



***MOSS LAKE
GOLD MINES LTD***

MOSS LAKE GOLD MINES LTD.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2006

MESSAGE TO SHAREHOLDERS

The first quarter 2006 saw a marked increase in gold prices which has continued into the second quarter. The Company's large, low grade resources are acutely sensitive to such movements in the gold market. These factors have prompted the directors to kick-start the process of re-evaluating the Company's assets in light of current economic conditions.

This will involve a stepwise process of generating new mineral resource estimates as per new Canadian Securities Administrators' definitions and regulations as well as scoping studies to provide guidelines for examining potential development scenarios.

As the gold price has risen, so has interest in our assets from third parties. The directors will continue to examine any proposals which show potential to increase shareholders' value over the short, medium and longterm.

On behalf of the Directors,

George N. Mannard
President

May 30, 2006

MOSS LAKE GOLD MINES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

First Quarter Report March 31, 2006

The following discussion and analysis of the operations, results, and financial position of Moss Lake Gold Mines Ltd. (the "Company") for the first quarter ended March 31, 2006 should be read in conjunction with the December 31, 2005 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 May 30, 2006.

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. 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

	2006		2005	
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Interest income	\$ 20	\$ 13	\$ 12	\$ 15
Net loss (in thousands)	25	7	18	33
Loss per share – basic and diluted	0.00	0.00	0.00	0.00
Total assets (in thousands)	1,298	1,296	1,289	1,275
Shareholders' equity (in thousands)	1,152	1,177	1,185	1,202
	2005		2004	
Interest income	\$ 39	\$ 473	\$ 156	\$ 220
Net loss (in thousands)	19	12	10	14
Loss per share – basic and diluted	0.00	0.00	0.00	0.00
Total assets (in thousands)	1,274	1,294	1,141	1,153
Shareholders' equity (in thousands)	1,235	1,254	1,134	1,142

BALANCE SHEET AND OPERATIONS

At March 31, 2006, assets totalled \$1,298,225 compared to \$1,295,892 at year-end 2005. During the first quarter, 2006, the Company spent \$5,469 on royalties and \$229 on exploration expenditures on the Moss Lake property and spent \$nil on exploration expenditures on the Fountain Lake property. The Company reported a loss before recovery of future income taxes for the first quarter of \$25,262 compared to a loss of \$18,537 in 2005. The ongoing corporate and general expenses required to run a public company continue to be monitored closely.

During the first quarter of 2006, corporate and general expenses increased to \$25,282 compared to \$18,576 in the first quarter of 2005 due to increasing legal, audit, stock transfer and filing fees.

LIQUIDITY AND CAPITAL RESOURCES

The Company is an exploration and development company and has no revenue. At March 31, 2006, the Company had cash resources of \$1,984 compared to \$117 at year-end 2005. The Company had a working capital deficit of \$142,674 at March 31, 2006, compared to a working capital deficit of \$111,713 at year-end 2005. During 2004, the Company issued flow-through common shares for gross proceeds of \$49,500 and issued 870,000 units for gross proceeds of \$104,400. Each unit consisted of one common share and one-half of one common share purchase warrant and each whole warrant has an exercise price of \$0.20 and is exercisable until October 4, 2006.

Subsequent to March 31, 2006, on April 24, the Company announced a convertible, unsecured promissory note had been arranged with majority shareholder Wesdome Gold Mines Ltd. The note has a two year term at 8% per annum and is convertible at \$0.25 per share. The funds will be used to satisfy existing indebtedness of \$107,000 and provide funds for general working capital, exploration and technical studies on the Moss Lake gold deposit. Combined with the "in the money" outstanding warrants and stock options, it will be possible to fund activities for two years.

ANALYSIS OF EXPLORATION PROPERTIES

	Cost	Write down	Total
Balance, Dec 31, 2005	\$ 8,258,296	\$ (6,969,752)	\$ 1,288,544
Advance royalties	5,469	-	5,469
Camp operations	205	-	205
Retention	10	-	10
Administration fees	15	-	15
Balance, March 31, 2006	\$ 8,263,995	\$ (6,969,752)	\$ 1,294,243

ANALYSIS OF CORPORATE AND GENERAL EXPENSES

Three months ended March 31	2006	2005
Insurance	\$ 1,550	\$ 1,550
Audit fees	6,000	2,100
Legal fees	-	1,394
Professional fees	4,780	600
Stock exchange fees	3,700	3,100
Stock transfer fees	1,953	1,813
Filing fees	3,445	2,976
Shareholders' information	1,500	1,084
Information technology	-	-
Promotion	2,135	3,156
Office	-	-
Miscellaneous	219	803
	\$ 25,282	\$ 18,576

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. Due to the quality and density of data, the historic estimates are deemed relevant by G. Mannard, P.Geo. and appropriately "Qualified Person".

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 2006.

ENVIRONMENT

Moss Lake is committed to a program of environmental protection at its exploration sites. The Company was in compliance with government regulations in 2006.

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. ("River Gold"). 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.

On February 1, 2006, Wesdome Gold Mines Ltd. ("New Wesdome") completed the merger of Wesdome Gold Mines Inc. ("Old Wesdome") and River Gold to form New Wesdome. New Wesdome's common shares commenced trading over the facilities of the Toronto Stock Exchange on February 6, 2006.

The Merger involved the amalgamation of Old Wesdome with a wholly-owned subsidiary of River Gold (the "Amalgamation"). Immediately prior to the Amalgamation, River Gold filed articles of amendment (i) changing its name to "Wesdome Gold Mines Ltd." and (ii) consolidating the outstanding River Gold common shares on the basis that 1.538461538 of a common share of River Gold (each a "Pre-Consolidation River Share") became one post-consolidation River Gold common share (each a "New Wesdome Share"); i.e. each Pre-Consolidation River Gold Share became 0.65 of a New Wesdome Share. Upon the Amalgamation, each common share in the capital of Wesdome was exchanged for a New Wesdome Share and the shareholders of Old Wesdome became shareholders of the combined entity.

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 March 31, 2006, the Company's share information is as follows:

Common shares issued	<u>39,366,667</u>
Common share purchase options	<u>400,000</u>
Common share purchase warrants	<u>435,000</u>

OTHER INFORMATION

Additional information relating to the Company can be found on our website at www.mosslakegold.com and on SEDAR at www.sedar.com

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

(Unaudited)

	Mar 31 2006	Dec 31 2005 (Audited)
Assets		
Current		
Cash	\$ 1,984	\$ 117
Receivables	<u>1,998</u>	<u>7,231</u>
	3,982	7,348
Exploration properties (Note 3)	<u>1,294,243</u>	<u>1,288,544</u>
	<u>\$ 1,298,225</u>	<u>\$ 1,295,892</u>
Liabilities		
Current		
Payables and accruals	\$ <u>146,656</u>	\$ <u>119,061</u>
Shareholders' Equity		
Capital stock (Note 4)	8,839,123	8,839,123
Contributed surplus (Note 4)	4,300	4,300
Deficit	<u>(7,691,854)</u>	<u>(7,666,592)</u>
	<u>1,151,569</u>	<u>1,176,831</u>
	<u>\$ 1,298,225</u>	<u>\$ 1,295,892</u>

Operations and going concern assumption (Note 1)

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	2006	2005
Interest income	\$ 20	\$ 39
Costs and expenses		
Corporate and general	<u>25,282</u>	<u>18,576</u>
Net loss	(25,262)	(18,537)
Deficit, beginning of period	<u>(7,666,592)</u>	<u>(7,589,919)</u>
Deficit, end of period	\$ <u>(7,691,854)</u>	\$ <u>(7,608,456)</u>
Loss per common share (Note 5)		
Basic and diluted	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>

Interim Statements of Cash Flows

(Unaudited)

Three Months Ended March 31	2006	2005
Increase (decrease) in cash		
Operating activities		
Net loss	\$ (25,262)	\$ (18,537)
Change in receivables and payables	<u>32,827</u>	<u>14,573</u>
	7,565	(3,964)
Investing activity		
Exploration properties	<u>(5,698)</u>	<u>(7,082)</u>
Net increase (decrease) in cash	1,867	(11,046)
Cash, beginning of period	<u>117</u>	<u>23,388</u>
Cash, end of period	\$ <u>1,984</u>	\$ <u>12,342</u>

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, 2006

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 was a subsidiary of River Gold Mines Ltd. ("River Gold"), a publicly held company, which is listed on the Toronto Stock Exchange. At December 31, 2005, River Gold held approximately 61% of the then outstanding common shares of the Company.

On February 1, 2006, Wesdome Gold Mines Ltd. ("Wesdome") completed the merger of Wesdome Gold Mines Inc. ("Wesdome Inc.") and River Gold to form Wesdome. Wesdome's common shares commenced trading over the facilities of the Toronto Stock Exchange on February 6, 2006.

The Merger involved the amalgamation of Wesdome Inc. with a wholly-owned subsidiary of River Gold (the "Amalgamation"). Immediately prior to the Amalgamation, River Gold filed articles of amendment (i) changing its name to "Wesdome Gold Mines Ltd." and (ii) consolidating the outstanding River Gold common shares on the basis that 1.538461538 of a common share of River Gold (each a "Pre-Consolidation River Share") became one post-consolidation River Gold common share (each a "Wesdome Share"); i.e. each Pre-Consolidation River Gold Share became 0.65 of a Wesdome Share. Upon the Amalgamation, each common share in the capital of Wesdome Inc. was exchanged for a Wesdome Share and the shareholders of Wesdome Inc. became shareholders of the combined entity.

As a result of these transactions, the ownership of the Company, previously held by River Gold, is now held by Wesdome.

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, 2006, 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 Wesdome, 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.

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Three months ended March 31, 2006

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, 2005

3. Exploration properties

	<u>Mar 31</u> <u>2006</u>	Dec 31 <u>2005</u>
Cost of properties	\$ 6,481,081	\$ 6,481,081
Exploration expenditures	1,413,257	1,413,027
Settlement of advance royalties	105,000	105,000
Underlying advance royalties	<u>264,657</u>	<u>259,188</u>
	<u>8,263,995</u>	8,258,296
Write-down of carrying values	<u>(6,969,752)</u>	<u>(6,969,752)</u>
	<u>\$ 1,294,243</u>	\$ <u>1,288,544</u>

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.

Moss Lake Gold Mines Ltd.

Notes to the Interim Financial Statements

(Unaudited)

Three months ended March 31, 2006

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, 2005 and March 31, 2006	39,366,667	\$ 8,839,123

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 March 31, 2006, and December 31, 2005, 3,936,667 common shares are available for grant under the plan.

The following table reflects the continuity for the three months ended March 31, 2006 and 2005 of options granted under the plan.

	<u>Shares</u>		<u>Weighted Average Exercise Price</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Outstanding, beginning and end of period	<u>400,000</u>	<u>500,000</u>	\$ 0.20	\$ 0.20

The following information applies to options outstanding and exercisable at March 31, 2006.

<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Weighted Average Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>
\$0.20	300,000	1.25 years	\$ 0.20
\$0.20	<u>100,000</u>	3.50 years	\$ 0.20
	<u>400,000</u>		

The contributed surplus balance relating to stock options was \$4,300 as at March 31, 2006 and December 31, 2005.

Warrants

The following table reflects the continuity of warrants for the period ended March 31, 2006.

<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, 2006

5. Loss per common share

Loss per common share is based on a weighted average number of shares outstanding of 39,366,667 for 2006 and 2005.

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, Wesdome, 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. Wesdome 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 \$15 and \$nil for 2006 and 2005, respectively, all of which were capitalized to exploration properties.

Payables and accruals at March 31, 2006 and December 31, 2005 included \$101,918 and \$86,902, respectively, due to Wesdome.

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 2006.

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.