

**NOTICE TO SHAREHOLDERS
FOR THE NINE MONTHS ENDED JULY 31, 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 nine months ended July 31, 2007 and July 31, 2006.

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

	July 31, 2007	October 31, 2006
Assets		
Current assets		
Cash and cash equivalents	\$ 1,807,687	\$ 4,003,148
Marketable securities (Note 3)	3,545,429	4,758,961
Prepaid and sundry receivables (Note 5b)	117,535	327,418
	<u>5,470,651</u>	<u>9,089,527</u>
Equipment (Note 4)	108,356	114,012
Mining properties and deferred exploration expenditures (Note 5a)	21,766,297	16,609,920
	<u>\$ 27,345,304</u>	<u>\$ 25,813,459</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 455,759	\$ 1,320,926
Shareholders' equity		
Capital stock		
Authorized –		
Unlimited common shares		
Issued –		
Common shares (Note 6)	28,411,282	26,985,580
Warrants (Note 8)	815,988	1,074,382
Contributed Surplus (Note 9)	3,995,084	3,350,728
	<u>33,222,354</u>	<u>31,410,690</u>
Deficit	(6,906,389)	(6,918,157)
Accumulated other comprehensive income (Note 2)	573,580	-
	<u>26,889,545</u>	<u>24,492,533</u>
	<u>\$ 27,345,304</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 July 31,		Nine Months Ended July 31,	
	2007	2006	2007	2006
Revenue				
Interest and dividends	\$ (3,298)	\$ 71,835	\$ 130,930	\$ 150,968
Other Income	16,000	-	16,000	-
	12,702	71,835	146,930	150,968
Expenses				
Amortization	7,590	10,311	20,980	26,347
General and administration	96,986	250,126	429,593	547,059
Gain on disposal of claims	-	(696,574)	-	(696,574)
Loss (gain) on sale of investments	4,629	2,677	4,629	13,986
Professional fees	19,314	34,246	56,135	55,190
Stock option compensation (Note 7)	305,075	26,000	392,425	451,550
	433,594	(373,214)	903,762	397,558
Gain (loss) for the period before the following	(420,892)	445,049	(756,832)	(246,590)
Gain on future income tax recovery (Note 6)	-	720,000	768,600	1,085,607
NET INCOME (LOSS) FOR THE PERIOD	(420,892)	1,165,049	11,768	839,017
DEFICIT, beginning of period	(6,485,497)	(6,727,752)	(6,918,157)	(6,401,720)
DEFICIT, end of period	\$ (6,906,389)	\$ (5,562,703)	\$ (6,906,389)	\$ (5,562,703)

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	8,320,371	-	(17,025)	-	-	8,303,346
Flow-through tax effect	(1,085,607)	-	-	-	-	(1,085,607)
Warrants issued	(1,074,382)	1,074,382	-	-	-	-
Warrants expired	-	(154,962)	154,962	-	-	-
Stock-based compensation	-	-	451,550	-	-	451,550
Net income for the period	-	-	-	-	839,017	839,017
As at July 31, 2006 (unaudited)	26,266,698	1,132,882	3,282,278	-	(5,562,703)	25,119,155
Share capital issued	720,000	-	-	-	-	720,000
Flow-through tax effect	(1,118)	-	-	-	-	(1,118)
Warrants issued	-	-	-	-	-	-
Warrants expired	-	(58,500)	58,500	-	-	-
Stock-based compensation	-	-	9,950	-	-	9,950
Net loss for the period	-	-	-	-	(1,355,454)	(1,355,454)
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	78,400	-	-	-	-	78,400
Warrants exercised	404,552	(64,463)	-	-	-	340,089
Warrants issued	-	58,000	-	-	-	58,000
Warrants expired	-	(251,931)	251,931	-	-	-
Stock-based compensation	-	-	392,425	-	-	392,425
Fair market value gain on available-for-sale financial assets	-	-	-	445,370	-	445,370
Net income for the period	-	-	-	-	11,768	11,768
As at July 31, 2007 (unaudited)	\$ 28,411,282	\$ 815,988	\$ 3,995,084	\$ 573,580	\$ (6,906,389)	\$ 26,889,545

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

EASTMAIN RESOURCES INC.

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

	Three Months July 31,		Nine Months July 31,	
	2007	2006	2007	2006
Cash Provided by (used in)				
OPERATING ACTIVITIES				
Income (loss) for the period	\$ (420,892)	\$ 1,165,049	\$ 11,768	\$ 839,017
Adjustments not affecting cash:				
Amortization	7,590	10,311	20,980	26,347
Future income tax recovery (Note 6)	-	(720,000)	(768,600)	(1,085,607)
Gain on disposal of claims	-	(696,574)	-	(696,574)
Loss on sale of investments	4,629	2,677	4,629	13,986
Stock option compensation (Note 7)	305,075	26,000	392,425	451,550
Change in non-cash working capital items	1,971,087	124,349	5,655	(1,003,164)
	1,867,489	(88,188)	(333,143)	(1,454,445)
FINANCING ACTIVITIES				
Issue of common shares, net of costs	-	3,388,612	522,839	8,237,846
	-	3,388,612	522,839	8,237,846
INVESTING ACTIVITIES				
Mining properties and deferred exploration expenditures	(632,172)	(1,106,579)	(4,599,844)	(2,029,765)
Government grants and recoveries	53	-	1,353,353	1,624,963
Purchase of equipment	(8,844)	(41,967)	(15,324)	(50,246)
Purchase of marketable securities	(1,702,317)	(1,593,485)	(6,258,091)	(4,183,610)
Net proceeds and redemptions From the sale of marketable securities	1,330,141	50,324	7,134,749	1,241,623
	(1,013,139)	(2,691,707)	(2,385,157)	(3,397,035)
Change in cash and cash equivalents	854,350	608,717	(2,195,461)	3,386,366
Cash and cash equivalents, beginning of period	953,337	3,221,166	4,003,148	443,517
Cash and cash equivalents, end of period	\$ 1,807,687	\$ 3,829,883	\$ 1,807,687	\$ 3,829,883

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

EASTMAIN RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Nine months ended July 31, 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 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	\$ 1,796,380	\$ 11,307
Marketable securities	-	3,545,429
Prepaid expenses and sundry receivables	117,535	-
Accounts payable and accrued liabilities	(455,759)	-

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 acquired through property transactions.

The Company does not hold any asset-backed securities (ABCP's), 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 July 31, 2007	Net Book Value July 31, 2006
Computer equipment	\$ 30,981	\$ 18,975	\$ 12,006	\$ 14,595
Field equipment	216,613	120,263	96,350	110,307
	\$ 247,594	\$ 139,238	\$ 108,356	\$ 124,902

EASTMAIN RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
 Nine months ended July 31, 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	Net	Government	Write Down	Balance
	October 31, 2006	Expenditures	Grants	& Recoveries	July 31, 2007
Clearwater	\$ 6,165,932	\$ 148,749	\$ (362,565)	\$ -	\$ 5,952,116
Eastmain Mine	-	4,356,709	-	-	4,356,709
Xstrata JV	3,400,457	121,348	-	-	3,521,805
Azimut Block C	704,249	22,714	(31,653)	-	695,310
Azimut Block D	871,775	56,412	(88,178)	-	840,009
Éléonore South	1,496,713	1,551,015	(500,138)	-	2,547,590
Ruby Hill	573,156	39,630	(13,937)	-	598,849
Other – Québec	2,496,756	203,845	(356,882)	-	2,343,719
- New Brunswick	876,994	9,308	-	-	886,302
- Ontario	23,888	-	-	-	23,888
	\$ 16,609,920	\$ 6,509,730	\$ (1,353,353)	\$ -	\$ 21,766,297

The following is a breakdown of mining properties and deferred expenditures by expenditure type for the Company's significant projects for the nine months ended July 31, 2007.

Project	Balance Oct. 31, 2006	Drilling & Assays	Technical Surveys	Project Acquisition	Grants & Write Downs	Total	Balance July 31, 2007
Clearwater	\$ 6,165,932	\$ 50,349	\$ 71,651	\$ 26,749	\$ (362,565)	\$ (213,816)	\$ 5,952,116
Eastmain Mine	-	1,304	22,908	4,332,497	-	4,332,497	4,356,709
Xstrata JV	3,400,457	1,560	111,926	7,862	-	121,348	3,521,805
Azimut Block C	704,249	361	(2,196)	24,549	(31,653)	(8,939)	695,310
Azimut Block D	871,775	2,015	31,191	23,206	(88,178)	(31,766)	840,009
Éléonore South	1,496,713	193,904	1,357,111	-	(500,138)	1,050,877	2,547,590
Ruby Hill	573,156	1,250	15,783	22,597	(13,937)	25,693	598,849
Other - Québec	2,496,756	16,929	105,283	81,633	(356,882)	(153,037)	2,343,719
- NB	876,994	-	922	8,386	-	9,308	886,302
- Ontario	23,888	-	-	-	-	-	23,888
Total	\$ 16,609,920	\$ 267,672	\$ 1,714,579	\$ 4,527,479	\$ (1,353,353)	\$ 5,156,377	\$ 21,766,297

b) The Company records refunds of mining duties and tax credits from Resources Québec and Revenue Québec as reductions of deferred exploration expenditures, when they are either received or confirmed refundable by assessment notice. As of July 31, 2007 the Company is eligible for exploration expenditure credits of approximately \$1,186,000, \$948,000 in respect of current fiscal year expenditures and \$238,000 in respect to claims up to October 31, 2006. (As at July 31, 2006 the Company was eligible to claim \$1,219,000 in mining credits, \$879,000 in respect of fiscal 2005-2006 expenditures and \$340,000 in respect of claims filed up to October 31, 2005). 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 \$4,332,947. Details are as follows:

Cash	\$ 2,500,000
Eastmain Resources Inc. common shares issued	1,607,000
Black-Scholes value of common share purchase warrants issued	58,000
Legal fees and issue costs	167,497
	<u>\$ 4,332,497</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

(PREPARED BY MANAGEMENT – UNAUDITED)

Nine months ended July 31, 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)	2,100,000	1,607,000
Issued and outstanding, July 31, 2007 (unaudited)	68,399,418	\$ 28,411,282

- 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 has adopted EIC-146, whereby the Company recognizes the future tax liability and reduces shareholders' equity accordingly, on the date that the Company renounces the tax credits associated with expenditures from flow-through proceeds. The Company is then allowed to offset the future income tax liability against unrecognized future income tax assets if certain criteria are met. As a result, the Company recorded a \$768,600 future income tax recovery for the period (\$365,607 during the nine months ended July 31, 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 February 20, 2007 and another 1,000,000 were issued July 31, 2007 to Campbell Resources Inc. In addition, 100,000 common shares of Eastmain Resources Inc. were issued July 31, 2007 for finder's fees in connection with the acquisition. At the time of the February issue, the shares were valued at \$0.76; the July issue was valued at \$0.77.

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	39 - 65 %
Risk free interest rate	3.90 % - 4.60 %
Expected option term - years	2 - 5

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

(PREPARED BY MANAGEMENT – UNAUDITED)

Nine months ended July 31, 2007

7. STOCK OPTIONS (continued)

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2006 (audited)	3,525,000	\$ 0.58
Granted	1,225,000	\$ 0.76
Cancelled or expired	(50,000)	\$ 0.72
Exercised	(200,000)	\$ 0.26
Outstanding, July 31, 2007 (unaudited)	4,500,000	\$ 0.64

Stock options outstanding as at July 31, 2007

Expiry date	Black-Scholes Value (\$)	Number of Options	Exercise Price (\$)
July, 2008	26,000	100,000	0.70
October, 2008	136,825	325,000	0.55
November, 2008	21,400	100,000	0.65
January, 2009	67,300	100,000	0.88
November, 2009	340,500	750,000	0.64
February, 2010	30,500	100,000	0.48
April, 2010	198,250	650,000	0.43
June, 2010	44,700	150,000	0.42
November, 2010	57,400	200,000	0.52
January, 2011	358,200	900,000	0.72
December, 2011	18,150	50,000	0.75
April, 2012	40,500	100,000	0.75
June, 2012	312,375	975,000	0.78
	1,652,100	4,500,000	0.64

8. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Outstanding, October 31, 2006 (audited)	7,741,995	\$ 0.75
Issued	1,000,000	\$ 1.25
Cancelled or expired	(2,510,781)	\$ 0.95
Exercised	(523,214)	\$ 0.65
Outstanding, July 31, 2007 (unaudited)	5,708,000	\$ 0.76

Warrants outstanding as at July 31, 2007

Expiry Date	Black-Scholes Value (\$)	Number of Warrants	Exercise Price (\$)
December 2007	757,988	4,708,000	0.65
February 2008	55,000	500,000	1.00
July 2008	3,000	500,000	1.50
	815,988	5,708,000	0.68

EASTMAIN RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Nine months ended July 31, 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 nine months ended July 31, 2007, 2,510,781 warrants expired. The value originally attributed to these warrants has been transferred to contributed surplus.

As at July 31, 2007 contributed surplus is comprised of the following:

Balance, October 31, 2006 (audited)	\$ 3,350,728
Options granted	392,425
Options exercised	-
Warrants expired	251,931
Balance, July 31, 2007 (unaudited)	\$ 3,995,084

10. RELATED PARTY TRANSACTIONS

Management wages to a director	\$ 112,500
Geological and administrative fees and out of pocket expenditures to a private company controlled by the exploration manager of the Company	\$ 96,015

11. INCOME (LOSS) PER SHARE

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

	Three Months Ended July 31,		Nine months Ended July 31,	
	2007	2006	2007	2006
Basic income (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.00	\$ 0.01
Diluted income (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.00	\$ 0.01
<u>Numerator:</u>				
Net income (loss) for the period	\$ (420,892)	\$ 1,165,049	\$ 11,768	\$ 839,017
<u>Denominator:</u>				
Weighted average of basic common shares	66,720,704	59,262,216	66,720,704	59,262,216
Weighted average of diluted common shares	75,828,704	59,262,216	75,828,704	59,262,216

EASTMAIN RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(PREPARED BY MANAGEMENT – UNAUDITED)

Nine months ended July 31, 2007

11. INCOME (LOSS) PER SHARE (continued)

For the nine months ended July 31, 2007, 1,000,000 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 nine months ended July 31, 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.