prepaid and sundry receivables (increase)	\$ 143,604
Accounts payable and accrued liabilities (decrease)	(379,487)
	\$ (235,883)

Composition of cash and cash equivalents:

Cash	\$ 14,976,790
Cash equivalents	230,770
	\$ 15,207,560

**11. RELATED PARTY TRANSACTIONS**

Management wages paid to a director	\$ 99,000
Premises rent paid to a director	\$ 6,000
Geological and administrative fees and out-of-pocket expenditures to a private company controlled by the exploration manager	\$ 77,000

**12. ACCUMULATED OTHER COMPREHENSIVE LOSS**

The balance in accumulated comprehensive loss consists of unrealized gains or losses on available-for-sale investments.

## **EASTMAIN RESOURCES INC.**

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED APRIL 30, 2010  
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### **13. RECLASSIFICATION**

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

### **14. SUBSEQUENT EVENTS**

Between May 1, 2010 and June 11, 2010 104,000 stock options were exercised for proceeds of \$46,940. The Black-Scholes value associated with these options was \$44,296.

In accordance with the Company's stock option compensation plan 750,000 stock options with an exercise price of \$1.27 were issued to officers and service providers in June 2010. The Black-Scholes value attributed to the options was estimated at \$665,250 using the following assumptions: Expected term - 10 years, dividend - \$0, risk free interest rate - 3.73%, volatility - 57.2%.

## 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

David K. Joyce,  
Director

William L. Koyle \*  
Director

Richard W. Hutchinson, Ph.D.  
Chief Technical Advisor

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

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### CORPORATE SERVICES

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Toronto, Ontario, Canada, M5C 1N7

### LEGAL COUNSEL

Cassels Brock & Blackwell LLP  
40 King Street West, Suite 2100  
Toronto, Ontario, Canada, M5H 3C2

### TRANSFER AGENT

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

### SHARES LISTED

Symbol: ER  
The Toronto Stock Exchange

### SHARE STRUCTURE (as at Jan 31, 2010)

Issued: 89,838,538  
Options: 4,581,000 (\$4,446,500)  
Warrants: 6,868,200 (\$13,061,027)

### CORPORATE OFFICE

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### EXPLORATION OFFICE

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### CONTACTS

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