



MOSS LAKE
GOLD MINES LTD

MOSS LAKE GOLD MINES LTD.
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2003

MESSAGE TO SHAREHOLDERS

During the third quarter we commenced a 1500 metre drilling program to provide a preliminary test of four new targets generated from mapping and geophysical work. The purpose of the program was to test the felsic volcanic sequence, located south of the Moss Lake deposit, for pyritic stratabound gold deposits.

This work led to the identification of widespread gold occurrences located in the Fountain Lake area 2.5 kilometres southeast of the Moss Lake deposit. Hole ML-03-10 returned intervals of 6.9 gAu/tonne over 1.86 metres and 3.5 gAu/tonne over 1.0 metres. Holes ML-03-11 and ML-03-12, drilled 250 metres to the west, encountered intervals of 3.7 gAu/tonne over 0.92 metres, 3.0 gAu/tonne over 0.99 metres, 3.1 gAu/tonne over 1.57 metres and 7.2 gAu/tonne over 0.49 metres.

These intersections occur within a broad pyritic gold-enriched system traced by induced polarization surveys across a strikelength of at least 1.2 kilometres.

We are encouraged by these results and intend to seek flow through financing for a winter follow-up drilling program. This would involve sectional drilling with the goal of establishing the continuity and geometry of higher grade, potentially mineable zones, within the pyritic sequence.

We continue to believe that as the price of gold strengthens so will the market's view of our assets. Recent work confirms the exploration potential of our properties.

George N. Mannard
President

November 7, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

Moss Lake Gold Mines Ltd. was formed in 1994 to consolidate ownership of the Moss Lake property. In 1999 it acquired the large adjoining Fountain Lake property. Its substantial resources require sustained higher gold prices to become viable to mine. The Company began trading on the Toronto Stock Exchange in 1995. In 2000, the Company migrated to the TSX Venture Exchange.

RISKS AND UNCERTAINTIES

The inherent risks which most profoundly affect the Company's activities are the price of gold and the ability of the Company to obtain financing necessary to establish economic ore reserves. With the prolonged depressed state of the gold market in recent years, financing has been unobtainable. The Company has continued to rely on the financial support of parent company, River Gold Mines Ltd. Although this cannot be counted upon in the future, River Gold has been supportive of Moss Lake's efforts and has provided a backup source of capital. In September 2003, the Company completed a private placement with River Gold in the amount of \$480,000.

RESOURCE ESTIMATES

Resource estimates were performed in 1992 by the senior evaluation engineer of Noranda Exploration Company Ltd. The higher grade core estimate was completed by River Gold Mines Ltd. mine geologists in 1996. This estimate employed historic underground drifting data and closely-spaced surface drilling information. Although completed prior to the institution of National Instrument 43-101 (Standards of Disclosure for Mineral Projects), management believes its methodology and terminology are consistent with the new guidelines.

LIQUIDITY AND CAPITAL RESOURCES

The Company is an exploration and development company and has no revenue. At September 30, 2003, the Company had cash resources of \$310,695 compared to \$311 as at year-end 2002. Working capital of \$162,465 existed compared to a working capital deficiency of \$109,952 at year-end 2002. The payables and accruals of \$168,198 include \$16,731 of advances from majority shareholder River Gold Mines Ltd., which has been funding the Company's activities. In September 2003, River Gold acquired 4.0 million treasury shares at \$0.12 per share, which allowed the Company to settle indebtedness and fund exploration.

BALANCE SHEET

At September 30, 2003, assets totalled \$1,346,914 compared to \$871,418 at year-end 2002. During the first nine months of 2003, the Company spent \$16,406 on royalties and \$10,942 on exploration expenditures on the Moss Lake property to increase its carrying value to \$7,130,184. The Company also spent \$135,557 on an exploration programme on the Fountain Lake property to increase its carrying value to \$850,819. River Gold continued to finance the Company, acquiring 4.0 million treasury shares at \$0.12 per share on a private placement basis. The Company reported a loss for the quarter of \$9,945 compared to \$15,981 in 2002. The loss for the year is \$35,580 compared to \$40,875 in 2002. The Company continues to monitor its corporate and general expenses closely.

OUTLOOK

We are encouraged by the results of our 1500 metre drilling program and intend to seek flow through financing for a winter follow-up drilling program. This would involve sectional drilling with the goal of establishing the continuity and geometry of higher grade, potentially mineable zones, within the pyritic sequence. We continue to believe that as the price of gold strengthens so will the market's view of our assets. Recent work confirms the exploration potential of our properties.

Moss Lake Gold Mines Ltd.
Balance Sheets
(Unaudited)

	Sept 30 2003	Dec 31 2002 (Audited)
Assets		
Current		
Cash	\$ 310,695	\$ 311
Receivables	<u>19,968</u>	<u>17,761</u>
	330,663	18,072
Exploration properties (Note 3)	<u>1,016,251</u>	<u>853,346</u>
	<u>\$ 1,346,914</u>	<u>\$ 871,418</u>
Liabilities		
Current		
Payables and accruals	\$ 151,467	\$ 22,679
Due to River Gold Mines Ltd.	<u>16,731</u>	<u>105,345</u>
	<u>168,198</u>	<u>128,024</u>
Shareholders' Equity		
Capital stock (Note 4)	8,711,288	8,240,386
Deficit	<u>(7,532,572)</u>	<u>(7,496,992)</u>
	<u>1,178,716</u>	<u>743,394</u>
	<u>\$ 1,346,914</u>	<u>\$ 871,418</u>

Interim Statements of Operations and Deficit
(Unaudited)

	Nine Months 2003	Nine Months 2002	Three Months 2003	Three Months 2002
Interest Income	\$ <u>80</u>	\$ 472	\$ <u>27</u>	\$ 146
Costs and expenses				
Corporate and general	<u>35,660</u>	41,347	<u>9,972</u>	16,127
Net loss	<u>(35,580)</u>	(40,875)	<u>(9,945)</u>	(15,981)
Deficit, beginning of period	<u>(7,496,992)</u>	<u>(7,438,853)</u>	<u>(7,522,627)</u>	<u>(7,463,747)</u>
Deficit, end of period	<u>\$ (7,532,572)</u>	<u>\$ (7,479,728)</u>	<u>\$ (7,532,572)</u>	<u>\$ (7,479,728)</u>
Net loss per common share (Note 5)	\$ <u>(0.00)</u>	\$ (0.00)	\$ <u>(0.00)</u>	\$ (0.00)

See accompanying notes to the unaudited interim financial statements.

Moss Lake Gold Mines Ltd.
Interim Statements of Cash Flows
(Unaudited)

	Nine Months 2003	Nine Months 2002	Three Months 2003	Three Months 2002
Increase (decrease) in cash				
Operating activities				
Net loss	\$ (35,580)	\$ (40,875)	\$ (9,945)	\$ (15,981)
Advances (to) from River Gold Mines Ltd.	(88,614)	76,276	(133,385)	66,475
Change in receivables and payables	<u>126,581</u>	<u>4,438</u>	<u>123,346</u>	<u>(4,371)</u>
	<u>2,387</u>	<u>39,839</u>	<u>(19,984)</u>	<u>46,123</u>
Financing activities				
Common shares issued for cash, net of issue costs	<u>470,902</u>	<u>70,000</u>	<u>470,902</u>	<u>70,000</u>
	<u>470,902</u>	<u>70,000</u>	<u>470,902</u>	<u>70,000</u>
Investing activities				
Exploration properties	<u>(162,905)</u>	<u>(194,509)</u>	<u>(140,965)</u>	<u>(162,910)</u>
	<u>(162,905)</u>	<u>(194,509)</u>	<u>(140,965)</u>	<u>(162,910)</u>
Net increase (decrease) in cash	310,384	(84,670)	309,953	(46,787)
Cash, beginning of period	<u>311</u>	<u>87,812</u>	<u>742</u>	<u>49,929</u>
Cash, end of period	<u>\$ 310,695</u>	<u>\$ 3,142</u>	<u>\$ 310,695</u>	<u>\$ 3,142</u>

See accompanying notes to the unaudited interim financial statements.

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Nine months ended September 30, 2003

1. Operations and going concern assumption

Moss Lake Gold Mines Ltd. (the "Company") is a publicly traded company and is incorporated under the Business Corporations Act (Ontario). The Company's common shares are listed on the TSX Venture Exchange.

The Company is a subsidiary of River Gold Mines Ltd. ("River Gold"), a publicly held company, which is listed on the Toronto Stock Exchange. On September 30, 2003 and December 31, 2002, River Gold held approximately 62% and 58%, respectively, of the then outstanding common shares of the Company.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred significant losses and at June 30, 2003, the Company had a deficit of \$7.5 million. The recoverability of the carrying value of exploration properties is dependent upon the continued support of River Gold, the preservation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to develop ore reserves, future profitable production therefrom or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require additional write-downs of the carrying values.

These financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Significant accounting policies

These interim financial statements follow the same accounting policies and methods of computation as the most recent annual financial statements for the year ended December 31, 2002.

3. Exploration properties

Moss Lake Property

The Company has a 100% interest in this property, which is situated in Moss Township, 100 kilometres west of Thunder Bay, Ontario.

The property consists of 33 contiguous unpatented mining claims and 2 mining leases (comprising 540 hectares) which were acquired in 1995. The Company is obligated to pay underlying advance royalties of \$5,469 per quarter to certain original vendors until commercial production is achieved. Upon commencement of commercial production, the property is subject to an 8.75% net profits royalty, as defined, to these underlying vendors in lieu of the underlying advance royalty.

In addition, the property includes 15 contiguous unpatented claim units acquired in 1998. These units are subject to a 1% net smelter return royalty.

Fountain Lake Property

The property consists of 149 mining claims contiguous to the Moss Lake Property to the east, west and south, and is subject to a 2.5% net smelter return royalty payable to certain original vendors of the property.

Moss Lake Gold Mines Ltd.
Notes to the Interim Financial Statements
(Unaudited)

Nine months ended September 30, 2003

3. Exploration properties (continued)

Carrying values	Sept 30 <u>2003</u>	Dec 31 <u>2002</u>
Moss Lake Property		
Cost of property	\$ 6,010,000	\$ 6,010,000
Settlement of advance royalties	105,000	105,000
Underlying advance royalties	209,969	193,563
Exploration expenditures	<u>805,215</u>	<u>794,273</u>
	<u>7,130,184</u>	<u>7,102,836</u>
Fountain Lake Property		
Cost of property	466,081	466,081
Exploration expenditures	<u>384,738</u>	<u>249,181</u>
	<u>850,819</u>	<u>715,262</u>
Other	<u>5,000</u>	<u>5,000</u>
	<u>7,986,003</u>	7,823,098
Write-down of carrying values	<u>(6,969,752)</u>	<u>(6,969,752)</u>
	<u>\$ 1,016,251</u>	<u>\$ 853,346</u>

4. Capital stock

Authorized:

The authorized capital of the Company consists of an unlimited number of preference shares and common shares without par value. The preference shares may, from time to time, be issued in one or more series the rights, privileges, restrictions and conditions of which may be determined by the Board of Directors. No preference shares have been issued.

Common shares issued:

	Shares	Amount
Balance, December 31, 2001	31,166,667	\$ 7,790,386
Issued to River Gold under private placement	466,667	70,000
Issued on conversion of indebtedness to River Gold	<u>2,533,333</u>	<u>380,000</u>
Balance, December 31, 2002	34,166,667	8,240,386
Issued to River Gold under private placement	2,666,667	310,902
Issued on conversion of indebtedness to River Gold	<u>1,333,333</u>	<u>160,000</u>
Balance, September 30, 2003	<u>38,166,667</u>	<u>\$ 8,711,288</u>

Stock option plan

The Company has a stock option plan under which the Board of Directors may grant options to purchase common shares of the Company to key employees, officers or directors of the Company. The aggregate number of common shares, which may be reserved for issuance under the plan, is limited to 600,000.

The following table reflects the continuity for the nine months ended September 30, 2003 and 2002 of options granted under the plan.

	Shares		Weighted Average Exercise Price	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Outstanding, beginning of period	<u>400,000</u>	-	\$ 0.20	\$ -
Granted	<u>-</u>	<u>400,000</u>	\$ -	\$ 0.20
Outstanding, end of period	<u>400,000</u>	<u>400,000</u>	\$ 0.20	\$ 0.20

The stock options granted in fiscal 2002 expire in June 2007.

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Nine months ended September 30, 2003

4. Capital stock (continued)

The Company applies the intrinsic value based method of accounting for stock-based compensation awards to employees and accordingly no compensation cost is recognized. Had stock-based compensation for 400,000 options granted to employees under the Plan since January 1, 2002 been determined on the basis of fair value at the date of grant in accordance with the fair value method of accounting for stock-based compensation, the Company's pro forma net loss and loss per share for the period ended September 30, 2003 would have been as follows:

	<u>Nine Months</u>		<u>Three Months</u>	
	<u>Net Loss</u>	<u>Net Loss Per Share</u>	<u>Net Loss</u>	<u>Net Loss Per Share</u>
As reported	\$ 35,580	\$ 0.00	\$ 9,945	\$ 0.00
Pro forma	\$ 48,159	\$ 0.00	\$ 14,138	\$ 0.00

For purposes of the above calculations, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants: dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 2.5% and expected life of 3 years.

5. Loss per common share

Loss per common share is based on a weighted average number of shares outstanding of 34,427,537 for the three months ended September 30, 2003 and 31,525,363 for 2002. The weighted average number of shares outstanding for the nine months ended September 30, 2003 was 34,254,579 compared to 31,287,546 for 2002.

Diluted earnings per share reflects the dilutive effect of the potential exercise of the common share options outstanding as at year end. The effect of common share purchase options on the net loss in 2003 is not reflected as to do so would be anti-dilutive.

6. Related party information

Under the terms of management agreements, River Gold, as manager, provides technical and administrative support and carries out annual exploration programs on the Moss Lake and the Fountain Lake Properties for an indefinite term. River Gold is entitled to administrative fees, expressed as a percentage of allowable costs (as defined and including capital expenditures) of 7.5% during the exploration phase, 5% during the development and pre-production phase and 2.5% after commencement of commercial production. Administrative fees charged amounted to \$10,220 and \$13,076 for 2003 and 2002, respectively, all of which were capitalized.

7. Financial instruments

The Company's financial instruments consist of cash, receivables and payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of these financial instruments approximate the carrying values.