

The logo for Moss Lake Gold Mines Ltd features a thick, grey, wavy line that starts on the left and curves downwards to the right. Below this line, the company name is written in a bold, black, serif font.

**MOSS LAKE  
GOLD MINES LTD**

MOSS LAKE GOLD MINES LTD.  
INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2005

## **MESSAGE TO SHAREHOLDERS**

During the third quarter, the Moss Lake project was inactive. Third parties continued to show interest in our properties, but to date no offer acceptable to the Board and our major shareholder has been tabled.

We continue to examine proposals that could see exploration work rekindled without raising equity at low share prices.

As always, we remain bullish on the gold market and believe the value of our assets will grow with the gold price.

On behalf of the Board,

George N. Mannard  
President

November 18, 2005

## **MOSS LAKE GOLD MINES LTD.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **Third Quarter Report** **September 30, 2005**

The following discussion and analysis of the operations, results, and financial position of Moss Lake Gold Mines Ltd. (the "Company") for the third quarter of 2005 should be read in conjunction with the December 31, 2004 audited financial statements and their related notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The effective date of this report is November 18, 2005.

All amounts are expressed in Canadian dollars unless otherwise indicated.

#### **FORWARD LOOKING STATEMENTS**

Except for historical information, this Management's Discussion and Analysis ("MD&A") may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied in such forward looking statements.

#### **GENERAL BUSINESS OVERVIEW**

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.

#### **SUMMARY OF QUARTERLY RESULTS**

	2005			2004
	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter
Interest income	\$ 12	\$ 15	\$ 39	\$ 473
Net loss (in thousands)	18	33	19	12
Loss per share – basic and diluted	0.00	0.00	0.00	0.00
Total assets (in thousands)	1,289	1,275	1,274	1,294
Shareholders' equity (in thousands)	1,185	1,202	1,235	1,254
	2004			2003
	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter
Interest income	\$ 156	\$ 220	\$ 421	\$ 718
Net loss (in thousands)	10	14	12	9
Loss per share – basic and diluted	0.00	0.00	0.00	0.00
Total assets (in thousands)	1,141	1,153	1,168	1,183
Shareholders' equity (in thousands)	1,134	1,142	1,157	1,169

#### **BALANCE SHEET AND OPERATIONS**

At September 30, 2005, assets totalled \$1,288,789 compared to \$1,294,444 at year-end 2004. During the first nine months of 2005 the Company spent \$16,406 on royalties and \$10,463 on exploration expenditures on the Moss Lake property. The Company reported a loss for the quarter of \$17,793 compared to \$9,507 in 2004. The net loss for the nine months ended September 30, 2005 was \$68,845 compared to \$36,205 in 2004. The ongoing corporate and general expenses required to run a public company continue to be monitored closely.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company is an exploration and development company and has no revenue. At September 30, 2005, the Company had cash resources of \$1,144 compared to \$23,388 at year-end 2004. The Company had a working capital deficiency of \$102,986 at September 30, 2005, compared to working capital of \$1,013 at year-end 2004.

Working capital requirements for 2005 have been funded to date by a major shareholder. This is required to maintain operations, property commitments, legal and audit and stock exchange fees. The Company will seek financing options to provide for working capital and to continue exploration and evaluation work on the contiguous Moss Lake and Fountain Lake properties that will not significantly dilute existing shareholders.

### **ANALYSIS OF EXPLORATION PROPERTIES**

	<b>Cost</b>	<b>Write down</b>	<b>Total</b>
<b>Balance, Dec 31, 2004</b>	<b>\$ 8,222,243</b>	<b>\$ (6,969,752)</b>	<b>\$ 1,252,491</b>
Salaries / contract	3,171	-	3,171
Advance royalties	16,406	-	16,406
Camp operations	5,804	-	5,804
Retention	758	-	758
Administration fees	730	-	730
<b>Balance, September 30, 2005</b>	<b>\$ 8,249,112</b>	<b>\$ (6,969,752)</b>	<b>\$ 1,279,360</b>

### **ANALYSIS OF CORPORATE AND GENERAL EXPENSES**

<b>Nine months ended September 30</b>	<b>2005</b>	<b>2004</b>
Insurance	\$ 4,650	\$ 6,858
Professional fees	31,481	7,145
Stock exchange fees	3,100	3,500
Stock transfer fees	5,830	6,593
Filing fees	4,801	3,945
Shareholders' information	10,593	5,456
PDAC Convention	4,026	1,335
Miscellaneous	2,180	870
	<b>\$ 66,661</b>	<b>\$ 35,702</b>

The major negative variance in 2005 versus 2004 relates to professional fees. We under accrued audit fees for 2004, increased our audit fee accrued for 2005 and paid additional legal fees to revise/amend our stock option agreement and update our management information circular.

### **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.

## **CRITICAL ACCOUNTING ESTIMATES**

### Exploration properties

The Company has not yet determined whether its exploration properties contain reserves that are economically recoverable. The recoverability of the carrying values of exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production there from or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Management conducts periodic reviews of its mineral properties to determine if write-downs are required. Management estimated that no write-downs were required in the first nine months of 2005.

## **ENVIRONMENT**

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

## **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. 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.

## **OUTLOOK**

The increase in the gold price has led to renewed interest in our assets by third parties. Work going forward will concentrate on further advancing exploration work on our large land position and re-examining economic thresholds and potential development scenarios for the Moss Lake deposit. We will seek funding for these initiatives via equity financing or joint ventures on terms most favourable for our shareholders.

## **OUTSTANDING SHARE DATA**

As of November 18, 2005, the Company's share information is as follows:

Common shares issued	<u>39,366,667</u>
Common share purchase options	<u>500,000</u>
Common share purchase warrants	<u>435,000</u>

## **OTHER INFORMATION**

Additional information relating the Company can be found on our website at [www.mosslakegold.com](http://www.mosslakegold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com)

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

(Unaudited)

	Sept 30 2005	Dec 31 2004
<b>Assets</b>		
Current		
Cash	\$ 1,144	\$ 23,388
Receivables	<u>8,285</u>	<u>18,565</u>
	9,429	41,953
Exploration properties (Note 3)	<u>1,279,360</u>	<u>1,252,491</u>
	<u>\$ 1,288,789</u>	<u>\$ 1,294,444</u>
<b>Liabilities</b>		
Current		
Payables and accruals	\$ <u>104,130</u>	\$ <u>40,940</u>
<b>Shareholders' Equity</b>		
Capital stock (Note 4)	8,839,123	8,839,123
Contributed surplus (Note 4)	4,300	4,300
Deficit	<u>(7,658,764)</u>	<u>(7,589,919)</u>
	<u>1,184,659</u>	<u>1,253,504</u>
	<u>\$ 1,288,789</u>	<u>\$ 1,294,444</u>

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The external auditors have not reviewed these interim financial statements.

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**Moss Lake Gold Mines Ltd.**  
**Interim Statements of Operations and Deficit**  
(Unaudited)

	Nine Months Ended Sept 30		Three Months Ended Sept 30	
	2005	2004	2005	2004
Interest Income	\$ <u>66</u>	\$ 797	\$ <u>12</u>	\$ 156
Costs and expenses				
Corporate and general	66,661	35,702	17,055	8,363
Large corporation tax	2,250	-	750	-
Stock compensation expense	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
	<u>68,911</u>	<u>37,002</u>	<u>17,805</u>	<u>9,663</u>
Net loss	(68,845)	(36,205)	(17,793)	(9,507)
Deficit, beginning of period	<u>(7,589,919)</u>	<u>(7,542,091)</u>	<u>(7,640,971)</u>	<u>(7,568,789)</u>
Deficit, end of period	\$ <u>(7,658,764)</u>	\$ <u>(7,578,296)</u>	\$ <u>(7,658,764)</u>	\$ <u>(7,578,296)</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>

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**Interim Statements of Cash Flows**  
(Unaudited)

	Nine Months Ended Sept 30		Three Months Ended Sept 30	
	2005	2004	2005	2004
Increase (decrease) in cash				
<b>Operating activities</b>				
Net loss	\$ (68,845)	\$ (36,205)	\$ (17,793)	\$ (9,507)
Stock compensation expense	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
	<u>(68,845)</u>	<u>(34,905)</u>	<u>(17,793)</u>	<u>(8,207)</u>
Change in receivables and payables	<u>59,737</u>	<u>7,514</u>	<u>19,748</u>	<u>(2,315)</u>
	<u>(9,108)</u>	<u>(27,391)</u>	<u>1,955</u>	<u>(10,522)</u>
<b>Investing activities</b>				
Exploration properties	(26,869)	(30,480)	(7,082)	(10,965)
Change in receivables and payables	<u>13,733</u>	<u>-</u>	<u>5,721</u>	<u>-</u>
	<u>(13,136)</u>	<u>(30,480)</u>	<u>(1,361)</u>	<u>(10,965)</u>
Net increase (decrease) in cash	(22,244)	(57,871)	594	(21,487)
Cash, beginning of period	<u>23,388</u>	<u>125,720</u>	<u>550</u>	<u>89,336</u>
Cash, end of period	\$ <u>1,144</u>	\$ <u>67,849</u>	\$ <u>1,144</u>	\$ <u>67,849</u>

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The external auditors have not reviewed these interim financial statements.

# Moss Lake Gold Mines Ltd.

## Notes to the Interim Financial Statements

(Unaudited)

Nine months ended September 30, 2005

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### 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 September 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 September 30, 2005, the Company had a deficit of \$7.7 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.

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### 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.

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### 3. Exploration properties

	<b>Sept 30 <u>2005</u></b>	Dec 31 <u>2004</u>
Cost of properties	\$ 6,481,081	\$ 6,481,081
Exploration expenditures	1,409,312	1,398,849
Settlement of advance royalties	105,000	105,000
Underlying advance royalties	<u>253,719</u>	<u>237,313</u>
	<b>8,249,112</b>	8,222,243
Write-down of carrying values	<u>(6,969,752)</u>	<u>(6,969,752)</u>
	<b>\$ <u>1,279,360</u></b>	<b>\$ <u>1,252,491</u></b>

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## **Moss Lake Gold Mines Ltd.**

### **Notes to the Interim Financial Statements**

(Unaudited)

Nine months ended September 30, 2005

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#### **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.

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#### **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.

<b>Common shares issued:</b>	<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 September 30, 2005	<u>39,366,667</u>	<u>\$ 8,839,123</u>

## Moss Lake Gold Mines Ltd.

### Notes to the Interim Financial Statements

(Unaudited)

Nine months ended September 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 September 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 September 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	<b>500,000</b>	400,000	\$ <b>0.20</b>	\$ 0.20
Granted	-	<u>100,000</u>	-	0.20
Outstanding, end of period	<b><u>500,000</u></b>	<u>500,000</u>		

The following information applies to options outstanding and exercisable at September 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	1.75 years	\$ 0.20
\$0.20	<u>100,000</u>	4.00 years	\$ 0.20
	<u>500,000</u>		

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

##### Warrants

The following table reflects the continuity of warrants for the period ended September 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

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## **Moss Lake Gold Mines Ltd.**

### **Notes to the Interim Financial Statements**

(Unaudited)

Nine months ended September 30, 2005

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#### **5. Loss per common share**

Loss per common share for the three month and nine 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.

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#### **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 \$730 and \$982 for 2005 and 2004, respectively, all of which were capitalized to exploration properties.

Payables and accruals at September 30, 2005 and December 31, 2004 included \$66,609 and \$14,628 due to River Gold, respectively.

Payables and accruals at September 30, 2005 included \$7,018 (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.

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#### **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.

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#### **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.

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#### **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.