



EASTMAIN
RESOURCES INC.

FIRST QUARTERLY REPORT FOR THE PERIOD ENDING – January 31, 2006

During the period ending January 31, 2006 Goldcorp Inc. executed an agreement to purchase the Eléonore project, including the Roberto gold deposit, from Virginia Gold Mines Inc. for an estimated US\$420 million. Goldcorp, our strategic alliance partner, has confirmed that the Eastmain/Opinaca district is about to become Canada's newest gold mining district. Eastmain Resources Inc. is very well positioned in the district with 100% ownership of the Eau Claire gold deposit and a commanding land position in both the Eléonore and Eastmain mine areas. The price of gold also pierced through the US\$500 barrier during the quarter, providing a stronger market-place for junior explorers. We believe enhanced activity in the Eastmain/Opinaca region, coupled with a continued increase in the price of gold will have a very positive long-term effect on our Company.

PROJECT UPDATE

Clearwater Project

In early March the Corporation initiated a 4,000-metre diamond drill program to trace the down-plunge or southeast-dip depth extension of the high-grade, quartz-tourmaline vein system at Eau Claire. This program will begin testing the Eau Claire vein system at vertical depths of 400 to 750 metres in search of lode gold ores. Drilling will target the downward extension of mineralization intersected in hole 38 as well as mineralization below and lateral to hole 44. Hole 38 intersected 13.7 g/t gold across 5.0 metres including and interval grading 42.6 g/t gold across 1.5 metres (0.40 oz ton/16.4 ft including 1.24 oz ton/4.92 ft). Hole 44 intersected three parallel high-grade veins ranging from 11.9 to 20.4 g/t gold across intervals from 1.4 to 1.6 metres at 600 metres vertical depth (News release - November 11, 2004).

The continuity and extension of the vein system at Eau Claire may indicate a larger source and/or different type of gold mineralization either at depth or elsewhere on the property. Recent reports from Virginia Gold Mine's Eléonore property indicate that a similar high-grade, quartz-vein-type deposit with visible gold has been identified peripheral to the main sulphide-associated gold deposits at Roberto.

The Company has also submitted new permit applications for the completion of an all-weather gravel road and a surface bulk sample of the Eau Claire gold deposit.

Eléonore Area Properties

A high-priority gold-in-soil anomaly has been outlined on the Azimut C property, which is located on the southern boundary of Eléonore. This project will be the focus of an extensive exploration campaign in 2006. Work will include detailed geochemical and geological surveys followed by trenching and diamond drilling. Numerous gold-in-soil "hot spots" detected on the Azimut D and Dyna properties, situated north of Eléonore, will also be assessed through detailed soil sampling, prospecting and geological mapping.

EASTMAIN RESOURCES INC.

Corporate Office: 36 Toronto Street, Suite 1000, M5H 2C5 ? *Exploration Office:* RR #1, Orangeville, ON Canada L9W 2Y8

tel. [519] 940-4870 ? fax [519] 940-4871

e-mail: robinson@eastmain.com ? web site: www.eastmain.com

Ruby Hill and Eastmain Mine Area

Subsequent to the end of the period, the Corporation exercised its option to earn 100% interest in the Ruby Hill project, located near the Eastmain Gold Mine owned by Campbell Resources Inc. A detailed 3,000-line-kilometre VTEM airborne survey covering both the Ruby Hill and Eastmain Mine properties completed in 2005 outlined numerous high-priority targets. Extensive data compilation is underway in preparation for a proposed \$500,000 field program. The Eastmain Gold Mine was originally discovered by drilling an airborne geophysical anomaly.

Falconbridge MegaTEM JV – Normetal-Detour

In 2005, Eastmain and Falconbridge Limited drilled 35 MegaTEM targets located in the Normetal-Detour areas of Ontario and Québec. The project region is located in the western extension of the Abitibi Greenstone belt - one of the most prolific mineral districts in the world, and host to a number of gold and base metal producing mines. Falconbridge recently completed an in-house target-generative-assessment ("TGS") of the project and have recommended follow-up of 10 immediate targets based on the presence of felsic volcanic centres, anomalous assays and alteration assemblages intersected in historic and current drilling, and proximity to known base-metal occurrences. Eastmain has approved a \$400,000 budget for the MegaTEM JV.

Uranium Exploration

During the period, Eastmain and Ruby Hill Exploration Inc. acquired approximately 480,000 acres covering a key geologic trend prospective for sandstone-hosted, unconformity-related uranium deposits in the Thelon Basin. Over one-third of the world's uranium production comes from unconformity-related deposits like those found in the Athabasca and Thelon Basins of Canada. The largest and highest grade uranium mines in the world occur as sandstone-hosted, unconformity-related deposits within Canada's Athabasca Basin. The highly prospective Thelon Basin represents a relatively unexplored geological environment equivalent to the Athabasca region.

Our business plan is to provide our shareholders with leverage to rising uranium prices through the acquisition of high-priority geological targets and subsequently optioning these projects to junior and senior exploration companies.

Financial

The Company's current assets, comprised of cash, cash equivalents and short-term investments total \$6,422,713. The Company also has an unrealized capital gain on investments of \$230,000 and an estimated \$1.9 million in resource credits receivable due from the Province of Québec for claims up to October 31, 2005. During the quarter the Corporation raised \$5.24 Million in two private placements. The placements were subscribed principally by existing shareholders including - Sprott Asset Management, RAB Capital, and Anglo Pacific Group. Approximately one-half of the Corporation is owned by 20 financial institutions and management. Acquisition, exploration and development expenditures for the year ending October 31, 2006 are forecast to be approximately \$4 million.

Donald J. Robinson, Ph.D., P. Geo.
President and Chief Executive Officer
March 9, 2006

EASTMAIN RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited financial statements of Eastmain Resources Inc. (the "Company") for the three months ended January 31, 2006 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All statements, other than historical facts, included herein, including without limitation, statements regarding potential mineralization, resources and exploration results and future plans and objectives of the Company are forward-looking statements and involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated. Factors which may cause actual results and events to differ materially from those anticipated include, but are not limited to, actual results of mineral exploration and development, availability of financing, changes in applicable regulations, mineral value, equity market fluctuations and cost and supply of materials.

This management's discussion and analysis is dated March 9, 2006.

Corporate Overview

The Company, incorporated under the laws of Ontario, is engaged in the mining, exploration and development of resource properties, primarily those containing gold, silver, copper, nickel and zinc. The Company holds an interest in a number of early, to advanced-stage exploration projects in Ontario, Québec and New Brunswick. The Company holds 100% interest in the Clearwater Project which hosts a gold resource, referred to as the Eau Claire gold deposit, and is located in the Province of Québec.

The Company has an option to earn 50% interest in the Azimut C and Azimut D properties located in James Bay, Québec. Activity in the region was triggered by the discovery of the Roberto gold deposit on the Eléonore property, held by Virginia Gold Mines Inc., in September 2004. On December 5, 2005 Goldcorp Inc. ("Goldcorp") announced the acquisition of the Eléonore property at an estimated value of US\$420 million (Goldcorp news release, December 5, 2005). The Company holds 100% interest in the Dyna, Road King, Lac Elmer, Lidge, Lac Hudson and Reservoir projects in the area.

The Company has formed joint venture partnerships or strategic alliances with a number of mining companies including Falconbridge Limited (the "Falconbridge Joint Venture") and Goldcorp to capitalize on their technical, financial and marketing capabilities. The Company holds a 65% interest in a district-scale exploration project in joint venture with Falconbridge Limited (formerly Noranda Inc.). The Company has an option to earn 50% interest in the Reserve Creek gold project, in north western Ontario.

Commencing with the fiscal year starting August 1, 2003, the Company changed its fiscal year-end from July 31 to October 31.

Overall Performance

The Company's total assets of \$21,588,013 as at January 31, 2006 have increased from the \$17,464,509 reported as at January 31, 2005 and from \$18,240,529 reported as at October 31, 2005. This change is largely due to investment in exploration properties and an increase in the Company's treasury position. As at January 31, 2006 the Company's current assets balance was comprised of cash, cash equivalents, short-term investments, pre-paid expenses and sundry receivables totalling \$6,422,713 compared to \$6,120,543 as at January 31, 2005 and \$3,371,724 as at October 31, 2005.

Interest and dividend income is derived from the investment of funds for the period between the receipt of funds from equity placements and the disbursement of exploration expenditures. Interest and dividend income was \$29,144 for the three months ending January 31, 2006 and \$19,980 for the three months ended January 31, 2005.

As a mineral exploration company, the Company relies on equity financing and government incentives to finance its operations. The Company completed two private placements during the quarter ended January 31, 2006 to raise gross proceeds of \$5,240,600 through the issuance of 8,450,000 common shares with 4,225,000 common share purchase warrants attached and 1,813,526 flow-through common shares with 906,763 common share purchase warrants attached. During the quarter ended January 31, 2005, the Company also completed a private placement to raise gross proceeds of \$3,010,000 through the issuance of 4,300,000 flow-through common shares with 2,150,000 common share purchase warrants attached. In addition, proceeds of \$225,000 were realized during the January 31, 2005 quarter upon the exercise of 500,000 share purchase warrants.

There are significant uncertainties regarding the trends in gold, silver and other mineral prices and the availability of equity financing when proceeds are used for the purpose of mineral exploration and development. For instance, the price of gold, silver and other minerals has fluctuated widely in recent years and wide fluctuations are expected to continue. The market price of gold fell from above US\$350 per ounce for most of the 1990's to US\$260 per ounce in 2001. Since that time gold has risen steadily to the present time reaching new highs exceeding US\$500 per ounce. Increased gold prices in the last several years have encouraged the Company to engage in more active exploration and acquisition activities. Market conditions have also been influenced positively by Goldcorp's acquisition of the project in the Eastmain/Opinaca district. Apart from these factors, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Results of Operations

Net loss for the quarter ended January 31, 2006 was \$206,524 compared to a net loss of \$508,302 for the three months ended January 31, 2005 and a net loss of \$1,561,164 for the year ended October 31, 2005. The largest components of the loss for the three months ended January 31, 2006 consisted of \$425,550 assigned to 1,125,000 stock options issued, exercisable at a weighted average price of \$0.68 for a period of five years, and the gain from the recovery of \$365,607 in future income tax liabilities arising from the sale of flow-through shares. During the three months ended January 31, 2005, a value of \$385,900 was assigned to stock option compensation and the future income tax recovery arising from the sale of flow-through shares amounting to \$1,083,600 was recorded on the Company's balance sheet as a future income tax liability. Accounting policies regarding the recognition of costs related to stock option compensation and value of future tax liabilities arising from the sale of flow-through shares were adopted prospectively beginning with the fiscal year ended October 31, 2004.

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

Summary of Quarterly Information

	Quarter ended 01/31/2006	Quarter ended 10/31/2005	Quarter ended 07/31/2005	Quarter ended 04/30/2005
Revenue	\$ 29,144	\$ 40,442	\$ 40,019	\$ 17,459
Net Income (loss)	\$(206,524)	\$(563,397)	\$(93,489)	\$702,445
Per share basic	\$(0.0038)	\$(0.0110)	\$(0.0019)	\$0.0100
Per share diluted	\$(0.0038)	\$(0.0110)	\$(0.0019)	\$0.0100

	Quarter ended 01/31/2005	Quarter ended 10/31/2004	Quarter ended 07/31/2004	Quarter ended 04/30/2004
Revenue	\$ 19,980	\$ (4,812)	\$ 38,578	\$ 15,836
Net Income (loss)	\$(508,302)	\$(2,000,853)	\$(42,027)	\$ (70,382)
Per share basic	\$(0.0108)	\$(0.044)	\$(0.0011)	\$(0.0019)
Per share diluted	\$(0.0108)	\$(0.044)	\$(0.0011)	\$(0.0019)

General and Administration expenses for the three months ended January 31, 2006 were 11% higher than the three months ended January 31, 2005 reflecting higher promotion and business development costs for the quarter. In accordance with generally accepted accounting principles, some significantly large, non-cash, income and expense items are recorded through the Company's financial statements. During the three months ended January 31, 2006, stock option compensation expense estimated at \$425,550 was recorded, with an offsetting increase to contributed surplus (\$385,900 in 2005). The non-cash income component of capital stock issued during the three months ended January 31, 2006 with flow-through tax benefits amounted to \$365,607 arising from the estimated recovery of future corporate income taxes. During the quarter ended January 31, 2005, in accordance with the Canadian Institute of Chartered Accountants "CICA" guidelines at that time, \$1,083,600 in future income tax recoveries arising from the December 2004 issue of flow-through shares was recorded as a future income tax liability on the Company's balance sheet. The accounting standard reporting recommendation regarding the income component of flow through shares introduced in March 2004 was implemented during fiscal 2004 on a prospective basis. Under the recommendation, a part of the equity raised from flow-through shares is apportioned to current income, based on an estimate of the value of future income tax recoveries otherwise available to the Company that are being transferred to the shareholder.

Deferred Mining Property Costs and Exploration Expenditures

The Company's activities involve the exploration and development of gold and base metals on its properties in Ontario, Québec and New Brunswick. The major deferred exploration expenditures for the three months ended January 31, 2006 include: Clearwater Project, \$44,000, 14% (\$217,000, 27% in 2005), Falconbridge Joint Venture, \$57,000, 19% (\$337,000, 42% in 2005); Azimut Blocks C&D, \$27,000, 9% (\$0, in 2005), Ruby Hill Property, \$59,000, 20% (\$0, in 2005); Reserve Creek Project, \$5,000 2% (\$170,000 21% in 2005), and Other of \$109,000, 36% (\$87,000, 10% in 2005). Included in the Other category were expenditures of \$77,000 on the Road King property located within the Eastmain/Opinaca area of northern Québec. The Company's most significant and advanced property is the Clearwater. The Company acquired an option to earn SOQUEM's remaining ownership of the Clearwater Project during the fiscal year ended October 31, 2004 in exchange for cash and securities, giving it 100% ownership of the Clearwater Project, subject to a 2% NSR. The current focus is to increase the gold resource through drilling and locate a second deposit regionally on the property. Upon approval of government permitting the Company proposes to complete a bulk sample in order to determine the preliminary mining and economic parameters of the Eau Claire gold deposit Project located within the Clearwater Project. As a result of Virginia Gold Mines' discovery of the Roberto gold deposit at Eléonore, the Company initiated an

extensive gold exploration program on a number of properties in the Eléonore area. Deferred exploration expenditures on the Company's Québec projects are subject to approximately 50% mining duty and provincial refund to the Company.

Results from the Falconbridge Joint Venture MegaTEM airborne survey prompted the Company and Falconbridge to acquire over 1,000 mineral claim units in Ontario and Québec. Expenditures to date have funded 14,500 line-kilometres of airborne geophysical surveys, generating 225 isolated anomalies. The MegaTEM airborne geophysical system is designed to detect volcanic massive sulphide (VMS) copper-zinc-silver deposits, nickel-copper-platinum group element deposits and some gold ore deposits within covered terrain. A \$1,464,649 follow-up diamond drill program tested 35 priority targets in 2005. A \$400,000 diamond drill program is proposed for 2006 to test high priority gold and base metal targets.

Exploration at Reserve Creek, Ontario in fiscal 2004 and 2005 included geological and geophysical surveys covering known gold zones and their lateral extensions. The Company has suspended work indefinitely on the property until the vendor can demonstrate unrestricted beneficial ownership of the property and unequivocal certainty that mining operations will be permitted without restriction as defined in the Letter Agreement.

Project generation expenditures also prompted the acquisition of four new gold projects located in the James Bay region of Québec. Over 250,000 acres are currently held in 11 projects covering areas of highly prospective and under-explored geology. Follow-up airborne geophysical surveys on six projects have been completed. An extensive soil sampling and prospecting program has defined prospective targets for detailed follow-up.

In March of 2005 the Company acquired an option from Azimut Exploration Inc. to earn 50% interest in two properties covering 185 km². These projects are located in key positions near the Eléonore Property where Virginia Gold Mines recently discovered the Roberto gold deposit. Eastmain doubled its strategic land position in the Opinaca/Eastmain region of Québec by staking an additional 186 km² of land northwest of the discovery area. Eastmain and Azimut recognize Roberto as a major gold discovery that may lead to the establishment of a mining camp. Initial work on the Company's holdings has included extensive surface prospecting and geochemical surveys.

Three gold deposits have been discovered in the Eastmain/Opinaca district. The Company holds 100% interest in the Eau Claire gold deposit, which is located within the Clearwater Project, and has key land holdings adjacent to the other two (Roberto and Eastmain Gold Mine).

In April 2005 the Company acquired an option to earn 100% interest in certain mineral properties (the "Ruby Hill Property") located within the Upper Eastmain River greenstone belt from Ruby Hill Exploration Inc. ("Ruby Hill"). The Company can earn 100% interest in the Ruby Hill Property by making a cash payment of \$10,000 and issuing 150,000 common shares of the Company to Ruby Hill. Upon the initial signing of a Letter Agreement, the Company paid \$10,000 in cash and issued 50,000 common shares. The Company issued an additional 100,000 common shares to Ruby Hill prior to the second anniversary of the agreement to exercise the option. Ruby Hill will hold a 2.5% Net Smelter Return Royalty, subject to an optional buy-out by the Company of 1.5% of the royalty for \$1.5 Million. The Ruby Hill Property consists of 136 claim units covering 70 km² in three groups. The Company staked an additional 48 claim units, covering 25 km², adjoining the Ruby Hill claims. A VTEM airborne survey was flown to cover the Ruby Hill Property and the adjacent Eastmain gold deposit, owned by Campbell Resources Inc.

The cost of exploration and development is recorded on a property by property basis and deferred in the Company's accounts, pending recovery based on the discovery and/or extraction of economically recoverable reserves. When it is determined that there is little prospect of minerals being economically extracted from a property, the deferred costs associated with that property are charged to operations. The Company has adopted a policy whereby the deferred exploration expenditures on a given property shall be reduced as the banked provincial assessment credit of the property declines. The determination of property write-downs, if required, is usually performed at the fiscal year-end.

Liquidity and Capital Resources

During year quarter ended January 31, 2006 the Company raised proceeds of \$4.8 million, net of issue costs, in common share issue financing activities from which it invested \$0.3 million on acquisitions and exploration of mineral resource properties and increased its working capital position by \$4.4 million. As at January 31, 2006, cash, cash equivalents and short-term investments, pre-paid expenses and sundry receivables on hand totalled \$6.4 million as compared to \$6.1 million as at January 31, 2005 and \$3.37 million as at October 31, 2005. Current liabilities were \$0.3 million and the Company has no long-term debt. Accordingly, as the Company's working capital requirements are approximately \$50,000 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 year ending October 31, 2006. During the current year, the Company has successfully undertaken two private placement financings and it may contemplate other placements if it believes that market conditions are appropriate.

The Company completed a private placement issue of 4,300,000 flow-through units at \$0.70 during the quarter ended January 31, 2005 to raise gross proceeds of \$3,010,000. Each unit consisted of one common share and one-half of one common share-purchase warrant. Each full share-purchase warrant was exercisable to acquire one common share at a price of \$0.85 until December 30, 2005. These warrants expired unexercised. The funds generated from that issue of shares were deployed primarily in the exploration and development of the Falconbridge Joint Venture and Québec exploration properties.

As of December 1, 2005 the Company has entered into a lease agreement for office space in the amount of \$2,000 per month for a term of 12 months.

Since the properties held by the Company do not currently generate any operating income, the Company is reliant on equity markets over the long term to raise capital to fund its exploration activity. In the past the Company has been successful in raising funds through equity offerings, and while there is no guarantee that this will continue, there is no reason either to believe that this capacity will diminish.

Cash on hand, for future exploration costs, is invested in term deposits, bonds and certificates of deposit with maturities matching the Company's cash flow requirements which, in management's opinion yields 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.

Short-term investments are subject to changes in valuation depending on market fluctuations at the date of reporting. If required, a provision for valuation losses is reported in the operating results. During the three months ended January 31, 2006 the Company realized a loss on the disposal of short-term investments in the amount of \$12,013. As of January 31, 2006, the Company has unrealized capital gains on investments of \$230,200.

Non-capital losses can be carried forward and used to offset future non-capital gains for a period of ten years (seven years for losses in tax years ending prior to March 22, 2004), after which they expire. To the extent that loss carry-forwards could be used to reduce future tax liabilities, they are a financial resource that can be managed. The Company, by its mineral exploration nature, generates non-capital tax losses which are not recognized on the income statement because, at this point in time, it is more likely that they will not be used to offset tax liabilities within their ten-year life. Canadian tax legislation allows an enterprise to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the enterprise. These securities are referred to as flow-through shares. Under recommendation number 146 issued by the Emerging Issues Committee (EIC-146) regarding generally accepted accounting principles (GAAP) for the accounting treatment of flow-through shares, the issuer recognizes part of the proceeds from the sale of flow-through shares as tax credits associated with the expenditures being transferred to the shareholders, records this amount as a future income tax liability and the rest of the net proceeds as shareholders' equity. As a result, the Company has recorded a future income tax recovery of \$365,607 in connection with the issue of flow-

through shares in the quarter ended January 31, 2006. Last year, the Company had recorded a future tax liability of \$1,083,600 in order to recognize the estimated tax component associated with the issue of 4,300,000 flow-through shares during the quarter ended January 31, 2005. Upon clarification of the accounting treatment required under this recommendation, it was determined that the Company could recover this future tax liability into income immediately rather than some time in the future, as previously reported. Income from the complete amortization of this future tax liability was recorded in the quarter ended April 30, 2005.

During the quarter ended January 31, 2006, 5,741,995 share purchase warrants were issued in connection with share capital financing activities and 2,421,285 share purchase warrants expired without being exercised. As at January 31, 2006, 6,241,995 share purchase warrants remain outstanding with an average exercise price of \$0.76 which, if exercised, would result in proceeds of \$4,732,296 to the Company. During that same quarter, 1,125,000 stock options were issued, 25,000 stock options were exercised and 150,000 options expired without being exercised. As at January 31, 2006, 3,525,000 options were outstanding with an average exercise price of \$0.57, which if exercised, would result in proceeds of \$2,007,000 to the Company. The Company also has an estimated \$1.9 million in resource credits receivable due from the Province of Québec for claims up to October 31, 2005. Québec resource credits are refunds from the government that are paid to companies exploring for precious metals in Québec, subject to verification and adjustment by the Québec Ministry of Natural Resources. The Ministry is experiencing delays in processing claims and since no confirmation of the amount of the Company's refund has as yet been received, this estimate has neither been included in the Company's reported income nor included as an asset on the Company's balance sheet.

Transactions with Related Parties

Related party transactions include \$12,500 per month salary paid to the President of the Company. Consulting fees of \$400 per day are paid to a service provider of the Company.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares of which, as of March 9, 2006, there are 61,316,204 common shares outstanding. In addition, as of March 9, 2006, 3,525,000 options are outstanding, and 6,241,995 share purchase warrants are outstanding.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value of its mineral properties, related deferred exploration expenditures and stock-based compensation. These critical accounting estimates significantly affect the values attributed to the following line items in the Company's financial statements: mining properties and deferred exploration expenditures; total assets; shareholders' equity; stock based compensation; total expenses; loss for the period before extraordinary items; net loss; deficit; and basic and diluted loss per share.

These estimates involve considerable judgment and are, or could be, affected by factors that are out of the Company's control. Factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock-price volatility. The timing for exercise of options is out of the Company's control and will depend upon the market value of the Company's shares and the financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with the Black-Scholes model, however future volatility is uncertain and the model has its limitations. These estimates can have a material impact on the stock-based compensation and hence results of operations. The Company's recorded value of its mineral properties and associated deferred exploration expenses is based on historical costs that may be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with its properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity-price risk,

operating risk, ownership and political risk and currency risk, as well as environmental risk. The ability of the Company to obtain necessary financing to complete the development of its properties and obtain future profitable production is uncertain.

Change in Accounting Policy

The CICA Handbook Section 3870, Stock-based compensation and other stock-based payments requires that compensation of option awards to employees be recognized in financial statements at fair value for options granted in fiscal years beginning on or after January 1, 2004. The Company as permitted by CICA Handbook Section 3870 has adopted this section prospectively for new option awards granted on or after August 1, 2003.

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. The principal financial instruments affecting the Company's financial condition and results of operations currently are its cash and cash-equivalent portfolio. To minimize risk, the funds are managed by independent financial advisors with ultimate administration by the Company. The investments are recorded at the lower of cost or market value.

Future Outlook

The Company is focusing its efforts on exploring for gold and base metal deposits in Eastern Canada, with an emphasis on the Eastmain/Opinaca region of Northern Québec. A diamond drill program is underway to test for the depth extension of the Eau Claire gold deposit. The Company has also initiated environmental permit applications for road work and a bulk-mining sample to determine the economic and mining parameters of the Eau Claire gold deposit at Clearwater. Widely-spaced geochemical sampling of our Eléonore area properties (Dyna, Azimut C and D) has outlined a number of significant gold-in-soil anomalies. A gold anomaly extending for many kilometres across the Azimut C property is very comparable to the gold-in-soil anomaly which led Westmin and Eastmain to the discovery of the Eau Claire gold deposit. Numerous geochemical "hot-spots" of anomalous gold detected within soils covering geological horizons similar to those hosting Goldcorp's Roberto discovery will be tested in 2006. Detailed geochemical surveys, geological mapping, prospecting, trenching and diamond drilling are proposed for 2006.

Eastmain and Falconbridge Limited drill tested 35 priority MegaTEM targets in 2005. There are 190 priority MegaTEM anomalies which remain untested. Follow-up geophysical surveys and drilling are recommended for 2006.

Acquisition, exploration and development expenditures for the year ending October 31, 2006 are forecast to be approximately \$0.5 M for Ontario and \$3.5 M for Québec.

Subsequent events

In February 2006 The Company completed the purchase of the Ruby Hill property by issued 100,000 common shares to Ruby Hill Exploration Inc. as a result of that transaction, the Company now holds a 50% interest in Ruby Hill Exploration Inc.

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.

Additional Information

Additional information relating to the Company, including any published Annual Information Forms, can be found on SEDAR at www.sedar.com.

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.

In preparing the financial statements, great care is taken to use appropriate generally accepted accounting principles and estimates, considered necessary by management, to present the financial position and results of operations on a fair and consistent basis. The principal accounting policies followed by the Company are summarized in Note 2 to the Company's audited financial statements.

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. The Company believes that its systems provide the appropriate balance in this respect.

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.

NOTICE TO SHAREHOLDERS FOR THE THREE MONTHS ENDED JANUARY 31, 2006 EASTMAIN RESOURCES INC.

Responsibility for Financial Statements:

The accompanying financial statements for Eastmain Resources Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles were set out in the October 31, 2005 audited financial statements. Only changes in accounting information have been discussed in the current financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependant upon future events. Therefore, using careful judgment, estimates and approximations have been made. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors' involvement

The auditors of Eastmain Resources Inc. have not performed a review of the unaudited financial statements for the three months ended January 31, 2006 and January 31, 2005.

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

	January 31, 2006	January 31, 2005
Assets		
Current assets		
Cash and cash equivalents	\$ 4,330,834	\$ 2,573,011
Short-term investments (Note 2)	1,883,884	3,344,540
Prepaid and sundry receivables (Note 5b)	207,995	202,992
	<u>6,422,713</u>	<u>6,120,543</u>
Investments (Note 3)	79,200	12,000
Equipment (Note 4)	95,560	59,732
Mining properties and deferred exploration expenditures (Note 5a)	14,990,540	11,272,234
	<u>\$ 21,588,013</u>	<u>\$ 17,464,509</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 284,112	\$ 268,536
Future income tax liability	-	1,083,600
Shareholders' equity		
Capital stock		
Authorized –		
Unlimited common shares		
Issued –		
Common shares (Note 6)	23,701,460	19,944,211
Warrants (Note 8)	943,882	1,972,041
Contributed Surplus (Note 9)	3,266,803	643,400
Deficit	(6,608,244)	(6,447,279)
	<u>21,303,901</u>	<u>16,112,373</u>
	<u>\$ 21,588,013</u>	<u>\$ 17,464,509</u>

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

EASTMAIN RESOURCES INC.
STATEMENTS OF OPERATIONS AND DEFICIT
(PREPARED BY MANAGEMENT – UNAUDITED)

	Three Months Ended January 31,	
	2006	2005
<hr/>		
Revenue		
Interest and dividends	\$ 29,144	\$ 19,980
	<hr/>	<hr/>
	29,144	19,980
<hr/>		
Expenses		
Amortization	7,861	4,843
Professional fees	6,515	2,943
General and administration	149,336	134,596
Stock option compensation (Note 7)	425,550	385,900
	<hr/>	<hr/>
	589,262	528,282
<hr/>		
Loss for the period before the following:	(560,118)	(508,302)
Loss on sale of investments	(12,013)	-
Future income tax recovery	365,607	-
	<hr/>	<hr/>
NET LOSS FOR THE PERIOD	(206,524)	(508,302)
DEFICIT, beginning of period	(6,401,720)	(5,938,977)
	<hr/>	<hr/>
DEFICIT, end of period	\$ (6,608,244)	\$ (6,447,279)
	<hr/>	<hr/>

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

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

	Three Months Ended January 31,	
	2006	2005
<hr/>		
Cash Provided by (used in)		
OPERATING ACTIVITIES		
Loss for the period	\$ (206,524)	\$ (508,302)
Adjustments not affecting cash:		
Amortization	7,861	4,843
Stock option compensation (Note 7)	425,550	385,900
Loss on sale of investments	12,013	-
Future income tax recovery	(365,607)	-
Change in non-cash working capital items	(1,259,616)	(354,777)
	<hr/>	<hr/>
	(1,386,323)	(472,336)
FINANCING ACTIVITIES		
Issue of common shares, net of costs	4,839,633	3,053,903
	<hr/>	<hr/>
	4,839,633	3,053,903
INVESTING ACTIVITIES		
Purchase of equipment	(2,418)	-
Mining properties and deferred exploration expenditures	(301,938)	(748,273)
Purchase of short-term investments	(253,704)	(1,789,093)
Proceeds and redemptions from the sale of short-term investments	992,067	-
	<hr/>	<hr/>
	434,007	(2,537,366)
Change in cash and cash equivalents	(3,887,317)	(1,444,201)
Cash and cash equivalents, beginning of period	443,517	2,528,810
Cash and cash equivalents, end of period	<hr/>	<hr/>
	\$ 4,330,834	\$ 2,573,011

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

EASTMAIN RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Three Months Ended January 31, 2006

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.

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

2. SHORT-TERM INVESTMENTS

Bonds and other securities are carried at the lower of cost or market value.

3. INVESTMENTS

Investments in public companies are recorded at cost. Quoted market value - \$ 309,400 (\$ 35,000 in 2005). The investment represents shares in Dianor Resources Inc. that were acquired in exchange for geological data.

4. EQUIPMENT

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

	Cost	Accumulated Amortization	Net Book Value January 31,2006	Net Book Value January 31,2005
Computer equipment	\$ 29,146	\$ 11,785	\$ 17,361	\$ 4,200
Field equipment	155,296	77,097	78,199	55,532
	\$ 184,442	\$ 88,882	\$ 95,560	\$ 59,732

5. MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

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

Project	Balance October 31, 2005	Net Expenditures	Government Grants	Write Down	Balance January 31, 2006
	\$	\$	\$	\$	\$
Clearwater	6,822,379	44,333	-	-	6,866,712
Falconbridge JV	3,284,686	56,715	-	-	3,341,401
Reserve Creek	613,642	5,304	-	-	618,946
Azimut Blocks C & D	1,125,218	26,608	-	-	1,151,826
Ruby Hill	409,029	59,461	-	-	468,490
Quebec Projects	1,475,356	109,217	-	-	1,584,573
Ontario Projects	21,763	-	-	-	21,763
New Brunswick Projects	850,194	300	-	-	850,494
Other	86,335	-	-	-	86,335
	\$ 14,688,602	\$ 301,938	\$ -	\$ -	\$ 14,990,540

EASTMAIN RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Three Months Ended January 31, 2006

5. MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

The following is a breakdown of mining properties and deferred expenditures by expenditure type for the Company's significant projects for the three months ended January 31, 2006.

Project	Balance Oct. 31, 2005	Drilling & Assays	Technical Surveys	Project Acquisition	Grants & Write Downs	Total	Balance Jan. 31, 2006
	\$	\$	\$	\$	\$	\$	\$
Clearwater	6,822,379	19,411	21,582	3,340	-	44,333	6,866,712
Falconbridge JV	3,284,686	41,085	15,630	-	-	56,715	3,341,401
Reserve Creek	613,642	246	5,058	-	-	5,304	618,946
Azimut C	565,086	2,065	9,665	7,250	-	18,980	584,066
Azimut D	560,132	402	7,226	-	-	7,628	567,760
Ruby Hill	409,029	-	10,462	48,999	-	59,461	468,490
Other	2,433,648	13,690	63,126	32,701	-	109,517	2,543,165
Total	\$ 14,688,602	\$ 76,899	\$ 132,749	\$ 92,290	-	\$ 301,938	\$ 14,990,540

b) As at October 31, 2005 the Company has outstanding Mining Duties and Refundable Tax Credits from Resources Quebec and Revenue Quebec in respect to claims up to October 31, 2005 amounting to approximately \$1,900,000 (\$900,000 as at October 31, 2004). As the Company has not received confirmation of these refunds, these amounts have not been reflected in these financial statements.

6. CAPITAL STOCK

	Shares	Amount
Issued and outstanding, October 31, 2005 (audited)	50,927,678	\$ 20,106,316
Private placement (i)	1,813,526	1,015,576
Warrant valuation (i)		(111,532)
Private placement (ii)	8,450,000	4,225,000
Warrant valuation (ii)		(680,225)
Exercise of stock options	25,000	8,500
Exercise of stock options – Black-Scholes valuation		6,500
Flow-through tax effect (iii)		(365,607)
Cost of issue – cash (i)		(66,500)
Cost of issue – Black-Scholes valuation (i)		(15,862)
Cost of issue – cash (ii)		(342,943)
Cost of issue – Black-Scholes valuation (ii)		(77,763)
Issued and outstanding, January 31, 2006 (unaudited)	61,216,204	\$ 23,701,460

i) In December 2005, the Company issued 1,813,526 flow-through units at a price of \$0.56 per unit for gross proceeds of \$1,015,576. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.65 per share until December 7, 2006. In connection with the private placement, management subscribed for \$65,576. An agent for the private placement was paid a \$ 47,500 cash commission and was issued compensation warrants to purchase 127,232 shares at a price of \$0.65 per share until

EASTMAIN RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Three Months Ended January 31, 2006

6. CAPITAL STOCK (continued)

December 7, 2006 (Note 9). In connection with the issue of this private placement, the value assigned to the issue of 1,033,995 warrants was \$127,394. The assumptions used for the valuation of the warrants were: dividend yield 0%, expected volatility 61%, risk free interest rate 3.8% and an expected life of 12 months.

- ii) In December 2005 and January 2006 the Company issued 8,450,000 units at a price of \$0.50 per unit for gross proceeds of \$4,225,000. Each unit consisted of one common share and one-half share purchase warrant. Each complete warrant gives the warrant holder the right to buy one common share of the Company at a price of \$0.65 per share until December 28, 2007 or January 9, 2008. Agents for the private placement were paid cash commissions aggregating \$286,351 and compensation warrants to purchase 483,000 shares (Note 9). The fair value of the share purchase warrants has been estimated using the Black-Scholes pricing option model and is disclosed as a separate item in shareholders' equity. The assumptions used for the valuation of the respective warrants were: Dividend yield 0%, expected volatility 61%, risk - free interest rate 3.9% and an expected life of 24 months. The value assigned to the 4,708,000 warrants was \$757,988.
- iii) The Company adopted EIC-146 where the Company has to recognize a future tax liability, and the shareholders' equity reduced, 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 \$365,607 future income tax recovery for the period (\$1,083,600 was recognized as a deferred income tax liability during the three months ended January 31, 2005).

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 5,000,000 common shares 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.

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2005 (audited)	2,575,000	\$ 0.54
Granted	1,125,000	\$ 0.68
Cancelled or expired	(150,000)	\$ 0.61
Exercised	(25,000)	\$ 0.34
Outstanding, January 31, 2006 (unaudited)	3,525,000	\$ 0.57

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	61%
Risk free interest rate	3.9% - 4.0%
Expected option term – years	5

EASTMAIN RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Three Months Ended January 31, 2006

7. STOCK OPTIONS (continued)

Stock options outstanding as at January 31, 2006

Expiry Date	Black-Scholes Value (\$)	Number of Options	Exercise Price (\$)
May 2006	-	100,000	0.34
February 2007	-	200,000	0.26
October 2008	147,350	350,000	0.55
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	368,150	925,000	0.72
	1,254,150	3,525,000	

8. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Outstanding, October 31, 2005 (audited)	2,921,285	\$ 1.00
Granted	5,741,995	\$ 0.65
Cancelled or expired	(2,421,285)	\$ 0.85
Exercised	-	\$ -
Outstanding, January 31, 2006 (unaudited)	6,241,995	\$ 0.76

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, using the following assumptions:

Dividend yield	0
Expected volatility	61%
Risk free interest rate	3.8 – 3.9%
Expected warrant term – years	1.0-2.0

Warrants outstanding as at January 31, 2006

Expiry Date	Black-Scholes Value (\$)	Number of Warrants	Exercise Price (\$)
September 2006	58,500	500,000	2.00
December 2006	127,394	1,033,995	0.65
December 2007	757,988	4,708,000	0.65
	943,882	6,241,995	

EASTMAIN RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT – UNAUDITED)
Three Months Ended January 31, 2006

9. SUPPLEMENTARY INFORMATION

During the three months ended January 31, 2006, 2,421,285 warrants expired and 25,000 stock options were exercised. The value originally attributed to these warrants has been transferred to contributed surplus.

As at January 31, 2006 contributed surplus is comprised of the following:

Balance, October 31, 2005 (audited)	\$ 2,692,791
Options granted	425,550
Options exercised	(6,500)
Warrants expired	154,962
Balance, January 31, 2006 (unaudited)	\$ 3,266,803

10. RELATED PARTY TRANSACTIONS

Management wages to a director	\$ 32,500
Geological and administrative fees and out of pocket expenditures to a private company controlled by the exploration manager of the Company	\$ 34,880

11. LOSS PER SHARE

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

	Three Months Ended January 31	
	2006	2005
Basic loss per share	\$ (0.00)	\$ (0.01)
Diluted loss income per share	\$ (0.00)	\$ (0.01)
<u>Numerator:</u>		
Net loss for the period	\$ (206,524)	\$ (508,302)
<u>Denominator:</u>		
Weighted average of basic common shares	53,698,959	47,219,349
Weighted average of diluted common shares	53,698,959	47,219,349

12. SUBSEQUENT EVENTS

In February 2006, 100,000 shares of the Company were issued to Ruby Hill Exploration Inc. to complete the acquisition of the Ruby Hill property. As a result of this transaction, the Company now holds a 50% interest in Ruby Hill Exploration Inc.

OFFICERS AND DIRECTORS

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

James L. Bezeau
Chief Financial Officer

Catherine I. Butella
Exploration Manager

Jay Goldman,
Corporate Secretary

Ian J. Bryans, *
Director

John A. Hansuld, Ph. D *
Director

Richard W. Hutchinson, Ph. D
Director

William L. Koyle *
Director

Neil Hillhouse, Ph.D.
Special Advisory Board

* Member of Audit Committee

AUDITORS

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

CORPORATE SERVICES

Duguay & Ringler
360 Bay Street
Toronto, Ontario, Canada, M5H 2V6

LEGAL COUNSEL

Goodman & Carr
200 King Street West, Suite 2300
Toronto, Ontario, Canada, M5H 3W5

TRANSFER AGENT

Equity Transfer Services Inc.
120 Adelaide St. West, Suite 420
Toronto, Ontario, Canada M5H 4C3

SHARES LISTED

Symbol: ER
The Toronto Stock Exchange

CORPORATE OFFICE

36 Toronto Street, Suite 1000
Toronto, Ontario, Canada M5C 2C5

EXPLORATION OFFICE

RR#1, 834572, 4th Line Mono Township
Orangeville, Ontario Canada L9W 2Y8

CONTACTS

Don Robinson/Cathy Butella

Tel: (519)940-4870 Fax: (519)940-4871

Email: robinson@eastmain.com
butella@eastmain.com

Corporate Communications:

Chad Steward

Tel: (604)996-5026

Email: ircommunications@telus.net

WEBSITE: www.eastmain.com