

**NOTICE TO SHAREHOLDERS
FOR THE SIX MONTHS ENDED APRIL 30, 2007
EASTMAIN RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS**

Responsibility for Financial Statements:

The accompanying 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, 2006 audited financial statements. Only changes in accounting information have been discussed in the current financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependant upon future events. Therefore, using careful judgment, estimates and approximations have been made. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors' involvement

The auditors of Eastmain Resources Inc. have not performed a review of the unaudited consolidated financial statements for the six months ended April 30, 2007 and April 30, 2006.

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

	April 30, 2007	October 31, 2006
Assets		
Current assets		
Cash and cash equivalents	\$ 953,337	\$ 4,003,148
Marketable securities (Note 3)	4,743,165	4,758,961
Prepaid and sundry receivables (Note 5b)	1,558,875	327,418
	<u>7,255,377</u>	<u>9,089,527</u>
Equipment (Note 4)	107,102	114,012
Mining properties and deferred exploration expenditures (Note 5a)	20,037,292	16,609,920
	<u>\$ 27,399,771</u>	<u>\$ 25,813,459</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 586,951	\$ 1,320,926
Shareholders' equity		
Capital stock		
Authorized –		
Unlimited common shares		
Issued –		
Common shares (Note 6)	27,564,282	26,985,580
Warrants (Note 8)	999,988	1,074,382
Contributed Surplus (Note 9)	3,501,009	3,350,728
	<u>32,065,279</u>	<u>31,410,690</u>
Deficit	(6,485,497)	(6,918,157)
Accumulated other comprehensive income (Note 2)	1,233,038	-
	<u>26,812,820</u>	<u>24,492,533</u>
	<u>\$ 27,399,771</u>	<u>\$ 25,813,459</u>

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

EASTMAIN RESOURCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended April 30		Six Months Ended April 30	
	2007	2006	2007	2006
Revenue				
Interest and dividends	\$ 72,167	\$ 49,989	\$ 134,228	\$ 79,133
	72,167	49,989	134,228	79,133
Expenses				
Amortization	6,695	8,175	13,390	16,036
General and administration	204,733	147,597	332,607	296,933
Loss (gain) on sale of investments	-	(704)	-	11,309
Professional fees	14,218	14,429	36,821	20,944
Stock option compensation (Note 7)	40,500	-	87,350	425,550
	266,146	169,497	470,168	770,772
Loss for the period before the following	(193,979)	(119,508)	(335,940)	(691,639)
Gain on future income tax recovery (Note 6)	-	-	768,600	365,607
NET INCOME (LOSS) FOR THE PERIOD	(193,979)	(119,508)	432,660	(326,032)
DEFICIT, beginning of period	(6,291,518)	(6,608,244)	(6,918,157)	(6,401,720)
DEFICIT, end of period	\$ (6,485,497)	\$ (6,727,752)	\$ (6,485,497)	\$ (6,727,752)

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

EASTMAIN RESOURCES INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (PREPARED BY MANAGEMENT – UNAUDITED)

	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
As at October 31, 2005 (audited)	\$ 20,106,316	\$ 213,462	\$ 2,692,791	-	\$ (6,401,720)	\$ 16,610,849
Share capital issued	4,931,759	-	(17,025)	-	-	4,914,734
Flow-through tax effect	(365,607)	-	-	-	-	(365,607)
Warrants issued	(885,382)	885,382	-	-	-	-
Warrants expired	-	(154,962)	154,962	-	-	-
Stock-based compensation	-	-	425,550	-	-	425,550
Net loss for the period	-	-	-	-	(326,032)	(326,032)
As at April 30, 2006 (unaudited)	23,787,086	943,882	3,256,278	-	(6,727,752)	21,259,494
Share capital issued	3,388,612	-	-	-	-	3,388,612
Flow-through tax effect	(1,118)	-	-	-	-	(1,118)
Warrants issued	(189,000)	189,000	-	-	-	-
Warrants expired	-	(58,500)	58,500	-	-	-
Stock-based compensation	-	-	35,950	-	-	35,950
Net income (loss) for the period	-	-	-	-	(190,405)	(190,405)
As at October 31, 2006 (audited)	26,985,580	1,074,382	3,350,728	-	(6,918,157)	24,492,533
Adjustment on implementation of financial instruments standards	-	-	-	128,210	-	128,210
Restated October 31, 2006	26,985,580	1,074,382	3,350,728	128,210	(6,918,157)	24,620,743
Share capital issued	942,750	-	-	-	-	942,750
Flow-through tax effect	(768,600)	-	-	-	-	(768,600)
Warrants exercised	404,552	(64,463)	-	-	-	340,089
Warrants issued	-	53,000	-	-	-	53,000
Warrants expired	-	(62,931)	62,931	-	-	-
Stock-based compensation	-	-	87,350	-	-	87,350
Fair market value gain on available-for-sale financial assets	-	-	-	1,104,828	-	1,104,828
Net income for the period	-	-	-	-	432,660	432,660
As at April 30, 2007 (unaudited)	\$ 27,564,282	\$ 999,988	\$ 3,501,009	\$ 1,233,038	\$ (6,485,497)	\$ 26,812,820

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

EASTMAIN RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED APRIL 30, 2007 AND APRIL 30, 2006

	Three Months April 30,		Six Months April 30,	
	2007	2006	2007	2006
Cash Provided by (used in)				
OPERATING ACTIVITIES				
Income (loss) for the period	\$ (193,979)	\$ (119,508)	\$ 432,660	\$ (326,032)
Adjustments not affecting cash:				
Amortization	6,695	8,175	13,390	16,036
Future income tax recovery (Note 6)	-	-	(768,600)	(365,607)
Loss (gain) on sale of investments	-	(704)	-	11,309
Stock option compensation (Note 7)	40,500	-	87,350	425,550
Change in non-cash working capital items	(1,407,810)	132,103	(1,965,432)	(1,127,513)
	(1,554,594)	20,066	(2,200,632)	(1,366,257)
FINANCING ACTIVITIES				
Issue of common shares, net of costs	56,250	9,601	522,839	4,849,234
	56,250	9,601	522,839	4,849,234
INVESTING ACTIVITIES				
Mining properties and deferred exploration expenditures	(3,163,379)	(621,248)	(3,967,672)	(923,186)
Government grants and recoveries	1,353,300	1,624,963	1,353,300	1,624,963
Purchase of equipment	(6,480)	(5,861)	(6,480)	(8,279)
Purchase of marketable securities	(2,998,880)	(2,336,421)	(4,555,774)	(2,590,125)
Net proceeds and redemptions from the sale of marketable securities	4,266,051	199,232	5,804,608	1,191,299
	(549,388)	(1,139,335)	(1,372,018)	(705,328)
Change in cash and cash equivalents	(2,047,732)	(1,109,668)	(3,049,811)	2,777,649
Cash and cash equivalents, beginning of period	3,001,069	4,330,834	4,003,148	443,517
Cash and cash equivalents, end of period	\$ 953,337	\$ 3,221,166	\$ 953,337	\$ 3,221,166

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

EASTMAIN RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Six Months Ended April 30, 2007

1. THE COMPANY

Eastmain Resources Inc. (the "Company") is a publicly held company, engaged in the mining, exploration and development of resource properties. The Company is incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the Toronto Stock Exchange under the symbol "ER". The results of the Company's wholly owned subsidiary, Eastmain Mines Inc. are consolidated into Eastmain Resources Inc. results. Eastmain Mines Inc. is a private corporation incorporated under the laws of Canada.

The Company's principal assets are the properties as listed in Note 5.

2. ACCOUNTING POLICY CHANGES

In January 2005, the Canadian Institute of Chartered Accountants "CICA" issued Section 3855, "Financial Instruments – Recognition and Measurement". This new standard increases harmonization with US GAAP and requires that available-for-sale financial assets be reported at fair market value. Gains and losses arising from changes in the fair market values of the available-for-sale financial assets are reported on the balance sheet as "Accumulated other comprehensive income (loss)". The standard is required for publicly traded companies with fiscal year-ends after October 31, 2006. The Company has adopted section 3855 on a prospective basis effective November 1, 2006 and has classified all of its investments in marketable securities as available-for-sale. The Company has recorded a non-cash pre-tax and net of tax adjustment to equity of \$128,210 for the change in accounting for financial assets classified as available-for-sale and measured at fair market value instead of cost. This adjustment is reported as a one-time cumulative effect of a change in accounting policy in opening accumulated other comprehensive income on November 1, 2006.

3. FINANCIAL INSTRUMENTS

	Assets (liabilities)	
	Carried at cost	Carried at fair market value
Cash and cash equivalents	\$ 952,907	\$ 430
Marketable securities	-	4,743,165
Prepaid expenses and sundry receivables	1,558,875	-
Accounts payable and accrued liabilities	(586,951)	-

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

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

4. EQUIPMENT

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

	Cost	Accumulated Amortization	Net Book Value April 30, 2007	Net Book Value April 30, 2006
Computer equipment	\$ 29,146	\$ 17,883	\$ 11,263	\$ 15,978
Field equipment	209,605	113,766	95,839	77,268
	\$ 238,751	\$ 131,649	\$ 107,102	\$ 93,246

EASTMAIN RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Six Months Ended April 30, 2007

5. MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

a) Mining properties and deferred exploration expenditures are recorded at cost and comprised as follows:

Project	Balance October 31, 2006	Net Expenditures	Government Grants	Write Down & Recoveries	Balance April 30, 2007
Clearwater	\$ 6,165,932	\$ 90,882	\$ (362,565)	\$ -	\$ 5,894,249
Eastmain Mine	-	3,529,327	-	-	3,529,327
Xstrata JV	3,400,457	107,221	-	-	3,507,678
Azimut Block C	704,249	22,485	(31,653)	-	695,081
Azimut Block D	871,775	46,668	(88,178)	-	830,265
Eléonore South	1,496,713	773,017	(500,138)	-	1,769,592
Ruby Hill	573,156	38,002	(13,937)	-	597,221
Other – Québec	2,496,756	167,985	(356,829)	-	2,307,912
- New Brunswick	876,994	5,085	-	-	882,079
- Ontario	23,888	-	-	-	23,888
	\$ 16,609,920	\$ 4,782,672	\$(1,353,300)	\$ -	\$ 20,037,292

The following is a breakdown of mining properties and deferred expenditures by expenditure type for the Company's significant projects for the six months ended April 30, 2007.

Project	Balance Oct. 31, 2006	Drilling & Assays	Technical Surveys	Project Acquisition	Grants & Write Downs	Total	Balance April 30, 2007
Clearwater	\$ 6,165,932	\$ 31,042	\$ 44,475	\$ 15,365	\$ (362,565)	\$ (271,683)	\$ 5,894,249
Eastmain Mine	-	1,304	20,709	3,507,314	-	3,529,327	3,529,327
Xstrata JV	3,400,457	809	98,550	7,862	-	107,221	3,507,678
Azimut C	704,249	132	(2,196)	24,549	(31,653)	(9,168)	695,081
Azimut D	871,775	1,601	20,541	24,526	(88,178)	(41,510)	830,265
Eléonore South	1,496,713	164,272	608,745	-	(500,138)	272,879	1,769,592
Ruby Hill	573,156	1,250	14,646	22,106	(13,937)	24,065	597,221
Other - Québec	2,496,756	16,579	70,675	80,731	(356,829)	(188,844)	2,307,912
- NB	876,994	-	650	4,435	-	5,085	882,079
- Ontario	23,888	-	-	-	-	-	23,888
Total	\$ 16,609,920	\$ 216,989	\$ 876,795	\$ 3,688,888	\$(1,353,300)	\$ 3,427,372	\$ 20,037,292

b) The Company records refunds of mining duties and tax credits from Resources Quebec and Revenue Quebec as reductions of deferred exploration expenditures when they are either received or confirmed refundable by assessment notice. As of April 30, 2007 amounts not yet confirmed in respect to claims up to October 31, 2006 amount to approximately \$500,000 (\$340,000 as at April 30, 2006). These amounts have not been reflected in the financial statements.

c) The Eastmain Mine property was acquired in February 2007 from Campbell Resources Inc. through the Company's wholly owned subsidiary, Eastmain Mines Inc. at a cost of \$4,260,314. Details are as follows:

Cash		\$ 2,500,000
Eastmain Resources Inc. Feb 2007	common shares issued	760,000
	\$1.00 common share purchase warrants issued	53,000
	legal fees and issue costs	194,314
		<u>3,507,314</u>
	Future costs	750,000
	\$1.50 common share purchase warrants (to be issued)	<u>3,000</u>
		<u>\$ 4,260,314</u>

Campbell Resources Inc. retains a 2% net smelter return royalty ("NSR") on the mine property. Eastmain Resources Inc. holds an option to purchase one-half of the NSR for \$1 million when production exceeds 250,000 ounces of gold.

EASTMAIN RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Six Months Ended April 30, 2007

6. CAPITAL STOCK

	Shares	Amount
Issued and outstanding, October 31, 2006 (audited)	65,441,204	\$ 26,985,580
Private placement (i)	135,000	135,000
Cost of issue – cash (i)		(4,250)
Exercise of warrants (ii)	523,214	340,089
Exercise of warrants - Black-Scholes valuation (ii)		64,463
Flow-through tax effect (iii)		(768,600)
Exercise of options (iv)	200,000	52,000
Issue of shares for purchase of Eastmain Mines (v)	1,000,000	760,000
Issued and outstanding, April 30, 2007 (unaudited)	67,299,418	\$ 27,564,282

- i) In December 2006, the Company issued 135,000 flow-through shares in a private placement to directors, officers, employees and other service providers at \$1.00 per share for gross proceeds of \$135,000. Legal costs in connection with the private placement were \$4,250.
- ii) 523,214 share purchase warrants were exercised at \$0.65 in December 2006. The Black-Scholes value associated with the issue of these warrants was \$64,463.
- iii) The Company adopted EIC-146 whereby the Company recognizes the future tax liability, and reduces shareholders' equity accordingly, on the date that the Company renounces the tax credits associated with expenditures from flow-through proceeds. The Company is then allowed to offset the future income tax liability against unrecognized future income tax assets if certain criteria are met. As a result, the Company recorded a \$768,600 future income tax recovery for the period (\$365,607 during the six months ended April 30, 2006).
- iv) In February 2007 200,000 stock options were exercised at \$0.26 each. The issue of these stock options predated the Company's adoption of expense recognition for stock option compensation.
- v) As part of the acquisition of the Eastmain Mine from Campbell Resources Inc. by Eastmain Mines Inc., a wholly owned subsidiary of Eastmain Resources Inc., 1,000,000 common shares of Eastmain Resources Inc. were issued to Campbell Resources Inc. At the time of issue, the shares were valued at \$0.76.

7. STOCK OPTIONS

The Company has a stock option plan available to directors, officers, employees and other service providers of the Company. A maximum of 10% of the common shares outstanding may be issued under the plan from time to time at prices not less than the market price of the common shares at the date of the grant. The number of common shares reserved for issuance to any one person may not exceed 5% of the issued and outstanding common shares at the date of such grant.

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

Dividend yield	0
Expected volatility	59 - 65 %
Risk free interest rate	3.90 % - 3.94 %
Expected option term - years	2 - 5

EASTMAIN RESOURCES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(PREPARED BY MANAGEMENT – UNAUDITED)

Six Months Ended April 30, 2007

7. STOCK OPTIONS (continued)

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2006 (audited)	3,525,000	\$ 0.58
Granted	250,000	\$ 0.71
Cancelled or expired	(50,000)	\$ 0.72
Exercised	(200,000)	\$ 0.26
Outstanding, April 30, 2007 (unaudited)	3,525,000	\$ 0.61

Stock options outstanding as at April 30, 2007

Expiry date	Black-Scholes Value (\$)	Number of Options	Exercise Price (\$)
November, 2007	28,700	100,000	0.52
July, 2008	26,000	100,000	0.70
October, 2008	136,825	325,000	0.55
November, 2009	21,400	100,000	0.65
January, 2009	67,300	100,000	0.88
November, 2009	340,500	750,000	0.64
February, 2010	30,500	100,000	0.48
April, 2010	198,250	650,000	0.43
June, 2010	44,700	150,000	0.42
November, 2010	28,700	100,000	0.52
January, 2011	358,200	900,000	0.72
December, 2011	18,150	50,000	0.75
April, 2012	40,500	100,000	0.75
	1,339,725	3,525,000	0.61

8. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Outstanding, October 31, 2006 (audited)	7,741,995	\$ 0.75
Granted	500,000	\$ 1.00
Cancelled or expired	(510,781)	\$ 0.65
Exercised	(523,214)	\$ 0.65
Outstanding, April 30, 2007 (unaudited)	7,208,000	\$ 0.78

Warrants outstanding as at April 30, 2007

Expiry Date	Black-Scholes Value (\$)	Number of Warrants	Exercise Price (\$)
June 2007	133,000	1,000,000	0.80
June 2007	56,000	1,000,000	1.25
December 2007	757,988	4,708,000	0.65
February 2008	53,000	500,000	1.00
	999,988	7,208,000	

EASTMAIN RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Six Months Ended April 30, 2007

8. WARRANTS (continued)

For purposes of the warrants issued, the fair value of each warrant was estimated on the date of issue using the Black-Scholes option pricing model, using the following assumptions:

Dividend yield	0
Expected volatility	38 %
Risk free interest rate	4.05 %
Expected warrant term - years	1

9. SUPPLEMENTARY INFORMATION

During the six months ended April 30, 2007, 510,781 warrants expired. The value originally attributed to these warrants has been transferred to contributed surplus.

As at April 30, 2007 contributed surplus is comprised of the following:

Balance, October 31, 2006 (audited)	\$ 3,350,728
Options granted	87,350
Options exercised	-
Warrants expired	62,931
Balance, April 30, 2007 (unaudited)	\$ 3,501,009

10. RELATED PARTY TRANSACTIONS

Management wages to a director	\$ 75,000
Geological and administrative fees and out of pocket expenditures to a private company controlled by the exploration manager of the Company	\$ 64,010

11. INCOME (LOSS) PER SHARE

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

	Three Months Ended April 30		Six Months Ended April 30	
	2007	2006	2007	2006
Basic income (loss) per share	\$ (0.00)	\$ (0.00)	\$ 0.01	\$ (0.01)
Diluted income (loss) per share	\$ (0.00)	\$ (0.00)	\$ 0.01	\$ (0.01)
<u>Numerator:</u>				
Net income (loss) for the period	\$ (193,979)	\$ (119,508)	\$ 432,660	\$ (326,032)
<u>Denominator:</u>				
Weighted average of basic common shares	65,803,886	57,679,934	65,803,886	57,679,934
Weighted average of diluted common shares	75,559,551	57,679,934	75,559,551	57,679,934

EASTMAIN RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. INCOME (LOSS) PER SHARE (continued)

For the six months ended April 30, 2007, 1,500,000 share purchase warrants and 100,000 options were excluded from the calculation of diluted earnings because the exercise prices exceed the fair market value of the common shares for the period. For the six months ended April 30, 2006, diluted loss per share was calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding, used for the calculation of diluted loss per share, assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. For the period, this calculation proved to be anti-dilutive.

12. RECLASSIFICATION

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

13. SUBSEQUENT EVENTS

a) Eastmain Mine property acquisition

The balance of the acquisition cost outstanding of one million common shares with an estimated value of \$750,000 and 500,000 share purchase warrants exercisable at \$1.50 for a period on one year with an estimated value of \$3,000 will be issued upon final regulatory approval.

b) Stock option compensation

In accordance with the Company's stock option plan for director, officer, employee and other service provider compensation, 875,000 stock options were issued in June 2007 with an estimated Black-Scholes value of \$367,000.