
Moss Lake Gold Mines Ltd.**Balance Sheets**

(Unaudited)

	June 30 2005	Dec 31 2004 (Audited)
Assets		
Current		
Cash	\$ 550	\$ 23,388
Receivables	<u>2,115</u>	<u>18,565</u>
	2,665	41,953
Exploration properties (Note 3)	<u>1,272,278</u>	<u>1,252,491</u>
	<u>\$ 1,274,943</u>	<u>\$ 1,294,444</u>
Liabilities		
Current		
Payables and accruals	\$ <u>72,491</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>(7,640,971)</u>	<u>(7,589,919)</u>
	<u>1,202,452</u>	<u>1,253,504</u>
	<u>\$ 1,274,943</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)

	Six Months Ended June 30		Three Months Ended June 30	
	2005	2004	2005	2004
Interest Income	\$ <u>54</u>	\$ 641	\$ <u>15</u>	\$ 220
Costs and expenses				
Corporate and general	49,606	27,339	32,530	14,660
Large corporation tax	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>51,106</u>	<u>27,339</u>	<u>32,530</u>	<u>14,660</u>
Net loss	(51,052)	(26,698)	(32,515)	(14,440)
Deficit, beginning of period	<u>(7,589,919)</u>	<u>(7,542,091)</u>	<u>(7,608,456)</u>	<u>(7,554,349)</u>
Deficit, end of period	\$ <u>(7,640,971)</u>	\$ <u>(7,568,789)</u>	\$ <u>(7,640,971)</u>	\$ <u>(7,568,789)</u>
Net loss per common share (Note 5)				
Basic and diluted	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>

Interim Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30		Three Months Ended June 30	
	2005	2004	2005	2004
Increase (decrease) in cash				
Operating activities				
Net loss	\$ (51,052)	\$ (26,698)	\$ (32,515)	\$ (14,440)
Change in receivables and payables	<u>48,001</u>	<u>9,829</u>	<u>33,428</u>	<u>(3,630)</u>
	<u>(3,051)</u>	<u>(16,869)</u>	<u>913</u>	<u>(18,070)</u>
Investing activity				
Exploration properties	<u>(19,787)</u>	<u>(19,515)</u>	<u>(12,705)</u>	<u>(10,388)</u>
Net decrease in cash	<u>(22,838)</u>	<u>(36,384)</u>	<u>(11,792)</u>	<u>(28,458)</u>
Cash, beginning of period	<u>23,388</u>	<u>125,720</u>	<u>12,342</u>	<u>117,794</u>
Cash, end of period	\$ <u>550</u>	\$ <u>89,336</u>	\$ <u>550</u>	\$ <u>89,336</u>

The external auditors have not reviewed these interim financial statements.

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Six months ended June 30, 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 June 30, 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 June 30, 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

	June 30 <u>2005</u>	Dec 31 <u>2004</u>
Cost of properties	\$ 6,481,081	\$ 6,481,081
Exploration expenditures	1,407,698	1,398,849
Settlement of advance royalties	105,000	105,000
Underlying advance royalties	<u>248,251</u>	<u>237,313</u>
	8,242,030	8,222,243
Write-down of carrying values	<u>(6,969,752)</u>	<u>(6,969,752)</u>
	\$ <u>1,272,278</u>	\$ <u>1,252,491</u>

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Six months ended June 30, 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	-	(18,000)
Balance, December 31, 2004 and June 30, 2005	<u>39,366,667</u>	<u>\$ 8,839,123</u>

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

(Unaudited)

Six months ended June 30, 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 10% of the Company's issued and outstanding common shares from time to time. As at June 30, 2005, 3,936,667 common shares are available for grant under the plan.

The following table reflects the continuity for the three months ended June 30, 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 June 30, 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	2.00 years	\$ 0.20
\$0.20	<u>100,000</u>	4.25 years	\$ 0.20
	<u>500,000</u>		

The contributed surplus balance relating to stock options was \$4,300 as at June 30, 2005 and December 31, 2004.

Warrants

The following table reflects the continuity of warrants for the period ended June 30, 2005.

<u>Expiry Date</u>	Number of common shares				<u>Closing Balance</u>
	<u>Exercise Price</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)

Six months ended June 30, 2005

5. Loss per common share

Loss per common share for the three month and six month periods 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 \$661 and \$598 for 2005 and 2004, respectively, all of which were capitalized to exploration properties.

Payables and accruals at June 30, 2005 and December 31, 2004 included \$15,288 and \$14,628 due to River Gold, respectively.

Payables and accruals at June 30, 2005 included \$2,355 (2004: \$nil) due to Western Québec Mines Inc. ("WQM") for reimbursement of expenses. These transactions were in the normal course of operations and were measured at the exchange amounts. The Company is related to WQM through common management.

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.