



MOSS LAKE
GOLD MINES LTD

MOSS LAKE GOLD MINES LTD.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2005

Moss Lake Gold Mines Ltd.
Balance Sheets
(Unaudited)

	Mar 31 2005	Dec 31 2004 (Audited)
Assets		
Current		
Cash	\$ 12,342	\$ 23,388
Receivables	<u>1,835</u>	<u>18,565</u>
	14,177	41,953
Exploration properties (Note 3)	<u>1,259,573</u>	<u>1,252,491</u>
	\$ <u>1,273,750</u>	\$ <u>1,294,444</u>
Liabilities		
Current		
Payables and accruals	\$ <u>38,783</u>	\$ <u>40,940</u>
Shareholders' Equity		
Capital stock (Note 4)	8,839,123	8,839,123
Contributed surplus (Note 4)	4,300	4,300
Deficit	<u>(7,608,456)</u>	<u>(7,589,919)</u>
	<u>1,234,967</u>	<u>1,253,504</u>
	\$ <u>1,273,750</u>	\$ <u>1,294,444</u>

The external auditors have not reviewed these interim financial statements.

Moss Lake Gold Mines Ltd.
Interim Statements of Operations and Deficit

(Unaudited)

Three Months Ended March 31

2005

2004

Interest income	\$ 39	\$ 421
Costs and expenses		
Corporate and general	<u>18,576</u>	<u>12,679</u>
Net loss	(18,537)	(12,258)
Deficit, beginning of period	<u>(7,589,919)</u>	<u>(7,542,091)</u>
Deficit, end of period	\$ <u>(7,608,456)</u>	\$ <u>(7,554,349)</u>
Loss per common share (Note 5)		
Basic and diluted	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>

The external auditors have not reviewed these interim financial statements.

Moss Lake Gold Mines Ltd.
Interim Statements of Cash Flows

(Unaudited)

Three Months Ended March 31

2005

2004

Increase (decrease) in cash

Operating activities

Net loss	\$ (18,537)	\$ (12,258)
Change in receivables and payables	<u>14,573</u>	<u>13,459</u>
	(3,964)	1,201

Investing activity

Exploration properties	<u>(7,082)</u>	<u>(9,127)</u>
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Decrease in cash (11,046) (7,926)

Cash, beginning of period 23,388 125,720

Cash, end of period \$ 12,342 \$ 117,794

The external auditors have not reviewed these interim financial statements.

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Three months ended March 31, 2005

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. At March 31, 2005 and December 31, 2004, River Gold held approximately 62% 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 March 31, 2005, the Company had a deficit of \$7.6 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

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. 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, 2004

3. Exploration properties

	Mar 31	Dec 31
	<u>2005</u>	<u>2004</u>
Cost of properties	\$ 6,481,081	\$ 6,481,081
Exploration expenditures	1,400,462	1,398,849
Settlement of advance royalties	105,000	105,000
Underlying advance royalties	<u>242,782</u>	<u>237,313</u>
	8,229,325	8,222,243
Write-down of carrying values	<u>(6,969,752)</u>	<u>(6,969,752)</u>
	\$ <u>1,259,573</u>	\$ <u>1,252,491</u>

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Three months ended March 31, 2005

3. Exploration properties (continued)

The Company has interests in the following contiguous properties in the Moss Township, west of Thunder Bay, Ontario:

Moss Lake property

The Company has a 100% interest in this property consisting of 10 mining claims of 11 claim units and 2 mining leases of 15 units 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 3 mining claims of 15 contiguous claim units acquired in 1998. These units are subject to a 1% net smelter return royalty.

Fountain Lake property

The Company has a 100% interest in this property consisting 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. This royalty is subject to a buyback clause whereby the royalty may be reduced to 1.5% net smelter return for consideration of \$1.0 million.

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:	<u>Shares</u>	<u>Amount</u>
Balance, December 31, 2003	38,166,667	\$ 8,711,288
Common shares, net of issue costs of \$5,377	870,000	99,023
Flow-through shares to River Gold, net of issue costs of \$2,688	330,000	46,812
Tax benefits on renounced flow-through expenditures	<u>-</u>	<u>(18,000)</u>
Balance, December 31, 2004 and March 31, 2005	<u>39,366,667</u>	<u>\$ 8,839,123</u>

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Three months ended March 31, 2005

4. Capital stock (continued)

Stock option plan and contributed surplus

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 three months ended March 31, 2005 and 2004 of options granted under the plan.

	Shares		Weighted Average Exercise Price	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Outstanding, beginning and end of period	<u>500,000</u>	<u>400,000</u>	\$ 0.20	\$ 0.20

The following information applies to options outstanding and exercisable at March 31, 2005.

<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Weighted Average Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>
\$0.20	400,000	2.25 years	\$ 0.20
\$0.20	<u>100,000</u>	4.50 years	\$ 0.20
	<u>500,000</u>		

The contributed surplus balance relating to stock options was \$4,300 as at March 31, 2005 and December 31, 2004.

Warrants

The following table reflects the continuity of warrants for the period ended March 31, 2005.

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number of common shares</u>			<u>Closing Balance</u>
		<u>Opening Balance</u>	<u>Issued</u>	<u>Exercised</u>	
October 4, 2006	\$0.20	435,000	-	-	435,000

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Three months ended March 31, 2005

5. Loss per common share

Loss per common share is based on a weighted average number of shares outstanding of 39,366,667 and 38,166,667 for 2005 and 2004, respectively.

The effect of common share purchase options and warrants on the net loss in both periods 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 \$nil and \$255 for 2005 and 2004, respectively, all of which were capitalized to exploration properties.

Payables and accruals at March 31, 2005 and December 31, 2004 included \$14,628 due to River Gold.

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.

8. Environmental risks

Moss Lake is committed to a program of environmental protection at its exploration sites. Moss Lake was in compliance with government regulations in 2005.

9. Indemnities

The Company has agreed to indemnify its directors and officers, and certain of its employees in accordance with the Company's by-laws. The Company maintains insurance policies that may provide coverage against certain claims.