MOSS LAKE GOLD MINES LTD

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INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2011

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FIRST QUARTER REPORT
MARCH 31, 2011

This Management's Discussion and Analysis ("MD&A") dated June 29, 2011 should be read in conjunction with Moss Lake Gold Mines Ltd.'s ("Moss Lake" or "the Company") unaudited interim financial statements for the three months ended March 31, 2011, and their related notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The March 31, 2011, interim financial statements are the Company's first financial statements prepared under IFRS. Consequently, the comparative figures for 2010 have been restated from generally accepted accounting principles in Canada ("Canadian GAAP") to comply with IFRS. The reconciliations from the previously published Canadian GAAP financial statements are summarized in Note 12 to the interim financial statements. This MD&A contains "forward-looking statements" that are subject to risk factors set out in the cautionary statement below. All figures are in Canadian dollars unless otherwise stated. Additional information on Moss Lake can be found at www.mosslakegold.com or www.sedar.com. Moss Lake trades on the TSX-Venture Exchange under the symbol "MOK". The Company's head office is at 8 King Street East, Suite 1305, Toronto, Ontario, Canada.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

All statements, other than statements of historical fact, constitute "forward-looking statements" and are based on expectations, estimates and projections as at the date of this MD&A. The words "believe", "expect", "anticipate", "plan", "intend", "continue", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Moss Lake to be materially different from the Company's estimated future results, performance or achievements expressed or implied by the forward-looking statements and the forward-looking statements are not guarantees of future performance. Factors that could cause results or events to differ materially from current expectations expressed or implied are inherent to the gold mining industry and include, but are not limited to, those discussed in the section entitled "Risks and Uncertainties". The Company does not intend, and does not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or results or otherwise except as required by applicable laws.

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. The principal asset of the Company is the Moss Lake gold deposit. This large, low grade resource's value is sensitive to the gold price. The Company is a 57.6% owned subsidiary of Wesdome Gold Mines Ltd. ("Wesdome"), an established Canadian gold producer listed on the TSX Exchange under the symbol "WDO".

OVERALL PERFORMANCE

The Company is an exploration and development company and has no revenue. Its principle asset is the Moss Lake property and surrounding Fountain Lake claims. It may be viewed as a single asset company. The Moss Lake property hosts a large tonnage – low grade gold deposit while the surrounding claims host numerous gold occurrences and offer exploration potential.

In recent years the gold price has risen substantially and trends in the gold mining industry have shifted from traditional underground mining towards the exploitation of large tonnage – low grade deposits by surface mining techniques. From March, 2005 to March, 2011 the gold price has risen from $400US per ounce to $1,400US per ounce.

When the gold price was low, 1996 – 2005, the Company consolidated its regional land position and conducted exploration work to provide a systematic appraisal of potential surrounding the Moss Lake gold deposit. In 2006, the Company initiated a systematic evaluation of the Moss Lake deposit which involved a 43-101 technical report and resource estimate.

A drilling program based on recommendations of this study was conducted in 2008. Resource modelling to incorporate this work was initiated in 2009, leading to an updated 43-101 technical report and resource estimate completed in 2010. On April 25, 2011, the Company announced it obtained a $2,000,000 loan from Wesdome. The loan will fund studies necessary to refine the level of confidence in operating and capital cost estimates required to produce a Preliminary Analysis and advance the project to the Pre-Feasibility stage.

At March 31, 2011, the Company had a working capital deficit of $426,694 compared to a deficit of $330,047 at December 31, 2010. Subsequent to the end of the first quarter, 2011, the Company obtained a $2.0 million financing from parent company Wesdome Gold Mines Ltd. by way of a 2-year convertible promissory note with a $0.50 per share conversion price. This will permit the completion of important evaluation work with little potential dilution to shareholders.

DISCUSSION OF OPERATIONS

Analysis of Exploration Properties

Balance, January 1, 2010	$ 2,708,845
Advance royalties	21,875
Camp operations	4,363
Retention	705
Core drilling	30,359
Administration fees	2,607
Balance, December 31, 2010	2,768,754
Advance royalties	**5,469**
Camp operations	**281**
Balance, March 31, 2011	**$ 2,774,504**

Analysis of Corporate and General Expenses

Three months ended March 31	**2011**	2010	2009
Insurance	**$ 1,439**	$ 1,439	$ 1,967
Audit fees	**4,500**	3,750	3,750
Professional fees	**72,348**	1,890	1,300
Stock exchange fees	**7,550**	5,500	5,400
Stock transfer fees	**1,410**	2,146	2,109
Filing fees	**210**	210	110
Shareholders' information	**1,908**	2,850	1,700
Conventions	**11,395**	1,220	2,034
Advertising and promotion	**-**	-	203
Miscellaneous	**137**	240	47
	$ 100,897	$ 19,245	$ 18,620

In analyzing the Corporate and General Expenses for the first quarter, two items stand out.

The first is professional fees which include accounting fees and legal fees. The legal fees associated with the aborted Rights Offering are primarily responsible for this significant increase. Additionally, accounting fees rose as a result of the transition to IFRS. The second quarter of the year will also include higher than usual accounting expenses related to the new standards.

The second item was the Cambridge House Investment Conference in Vancouver in January. This convention allowed management to present Moss Lake to retail and institutional investors, promote the Company and evaluate options and the market conditions for the financing effort. The feedback was very supportive.

During the first quarter, 2011, the Company focussed on financing the work program designed to advance a Preliminary Economic Assessment of the Moss Lake project. Consultants Watts, Griffis and McOuat ("WGM") provided a budget of $1.26 million to undertake this work. To fund this work the Company initiated a Rights Offering, but could not obtain regulatory approval on terms recommended by the directors. On April 25, 2011, the Company arranged a $2.0 million convertible loan with Wesdome that will satisfy its funding requirements and limit dilution to existing shareholders.

The Company maintains a camp on the property and pays an annual advanced royalty of $21,875 per annum in lieu of an 8.75% net profit royalty prior to commercial production. The Company's claims and mining leases are in good standing with sufficient reserve credits to maintain the properties for over 10 years. Overall, fixed costs to maintain operations, pay taxes, royalties and upkeep are about $30,000 per year. The claims require $85,000 in assessment credits per year. Over $850,000 in banked assessment credits are currently available.

Corporate and general costs are tightly monitored and include legal, audit, insurance, transfer agent, listing and filing fees. These minimum requirements to maintain a listed company amount to approximately $60,000 per year. The amount of money spent on promotion is variable year to year with a peak of about $50,000 in 2008. We plan to increase promotion upon the receipt of the Preliminary Economic Assessment.

Resource Estimates and Project Advancement

On July 14, 2010, a revised mineral resource estimate was released. This work was completed by independent consultants Watts, Griffis and McOuat Limited and incorporated results of the 2008 drilling program. Tonnage and contained ounces of gold increased by 8% over previous estimates and 65% of the resources were upgraded to the indicated resource category.

MOSS LAKE MINERAL RESOURCES
Prepared by WGM (using a 0.001 opt Au cut-off and 0.300 opt Au top cut)

Category	Zone	Tons (million)	opt Au	Contained Au ('000 oz)
Indicated	Main Zone	12.5	0.023	291
	QES Zone	27.8	0.029	816
	Total Indicated	**40.3**	**0.027**	**1,107**
Inferred	Main Zone	16.5	0.025	418
	QES Zone	4.2	0.025	107
	Total Inferred	**20.7**	**0.025**	**525**

Notes:
(1) This Mineral Resource estimate was prepared by Mr. Kurt Breede, P.Eng., who is an independent Qualified Person, and is effective July 14th, 2010.
(2) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
(3) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or

Measured Mineral Resource category.

(4) The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.

(5) This estimate was prepared using an inverse distance interpolated block model and reported within an interpreted wireframe of the mineralized envelope at a 0.015opt Au (or 0.5 g/tonne Au) limit and excludes all blocks with a grade below 0.001 opt Au. The cut-off grade of 0.015 opt Au was selected as the basis on which the two Zones were modelled in the geological interpretation, and considered the parameters that would likely determine the economic viability of an open pit mining operation at Moss Lake. These included likely mine dilution, metallurgical recoveries, operating costs and a gold price of US$900/oz (at an exchange rate of US$1:C$1.10),

(6) The resource estimate extends to a depth of 870 feet which is deemed a practical cut-off to maintain reasonable stripping ratios in a surface mining operation.

Management of Moss Lake believes the pragmatic application of blasthole grade control techniques on a bench by bench basis offers potential to realize better grades in an eventual mining operation. The following table demonstrates the cut-off grade sensitivity of Moss Lake Mineral Resource estimates.

MOSS LAKE MINERAL RESOURCES CUTOFF GRADE SENSITIVITY

Cut-off Grade (opt)	Main Zone (million Tons)	Au (opt)	QES Zone (million Tons)	Au (opt)	Total (million Tons)	Au (opt)	Contained Au ('000 oz)
Indicated							
0.001	**12.5**	**0.023**	**27.8**	**0.029**	**40.3**	**0.027**	**1,107**
0.010	9.3	0.029	25.1	0.032	34.3	0.031	1,069
0.015	7.2	0.034	21.7	0.035	28.8	0.035	998
0.020	5.0	0.041	17.0	0.040	22.0	0.040	881
Inferred							
0.001	**16.5**	**0.025**	**4.2**	**0.025**	**20.7**	**0.025**	**525**
0.010	13.2	0.030	3.8	0.027	17.0	0.029	500
0.015	10.1	0.035	3.1	0.030	13.3	0.034	454
0.020	8.0	0.041	2.0	0.035	10.0	0.040	397

The mineralized material extends for 8,500 feet of strikelength and remains open at depth. The resource estimate is restricted to a depth of 870 feet from surface.

A 1,000 foot long gap exists between the Main and QES zones defined by limited previous drilling. This area offers potential to increase resources with further rigorous drilling.

The updated resource estimate includes 15 drill holes completed in 2008 in order to validate historical data and refine the resource models. This work updates a previous report completed in 2006 (www.sedar.com – Technical Report, November 27, 2006, Moss Lake Gold Mines Ltd.).

The independent "Qualified Persons" for the 43-101 compliant Mineral Resource Estimate are Richard W. Risto, P.Geo and Kurt Breede, P.Eng. of Watts, Griffis and McOuat Limited.

Both management and its independent consultants believe the project has significant merit. The fundamental aspects of the proposed program are a Preliminary Assessment followed by definition drilling and certain pre-development activities, specifically, further metallurgical and grinding testwork, pit design and optimization, initiation of environmental baseline studies, community and First Nations relations, hydrology studies and development of a conceptual siteplan, including the potential diversion of a creek. This work would provide key information for improving confidence in operating and capital cost estimates while advancing the project towards the Pre-Feasibility stage. The recommended program is budgeted at $1.26 million.

SUMMARY OF QUARTERLY RESULTS

	2011	2010		
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Working capital (deficit)	$ (426,694)	$ (330,047)	$ (588,233)	$ (520,221)
Interest income	-	-	-	-
Net loss (in thousands)	(101)	(22)	(190)	(26)
Net loss per share	(0.00)	(0.00)	(0.01)	(0.00)

	2010	2009		
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Working capital (deficit)	$ (476,004)	$ (435,629)	$ (147,120)	$ (110,779)
Interest income	-	-	4	-
Net loss (in thousands)	(34)	(31)	(31)	(36)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)

The net loss reflects ongoing corporate and general costs which include the previously explained legal, accounting and convention costs. In the third quarter, 2010, a non-cash stock compensation expense of $150,000 was booked to expense stock options granted to directors and officers of the Company.

Likewise, the working capital deficit grew progressively over this period reflecting ongoing corporate and general and operating costs. The Company's working capital issues were addressed subsequent to March 31, 2011, with completion of a $2.0 million financing.

LIQUIDITY AND CAPITAL RESOURCES

The Company is a venture issuer involved in mineral exploration and development. It therefore, does not generate sales nor significant revenue. The Company's objective is to advance its assets to a point where their economic relevance may be demonstrated and build a mine capable of providing a return on capital for its shareholders. Mineral exploration is by nature a high risk – high reward business.

At March 31, 2011, the Company had cash resources of $5,995 compared to $388 at year-end 2010. The Company had a working capital deficit of $426,694 at March 31, 2011 compared to a deficit of $330,047 at year-end, 2010. The Company has been around since 1996 and has been funded historically by equity issues or advances and loans from its parent company Wesdome. The Company's sole asset is mining claims and leases which host the Moss Lake gold deposit. The gold market is very strong and the future of the Company depends on work designed to assess the potential economic viability of this asset. Wesdome understands the significance of this asset over the long term and has historically supported the Company's efforts by providing loans and advances to cover working capital requirements when needed. The working capital deficit is composed primarily of payables and accruals due to Wesdome in the amount of $324,029 at March 31, 2011.

On November 19, 2008, the Company obtained a $300,000 loan from majority shareholder Wesdome. As consideration, the Company issued to Wesdome a convertible, unsecured promissory note having a two year term and bearing interest at 10% per annum. During 2010, this note was repaid through the issuance of shares.

On April 25, 2011, the Company obtained a $2,000,000 loan from Wesdome. In consideration for the loan, the Company issued to Wesdome a convertible unsecured promissory note having a two year term and bearing interest at a rate of 8% per annum. The principal amount of the note is convertible into common shares at $0.50 per share. The current cash balance as of June 29, 2011, is $1,658,998.

The Company believes this loan will be sufficient to complete the recommended $1.26 million work program and provide working capital for about two years. A further financing in fall 2011 to fund the planned winter drilling will be considered.

The Company's current working capital requirements are discussed in detail in the Discussion of Operations section. Fixed costs to maintain operations, pay taxes and royalties and upkeep are about $30,000 per annum. Corporate and general costs to maintain the requirements of a listed company have been about $67,000 in 2010 and $75,000 in 2009. The conversion to IFRS accounting standards and growing regulatory compliance burdens are expected to increase this cost. Therefore, working capital requirements are estimated at $150,000 per year.

TRANSACTIONS WITH RELATED PARTIES

Under the terms of management agreements, Wesdome, as manager, provides technical and administrative support and carries out 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 $Nil for the period ended March 31, 2011 and $2,607 for the year ended December 31, 2010, all of which were capitalized to exploration properties.

Payables and accruals at March 31, 2011 and December 31, 2010, included $324,029 and $306,543, respectively, due to Wesdome.

The balance owing to Wesdome as at March 31, 2011 included the following items, and was repaid in May, 2011:

1) Management fees equal to $83,176;
2) Interest on the 2008 convertible note of $65,931;
3) Operating advances totalling $156,980; and
4) Directors' and officers' insurance of $17,942.

The purpose of the advances was to enable the Company to meet ongoing working capital requirements until such time as the Company can finance its proposed program. The transactions with Wesdome are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Other than as described above, there are no contractual or other commitments between the related parties.

CRITICAL ACCOUNTING ESTIMATES

While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

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 2011 or 2010.

Future Income Tax

Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantively enacted tax rates that will be in effect when the differences are estimated to reverse or losses are estimated to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not.

The Company evaluates the likelihood of using all or a portion of the deductible temporary differences and loss carryforwards based on expected future earnings, the utilization of the deductible temporary differences and the expiry of its loss carryforwards.

Based on this information, the Company determines the appropriate amount of income tax valuation allowance that is required to reduce the value of its total deductible temporary differences and loss carryforwards to an amount which it estimates it can more likely than not utilize. At the end of the current year, the Company determined that it was not more likely than not that it will utilize any portion of its deductible temporary differences or loss carryforwards and therefore, a valuation allowance has been recognized.

FINANCIAL INSTRUMENTS

On November 19, 2008 the Company obtained a $300,000 loan from Wesdome. As consideration the Company issued to Wesdome a convertible unsecured promissory note (the “note”) having a two year term and bearing interest at 10% per annum. During 2010, this note was repaid through the issuance of shares.

On April 25, 2011, the Company obtained a $2,000,000 loan from Wesdome. In consideration for the loan, the Company issued to Wesdome a convertible unsecured promissory note having a two year term and bearing interest at a rate of 8% per annum. The principal amount of the note is convertible into common shares at $0.50 per share.

The Company’s other financial instruments consist of cash, receivables and payables. 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.

FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION

Financial instruments disclosures requires the Company to provide information about: a) the significance of financial instruments for the Company’s financial position and performance and b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks.

Financial Instruments
Following is a table which sets out the fair values of recognized financial instruments using the valuation methods and assumptions described below:

	March 31 2011	December 31 2010	January 1 2010
Financial assets			
Held for trading:			
Cash	**$ 5,995**	$ 388	$ 9,753
Loans and receivables:			
Receivables and other assets	**5,388**	58,228	9,486
Financial liabilities			
Other financial liabilities			
Payables and accruals	**438,077**	388,663	180,820
Convertible promissory note	**-**	-	274,048

Determination of Fair Value
The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties. The Company uses the following methods and assumptions to estimate fair value of each class of financial instruments for which carrying amounts are included in the Balance Sheet as follows:

Cash – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Receivables and other assets – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Other financial liabilities – Payables, accruals and the convertible promissory note are carried at amortized cost. The carrying amount of payables and accruals approximates fair values due to the short maturity of these financial instruments. The fair value of the convertible promissory note was considered to approximate its carrying amount due to discounting at a market rate.

The fair value hierarchy for financial instruments measured at fair value is Level 1 for cash. The Company does not have Level 2 or Level 3 inputs.

Financial Risk Management
The Company is exposed to a number of different risks arising from normal course business exposures, as well as the Company's use of financial instruments. These risk factors include: (1) market risks relating to interest rate risk; (2) liquidity risk; and, (3) credit risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and establishes and monitors risk management policies to: identify and analyze the risks faced by the Company; to set appropriate risk limits and controls; and to monitor risks and adherence to market conditions and the Company's activities.

1) Market Risk
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. As a development stage company the market price movements that could adversely affect the value of the Company's financial assets, liabilities and expected future cash flows are limited to interest rate risk. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

2) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from anticipated investing and financing activities. The Company believes it has access to sufficient capital through equity and debt capital markets. Senior management is also actively involved in the review and approval of planned expenditures.

At each of March 31, 2011, December 31, 2010, and January 1, 2010, all liabilities were due within the year.

3) Credit Risk
Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's accounts receivable consist primarily of deposits and government refunds. The Company estimates

its maximum exposure to be the carrying value of cash and receivables. The Company manages credit risk by maintaining bank accounts with Schedule 1 Canadian banks and investing only in Guaranteed Investment Certificates. The Company's cash is not subject to any external restrictions.

ENVIRONMENT

Moss Lake is committed to a program of environmental protection at its exploration sites. Management believes that it was in material compliance with government regulations in 2011.

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, Wesdome Gold Mines Ltd. Although this cannot be counted upon in the future, Wesdome has been supportive of Moss Lake's efforts and has provided a backup source of capital.

FUTURE ACCOUNTING CHANGES

Transition to International Financial Reporting Standards ("IFRS")
The Company has adopted IFRS for its 2011 fiscal year as required by the Accounting Standards Board of the Canadian Institute of Chartered Accountants. The Company provided information on its transition to IFRS in its 2010 Annual Management's Discussion and Analysis. The interim financial statements for the three month period ended March 31, 2011, are the first prepared under IFRS.

Also, Note 14 of our interim financial statements for the three month period ended March 31, 2011, contains a detailed description of our conversion to IFRS, including a line-by-line reconciliation of financial statements previously prepared under Canadian GAAP to those under IFRS.

Below please find a summary of the important elements regarding the transition:

IFRS 1 – "*First-time Adoption of International Financial Reporting Standards"* ("IFRS 1") governs the first-time adoption of IFRS. IFRS 1 in general requires accounting policies under IFRS to be applied retrospectively to determine the transition date balance sheet of the Company as of the transition date of January 1, 2010, and allows certain exemptions which the Company has elected to apply.

The Company's financial statements for the year ending December 31, 2011 will be the first annual financial statements to comply with IFRS. These interim financial statements are the first IFRS financial statements to be presented for part of the period to be covered by the Company's first IFRS annual financial statements. The adoption of IFRS has not materially changed the Company's overall cash flows or operations, however, it has resulted in certain differences in recognition, measurement and disclosure as compared to Canadian GAAP.

In preparing the interim financial statements for the three months ended March 31, 2011, and the disclosures included in these financial statements, all comparative amounts have been restated to comply with IFRS. The Company's transition date is January 1, 2010 ("the transition date") and the Company prepared its opening IFRS statement of financial position at that date. These financial statements have been prepared in accordance with the accounting policies described in Note 2 and in accordance with the existing IFRS with an effective date of January 1, 2011, which are expected to apply at December 31, 2011. The Company has reconciled the following financial statements as prepared under Canadian GAAP to those prepared under IFRS for the following periods:

- Statements of financial position as at January 1, 2010, March 31, 2010 and December 31, 2010
- Statements of shareholders' equity as at January 1, 2010, March 31, 2010 and December 31, 2010
- Statements of income for the three months ended March 31, 2010 and the year ended December 31, 2010
- Statements of comprehensive income for the three months ended March 31, 2010 and the year ended December 31, 2010

IFRS 1 - "*First-time Adoption of International Financial Reporting Standards"* sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities charged or credited to retained earnings unless certain exemptions are applied. The Company has applied the following change to its opening statement of financial position dated January 1, 2010:

(a) Reclassification of flow-through shares
The Company has issued flow-through shares in the past. IFRS requires the difference between quoted market price of the same class of share without the flow-through feature and the amount the investor pays for the shares, or premium, be recorded as a liability. There was no premium previously recorded, and accordingly no adjustment was made related to a premium.

Under the terms of flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. Under IFRS, the tax effect of the flow-through share renunciations are recorded in other income. The renunciations previously charged to share capital were transferred to retained earnings in the amount of $272,000.

Cash Flow Statement
The presentation of the cash flow statement in accordance with IFRS differs from the presentation of the cash flow statement in accordance with Canadian GAAP. The changes made to the statements of financial position and statements of income and comprehensive income have resulted in reclassifications of various amounts on the statement of cash flows.

Information Systems
IT implications were assessed with respect to additional information required under IFRS. No significant changes were required to operate the accounting system under IFRS.

Internal Controls
Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the SEDAR filings are presenting fairly the results of the Company. Management is confident it can still certify its filings following the transition to IFRS.

Impact on the Business
The business processes of the Company were not affected significantly by IFRS. The Company has no foreign currency transactions, no defined benefit pension plan, no hedging activities, and no debt or capital covenants. The Company does not have compensation arrangements that are affected by the IFRS implementation. The Company's Stock Option Plan is not affected by ratios or financial targets.

The International Accounting Standard Board currently has projects underway that are expected to result in new pronouncements and as a result, there may be future impacts on business processes as IFRS in the future is expected to differ from its current form.

Training and Communication

Key finance staff has attended and continue to attend various IFRS update and training courses. IFRS standard requirements have been communicated to other finance staff.

OUTLOOK

The Company is advancing work on the conceptual site plan and planning detailed pit optimization and metallurgical studies. The metallurgical studies are focused on determining the recovery rates of the substantial low grade halo which surrounds the Moss Lake deposit. Grinding testwork will determine energy consumption costs – a key element of operating costs.

A detailed LIDAR topographic survey has been flown and will be utilized as a base for developing the conceptual site plan involving creek diversion, ditching, tailings disposal and waste rock sites.

We hope to provide shareholders with a clear estimate of costs and the economic conditions required to justify mine development on their property.

SUMMARY OF SHARES ISSUED

As of June 29, 2011, the Company's share information is as follows:

Common shares issued	47,034,679
Common share purchase options	2,850,000
Common share purchase warrants	Nil

Moss Lake Gold Mines Ltd.

(A Development Stage Company)

Interim Statement of Financial Position

(Unaudited, expressed in Canadian dollars)

	March 31 2011	December 31 2010	January1 2010
Assets			
Current			
Cash	**$ 5,995**	$ 388	$ 9,753
Receivables and other assets	**5,388**	58,228	9,486
	11,383	58,616	19,239
Exploration properties (Note 5)	**2,774,504**	2,768,754	2,708,845
	$2,785,887	$2,827,370	$2,728,084
Liabilities			
Current			
Payables and accruals	**$ 438,077**	$ 388,663	$ 180,820
Convertible promissory note (Note 6)	**-**	-	274,048
	438,077	388,663	454,868
Equity			
Capital stock (Note 7)	**10,704,622**	10,688,622	10,357,654
Contributed surplus	**373,408**	379,408	229,408
Equity component of convertible promissory note (Note 6)	**-**	-	43,962
Deficit	**(8,730,220)**	(8,629,323)	(8,357,808)
	2,347,810	2,438,707	2,273,216
	$2,785,887	$2,827,370	$2,728,084

Nature and continuation of operations (Note 1)
Environmental risks (Note 11)
Subsequent event (Note 15)

See accompanying notes to the interim financial statements.

Moss Lake Gold Mines Ltd.

(A Development Stage Company)

Interim Statements of Operations, Comprehensive Income and Deficit

(Unaudited, expressed in Canadian dollars)

Three Months Ended March 31		2011		2010
Costs and expenses				
Interest on long term debt (Note 6)	**$**	**-**	$	14,706
Corporate and general		**100,897**		19,245
Net loss before income taxes		**100,897**		33,951
Income taxes		**-**		-
Net loss and comprehensive loss		**(100,897)**		(33,951)
Deficit, beginning of period		**(8,629,323)**		(8,357,808)
Deficit, end of period	**$**	**(8,730,220)**	$	(8,391,759)
Net loss per common share (Note 8)				
Basic and fully diluted	**$**	**(0.00)**	$	(0.00)

Interim Statements of Total Equity

	Capital Stock	Contributed Surplus	Equity Component of Promissory Note	Deficit	Total Equity
Balance, January 1, 2010	$10,357,654	$ 229,408	$ 43,962	$ (8,357,808)	$2,273,216
Net loss for the period ended March 31, 2010	-	-	-	(130,164)	(130,164)
Balance, March 31, 2010	10,357,654	229,408	43,962	(8,487,972)	2,143,052
Share based compensaton	-	150,000	-	-	150,000
Transfer of equity component of convertible promissory note issued on conversion of note	43,962	-	(43,962)	-	-
Common shares, net of costs of $2,084 (Note 7)	297,916	-	-	-	297,916
Share issuance costs flow-through shares issued	(10,910)	-	-	-	(10,910)
Net loss for the year ended December 31, 2010	-	-	-	(141,351)	(141,351)
Balance, December 31, 2010	10,688,622	379,408	-	(8,629,323)	2,438,707
Exercise of stock options	**10,000**	**-**	**-**	**-**	**10,000**
Value attributed to stock options exercised	**6,000**	**(6,000)**	**-**	**-**	**-**
Net loss for the period ended March 31, 2011	**-**	**-**	**-**	**(100,897)**	**(100,897)**
Balance, March 31, 2011	**$10,704,622**	**$ 373,408**	**$ -**	**$ (8,730,220)**	**$2,347,810**

See accompanying notes to the interim financial statements.

Moss Lake Gold Mines Ltd.
(A Development Stage Company)
Interim Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)

Three Months Ended March 31		**2011**		2010
Increase (decrease) in cash				
Operating activities				
Net loss	**$**	**(100,897)**	$	(33,951)
Interest on long term debt		**-**		14,706
Accretion of discount on convertible promissory note		**-**		7,309
Change in receivables and other assets and payables		**102,254**		26,674
		1,357		14,738
Financing activities				
Interest on long term debt		**-**		(14,706)
Exercise of stock options		**10,000**		-
		10,000		(14,706)
Investing activities				
Additions to exploration properties		**(5,750)**		(6,424)
Net increase (decrease) in cash		**5,607**		(6,392)
Cash, beginning of period		**388**		9,753
Cash, end of period	**$**	**5,995**	$	3,361

See accompanying notes to the interim financial statements.

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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 (TSXV: MOK). The Company carries on business in one segment, being the acquisition, exploration and development of properties for the mining of precious and base metals in Canada (see Note 5 for developments to date). The Company has not earned any revenue to date from its operations and is therefore, considered to be in the development stage. The amounts shown as property acquisition costs do not necessarily represent present or future values. The Company is a subsidiary of Wesdome Gold Mines Ltd. (“Wesdome”), a publicly held company, which is listed on the Toronto Stock Exchange (TSX: WDO). The Company’s registered office is 8 King Street East, Suite 1305, Toronto, Ontario, M5C 1B5.

These are the Company’s first interim financial statements for part of the period covered by the Company’s first International Financial Reporting Standards (“IFRS”) annual financial statements. IFRS represents standards and interpretations approved by the International Accounting Standards Board (“IASB”), and are comprised of IFRSs, International Accounting Standards (“IASs”), and interpretations issued by the IFRS Interpretations Committee (“IFRICs”) or the former Standing Interpretations Committee (“SICs”).

These interim financial statements have been prepared on a historical cost basis, and have also been prepared in compliance with IAS 34 – “*Interim Financial Reporting”* and on the basis of IFRS standards and interpretations expected to be effective as at the Company’s first IFRS annual reporting date, December 31, 2011, with significant accounting policies as described in Note 2.

These interim financial statements are presented in Canadian dollars (“Cdn $”), which is also the functional currency of the Company.

These unaudited interim financial statements were authorized for issuance by the Board of Directors of the Company on June 29, 2011.

Continuation of Operations

The Company has incurred significant losses and, at March 31, 2011, the Company had a deficit of $8,730,220 and a working capital deficiency of $426,694. 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. Management is required to secure financing to discharge its current and future obligations. While the Company has been successful in the past, there can be no assurance it will be able to raise sufficient funds in the near term. Changes in future conditions could require additional write-downs of the carrying values.

On April 25, 2011, the Company obtained a $2,000,000 loan from Wesdome. In consideration for the loan, the Company issued to Wesdome a convertible unsecured promissory note with a two year term and bearing interest at a rate of 8% per annum. The principal amount of the note is convertible into common shares at a price of $0.50 per share.

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION (continued)

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.

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

(a) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand and balances with banks.

(b) Exploration and Evaluation Costs
Exploration expenditures reflect the costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All expenditures relating to exploration activities are capitalized as incurred from the point at which the Company receives the legal right to explore.

Evaluation expenditures reflect costs incurred at exploration projects related to establishing the technical and commercial viability of developing mineral deposits identified through exploration or acquired through a business combination or asset acquisition.

Evaluation expenditures include the cost of:

(i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve,

(ii) determining the optimal methods of extraction and metallurgical and treatment processes,

(iii) studies related to surveying, transportation and infrastructure requirements,

(iv) permitting activities, and

(v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Costs in relation to these activities are capitalized as incurred under exploration properties until such time as the Company expects that mineral resources will be converted to mineral reserves within a reasonable period and mine development commences. Thereafter, accumulated exploration and evaluation costs for the project are reclassified to mining properties. Exploration and evaluation costs of abandoned properties are expensed in the period in which the project is abandoned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews and evaluates its exploration properties at the cash-generating unit ("CGU") level to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of impairment. The Company's CGUs are its individual exploration properties.

The recoverable amount of an exploration property is the greater of its fair value less costs to sell and its value in use. The value in use is estimated as the discounted future after-tax cash flows expected to be derived from a mine site. If the recoverable amount of a mine site is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognized as other operating expenses in the period they are incurred. When an impairment loss reverses in a subsequent period, the carrying amount of the related asset is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset previously. Reversals of impairment losses are recognized in net earnings in the period the reversals occur.

(d) Income Taxes

Income taxes are calculated using the asset and liability method where current income taxes are recognized as an expense for the estimated income taxes payable for the current period.

Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward, to the extent that it is probable that deductions, credits and tax losses can be utilized, and are measured using the substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. Deferred income taxes relating to the initial recognition of an asset or liability in a transaction that, at the time of the transaction, neither affects accounting nor taxable net earnings, are not recognized.

(e) Equity, Contributed Surplus and Retained Earnings

Share capital represents the consideration received for shares that have been issued, net of related issuance costs.

Contributed surplus includes the value of share based payments and expired warrants.

Retained earnings include all current and prior period retained profits.

(f) Decommissioning Liabilities

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. Decommissioning and closure costs expected to be incurred in the future will be estimated by the Company's management based on the information available to them.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Any change in cost estimates, discount rates, or other assumptions should additional information become available would be accounted for on a prospective basis. The Company's estimates will be reviewed annually for changes in regulatory requirements, discount rates, and changes in estimates. Management considers the Bank of Canada bond rate related to the life of mine when determining the discount rate. The rate is subsequently adjusted for risk to allow for the indeterminate nature of the mine life.

The net present value of the future rehabilitation cost estimates arising from decommissioning of property, plant and equipment will be recognized in the period in which it is incurred with an offsetting amount being recognized as an increase in the carrying amount of the corresponding mining asset. This asset will be amortized on a units-of-production basis over the estimated life of the mine while the corresponding liability accretes to its undiscounted value by the end of the mine's life.

At March 31, 2011, the Company has not incurred or committed to any decommissioning liabilities on its exploration properties.

(g) Financial Instrument Classification and Measurement

Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as ''fair value through profit and loss'', directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified as ''fair value through profit and loss'', ''available-for-sale'', ''held-to-maturity'', or ''loans and receivables'' as defined by IAS 39 - ''*Financial Instruments*":

Recognition and Measurement' (''IAS 39''*)*

Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as fair value through profit and loss or ''other financial liabilities''.

Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the statement of operations.

Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized in Other Comprehensive Income ("OCI"), except when there is objective evidence that the asset is impaired, at which point the cumulative loss that had been previously recognized in OCI is recognized within the statement of operations. Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method. Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

Cash and cash equivalents, trade receivables and other assets are designated as loans and receivables. Payables and accruals and long-term debt are classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Convertible Notes

The Company has the right to pay all or part of the liability associated with the Company's outstanding convertible notes in cash on the conversion date. Accordingly the Company classifies the convertible notes as a financial liability with an embedded derivative. The embedded derivative is recognized initially at its fair value, as a separate component of equity. The debt liability component is recognized initially as the difference between the fair value of the convertible notes as a whole and the value of the embedded derivative. The debt liability component is recognized at amortized cost using the effective interest rate method.

Interest, gains and losses related to the financial liability or embedded derivatives are recognized in profit or loss.

(i) Flow-through Shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the same class of share without the flow-through feature and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed after the expenditures are made and the Company expresses its intention to renounce the expenditures and is recorded in other income. The renunciation also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

(j) Share-based Payments

The Company's share-based stock option plan is designed to advance the interests of the Company by encouraging employees, officers and directors to have equity participation in the Company through the acquisition of common shares. Stock options granted vest immediately. Stock options have an exercise price of no less than the closing price of the common shares on the TSX Venture Exchange on the trading day immediately preceding the date on which the options are granted and are exercisable for a period not to exceed five years. The cost of these stock options is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option-pricing model.

The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation.

Expected volatility is estimated with reference to the historical volatility of the share price of the Company. The costs are recognized over the vesting period of the option. The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date. The corresponding credit for these costs is recognized in the share-based payment reserve in shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Comprehensive Income
Comprehensive income is the change in the Company's net assets arising from transactions, events and circumstances not related to the Company's shareholders and include items that would not normally be included in net earnings or losses such as unrealized gains or losses on available-for-sale investments.

(l) Operating Segments
The Company operates in one industry segment, the gold mining and related activities industry including exploration, extraction, processing and decommissioning. All of the Company's operations are located within one geographical area.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Share-based payments
The Company follows accounting guidelines in determining the fair value of stock-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Stock-based compensation does not incorporate an expected forfeiture rate, as all stock options currently vest immediately.

The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

(ii) Recoverability of exploration properties
The Company's management reviews the carrying values of its exploration properties on a regular basis to determine whether any write-downs are necessary. The recovery of amounts recorded for exploration properties depends on confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

(Unaudited, expressed in Canadian dollars)

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(iii) Exploration and evaluation expenditures
Judgment is required in determining whether the respective costs are eligible for capitalization where applicable, and whether they are likely to be recoverable by future exploration, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.

4. UPCOMING CHANGES IN ACCOUNTING STANDARDS

The IASB has issued IFRS 9 - ''*Financial Instruments: Classification and Measurement*'' which proposes to replace IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories.

This standard is effective for the Company's annual year end beginning January 1, 2013. The Company will evaluate the impact of the change to its financial statements based on the characteristics of its financial instruments at the time of adoption.

IFRS 13 - Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The company is currently in the process of analyzing the impact of these amendments on the financial statements.

5. EXPLORATION PROPERTIES

Balance, January 1, 2010	$ 2,708,845
Exploration expenditures	59,909
Balance, December 31, 2010	2,768,754
Exploration expenditures	**5,750**
Balance, March 31, 2011	**$ 2,774,504**

(Unaudited, expressed in Canadian dollars)

5. 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.

6. CONVERTIBLE PROMISSORY NOTE

On November 19, 2008 the Company obtained a $300,000 loan from Wesdome. As consideration the Company issued to Wesdome a convertible unsecured promissory note (the “note”) having a two year term and bearing interest at 10% per annum. During 2010, this note was repaid through the issuance of shares (Note 7).

Interest expense on long term debt as at March 31, 2010, included $7,309 attributable to accretion of the discount on this matured note.

Liability component	**March 31 2011**	December 31 2010	January 1 2010
Balance, beginning of period	**$ -**	$ -	$ 274,048
Accretion	**-**	-	25,952
Redemption	**-**	-	(300,000)
Balance, end of period	**$ -**	$ -	$ -

Equity component	**March 31 2011**	December 31 2010	January 1 2010
Balance, beginning of period	**$ -**	$ -	$ 43,962
Redemption	**-**	-	(43,962)
Balance, end of period	**$ -**	$ -	$ -

(Unaudited, expressed in Canadian dollars)

7. 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, January 1, 2010	45,184,679	$ 10,357,654
Transfer of equity component of convertible promissory note	-	43,962
Common shares issued on conversion of note, net of costs of $2,084 (Note 6)	1,200,000	297,916
Share issuance costs flow-through share issued	-	(10,910)
Balance, December 31, 2010	46,384,679	10,688,622
Exercise of stock options	**50,000**	**10,000**
Value attributed to stock options exercised	**-**	**6,000**
Balance, March 31, 2011	**46,434,679**	**$ 10,704,622**

In fiscal 2010 the Company issued 1,200,000 common shares pursuant to the conversion of a 10% promissory note with a liability component of $300,000 and an equity component of $43,962.

Common Share Purchase Plan:
The Company has a common share purchase plan (the “Plan”) under which the Board of Directors may grant options to purchase common shares of the Company to qualifying employees, officers or directors providing on-going services to 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, 2011, 1,593,468 options to purchase common shares are available for grant under the Plan.

The following table reflects the continuity for the three months ended March 31, 2011 and year ended December 31, 2010 of options granted under the plan.

	Shares		Weighted Average Exercise Price	
	2011	2010	**2011**	2010
Outstanding, beginning of period	**3,100,000**	1,850,000	**$ 0.253**	$ 0.289
Granted	**-**	1,250,000	**$ -**	$ 0.200
Expired	**-**	-	**$ -**	$ -
Exercised	**50,000**	-	**$ 0.200**	$ -
Outstanding, end of period	**3,050,000**	3,100,000	**$ 0.254**	$ 0.253

During 2010 the fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model. The weighted average fair value per share price of $0.12 was calculated using the following weighted average assumptions: dividend yield of 0%, expected volatility of 72%, risk-free interest rate of 2.0% and expected life of 5 years.

(Unaudited, expressed in Canadian dollars)

7. CAPITAL STOCK (continued)

The estimated fair value of the options is expensed over the vesting period. The options vest when granted. The fair value of compensation and contributed surplus relating to stock options was $Nil (2010: $150,000).

The following information applies to options outstanding and exercisable at March 31, 2011.

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable
$0.20	1,200,000	4.50 years	1,200,000
$0.25	800,000	0.25 years	800,000
$0.30	100,000	0.75 years	100,000
$0.25	500,000	1.25 years	500,000
$0.40	450,000	1.75 years	450,000
	3,050,000		3,050,000

8. LOSS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury method of calculating the weighted average number of common shares outstanding, except if the converted method is used in assessing the dilution impact of convertible notes. The treasury method, which assumes that outstanding stock options with an average exercise price below the market price of the underlying shares, are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period. The if-converted method assumes that all convertible notes have been converted in determining fully diluted EPS if they are in-the-money except where such conversion would be anti-dilutive.

	March 31 2011	March 31 2010
Net Loss	**$ (100,897)**	$ (33,951)
Weighted average number of shares, basic	**46,403,568**	45,184,679
Dilutive securities		
Options	**-**	-
Convertible debentures	**-**	-
Weighted average number of shares, diluted	**46,403,568**	45,184,679
Basic earnings per share	**$ (0.00)**	$ (0.00)
Diluted earnings per share	**$ (0.00)**	$ (0.00)
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect		
Options	**3,050,000**	1,850,000
Convertible debentures	**-**	1,200,000

(Unaudited, expressed in Canadian dollars)

9. RELATED PARTY INFORMATION

Other than amounts owing, interest accrued and shares issued to Wesdome on the convertible promissory notes (Notes 6 and 7) the Company had the following transactions and balances with related parties.

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 at March 31, 2011 and December 31, 2010 amounted to $Nil and $2,607, respectively, all of which were capitalized to exploration properties. These transactions were in the normal course of operations and were measured at the exchange amounts.

Payables and accruals at March 31, 2011 and December 31, 2010 included $324,029 and $306,543 respectively, due to Wesdome.

10. FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION

Financial instruments disclosures requires the Company to provide information about: a) the significance of financial instruments for the Company's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks.

Financial Instruments
Following is a table which sets out the fair values of recognized financial instruments using the valuation methods and assumptions described below:

	March 31 2011	December 31 2010	January 1 2010
Financial assets			
Held for trading:			
Cash	**$ 5,995**	$ 388	$ 9,753
Loans and receivables:			
Receivables and other assets	**5,388**	58,228	9,486
Financial liabilities			
Other financial liabilities			
Payables and accruals	**438,077**	388,663	180,820
Convertible promissory note	**-**	-	274,048

Determination of Fair Value
The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties. The Company uses the following methods and assumptions to estimate fair value of each class of financial instruments for which carrying amounts are included in the Balance Sheet as follows:

10. FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION (continued)

Cash – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Receivables and other assets – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Other financial liabilities – Payables, accruals and the convertible promissory note are carried at amortized cost. The carrying amount of payables and accruals approximates fair value due to the short maturity of these financial instruments. The fair value of the convertible promissory note was considered to approximate its carrying amount due to discounting at a market rate.

The fair value hierarchy for financial instruments measured at fair value is Level 1 for cash. The Company does not have Level 2 or Level 3 inputs.

Financial Risk Management
The Company is exposed to a number of different risks arising from normal course business exposures, as well as the Company's use of financial instruments. These risk factors include: (1) market risks relating to interest rate risk; (2) liquidity risk; and, (3) credit risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and establishes and monitors risk management policies to: identify and analyze the risks faced by the Company; to set appropriate risk limits and controls; and to monitor risks and adherence to market conditions and the Company's activities.

1) Market Risk
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. As a development stage company the market price movements that could adversely affect the value of the Company's financial assets, liabilities and expected future cash flows are limited to interest rate risk. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations due to the short term to maturity of the instruments held.

2) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from anticipated investing and financing activities. The Company believes it has access to sufficient capital through equity and debt capital markets. Senior management is also actively involved in the review and approval of planned expenditures.

At each of March 31, 2011, December 31, 2010, and January 1, 2010, all liabilities were due within the year.

3) Credit Risk
Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's accounts receivable consist primarily of deposits and government refunds. The Company estimates its maximum exposure to be the carrying value of cash and receivables. The Company manages credit risk by maintaining bank accounts with Schedule 1 Canadian banks and investing only in Guaranteed Investment Certificates. The Company's cash is not subject to any external restrictions.

(Unaudited, expressed in Canadian dollars)

11. ENVIRONMENTAL RISKS

Moss Lake is committed to a program of environmental protection at its exploration sites. Management believes that it was in material compliance with government regulations in 2011.

12. 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.

13. CAPITAL RISK MANAGEMENT

The Company's objectives of capital management are intended to safeguard its ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of the items included in shareholders' equity and debt obligations net of cash. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust its capital structure, the Company may issue new shares, issue new debt or issue new debt to replace existing debt with different characteristics.

	March 31 2011	December 31 2010	January 1 2010
Total equity	**$ 2,347,810**	$ 2,438,707	$ 2,273,216
Cash	**(5,995)**	(388)	(9,753)
Capital	**$ 2,341,815**	$ 2,438,319	$ 2,263,463

	March 31 2011	December 31 2010	January 1 2010
Total equity	**$ 2,347,810**	$ 2,438,707	$ 2,273,216
Convertible promissory note	**-**	-	274,048
Overall financing	**$ 2,347,810**	$ 2,438,707	$ 2,547,264
Capital –to-overall financing ratio	**1.00**	1.00	0.89

On April 25, 2011, the Company obtained a $2,000,000 loan from Wesdome in exchange for a promissory note (Note 15).

The Company is not subject to any externally imposed capital requirements such as loan covenants or capital ratios.

There were no changes to the Company's approach to capital management during the current period.

14. EXPLANATION OF TRANSITION TO IFRS

IFRS 1 – "*First-time Adoption of International Financial Reporting Standards*" ("IFRS 1") governs the first-time adoption of IFRS. IFRS 1 in general requires accounting policies under IFRS to be applied retrospectively to determine the transition date balance sheet of the Company as of the transition date of January 1, 2010, and allows certain exemptions which the Company has elected to apply.

The Company's financial statements for the year ending December 31, 2011 will be the first annual financial statements to comply with IFRS. These interim financial statements are the first IFRS financial statements to be presented for part of the period to be covered by the Company's first IFRS annual financial statements. The adoption of IFRS has not materially changed the Company's overall cash flows or operations, however, it has resulted in certain differences in recognition, measurement and disclosure as compared to Canadian generally accepted accounting principles ("GAAP").

In preparing the interim financial statements for the three months ended March 31, 2011, and the disclosures included in these financial statements, all comparative amounts have been restated to comply with IFRS. The Company's transition date is January 1, 2010 ("the transition date") and the Company prepared its opening IFRS statement of financial position at that date. These financial statements have been prepared in accordance with the accounting policies described in Note 2 and in accordance with the existing IFRS with an effective date of January 1, 2011, which are expected to apply at December 31, 2011. The Company has reconciled the following financial statements as prepared under Canadian GAAP to those prepared under IFRS for the following periods:

- Statements of financial position as at January 1, 2010, March 31, 2010 and December 31, 2010
- Statements of shareholders' equity as at January 1, 2010, March 31, 2010 and December 31, 2010
- Statements of income for the three months ended March 31, 2010 and the year ended December 31, 2010
- Statements of comprehensive income for the three months ended March 31, 2010 and the year ended December 31, 2010

IFRS 1 - "*First-time Adoption of International Financial Reporting Standards*" sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities charged or credited to retained earnings unless certain exemptions are applied. The Company has applied the following change to its opening statement of financial position dated January 1, 2010:

14. EXPLANATION OF TRANSITION TO IFRS (continued)

(a) *Reclassification of flow-through shares*
The Company has issued flow-through shares in the past. IFRS requires the difference between quoted market price of the same class of share without the flow-through feature and the amount the investor pays for the shares, or premium, be recorded as a liability. There was no premium previously recorded, and accordingly no adjustment was made related to a premium.

Under the terms of flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. Under IFRS, the tax effect of the flow-through share renunciations are recorded in other income. The renunciations previously charged to share capital were transferred to retained earnings in the amount of $272,000.

Cash Flow Statement
The presentation of the cash flow statement in accordance with IFRS differs from the presentation of the cash flow statement in accordance with Canadian GAAP. The changes made to the statements of financial position and statements of income and comprehensive income have resulted in reclassifications of various amounts on the statement of cash flows.

(Unaudited, expressed in Canadian dollars)

14. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Assets, Liabilities and Equity

	Note	As at December 31, 2010 GAAP	Effect of Transition to IFRS	IFRS	As at March 31, 2010 GAAP	Effect of Transition to IFRS	IFRS	As at January 1, 2010 GAAP	Effect of Transition to IFRS	IFRS
Assets										
Current										
Cash		$ 388	$ -	**$ 388**	$ 3,361	$ -	**$ 3,361**	$ 9,753	$ -	**$ 9,753**
Receivables		58,228	-	**58,228**	22,484	-	**22,484**	9,486	-	**9,486**
		58,616	-	**58,616**	25,845	-	**25,845**	19,239	-	**19,239**
Exploration properties		2,768,754	-	**2,768,754**	2,715,269	-	**2,715,269**	2,708,845	-	**2,708,845**
Total Assets		$ 2,827,370	$ -	**$ 2,827,370**	$ 2,741,114	$ -	**$ 2,741,114**	$ 2,728,084	$ -	**$ 2,728,084**
Liabilities										
Current										
Payables and accruals		$ 388,663	$ -	**$ 388,663**	$ 220,492	$ -	**$ 220,492**	$ 180,820	$ -	**$ 180,820**
Convertible promissory note		-	-	**-**	281,357	-	**281,357**	274,048	-	**274,048**
		388,663	-	**388,663**	501,849	-	**501,849**	454,868	-	**454,868**
Equity										
Capital stock	a	10,416,622	272,000	**10,688,622**	10,085,654	272,000	**10,357,654**	10,085,654	272,000	**10,357,654**
Contributed surplus		379,408	-	**379,408**	229,408	-	**229,408**	229,408	-	**229,408**
Equity component of convertible promissory note		-	-	**-**	43,962	-	**43,962**	43,962	-	**43,962**
Deficit	a	(8,357,323)	(272,000)	**(8,629,323)**	(8,119,759)	(272,000)	**(8,391,759)**	(8,085,808)	(272,000)	**(8,357,808)**
		2,438,707	-	**2,438,707**	2,239,265	-	**2,239,265**	2,273,216	-	**2,273,216**
Total Equity and Liabilities		$ 2,827,370	$ -	**$ 2,827,370**	$ 2,741,114	$ -	**$ 2,741,114**	$ 2,728,084	$ -	**$ 2,728,084**

Moss Lake Gold Mines Ltd.
(A Development Stage Company)
Notes to the Interim Financial Statements
(Unaudited, expressed in Canadian dollars)
Three months ended March 31, 2011

14. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Income and Comprehensive Income

		As at December 31, 2010			As at March 31, 2010			As at January 1, 2010		
	Note	GAAP	Effect of Transition to IFRS	**IFRS**	GAAP	Effect of Transition to IFRS	**IFRS**	GAAP	Effect of Transition to IFRS	**IFRS**
Interest income		$ -	$ -	**$ -**	$ -	$ -	**$ -**	$ 32	$ -	**$ 32**
Costs and expenses										
Interest on long term debt		54,144	-	**54,144**	14,706	-	**14,706**	54,355	-	**54,355**
Corporate and general		67,371	-	**67,371**	19,245	-	**19,245**	75,841	-	**75,841**
Share based compensation		150,000	-	**150,000**	-	-	**-**	-	-	**-**
		271,515	-	**271,515**	33,951	-	**33,951**	130,196	-	**130,196**
Net loss before income taxes		(271,515)	-	**(271,515)**		-	**-**	(130,164)	-	**(130,164)**
Recovery of future income taxes		-	-	**-**		-	**-**	-	-	**-**
Net loss and comprehensive loss		(271,515)	-	**(271,515)**	(33,951)	-	**(33,951)**	(130,164)	-	**(130,164)**
Deficit, beginning of period		(8,085,808)	(272,000)	**(8,357,808)**	(8,085,808)	(272,000)	**(8,357,808)**	(7,955,644)	(272,000)	**(8,227,644)**
Deficit, end of period		$ (8,357,323)	$ (272,000)	**$ (8,629,323)**	$ (8,119,759)	$ (272,000)	**$ (8,391,759)**	$ (8,085,808)	$ (272,000)	**$ (8,357,808)**

15. SUBSEQUENT EVENT

On April 25, 2011, the Company obtained a $2,000,000 loan from Wesdome. In consideration for the loan, the Company issued to Wesdome a convertible unsecured promissory note with a two year term and bearing interest at a rate of 8% per annum. The principal amount of the note is convertible into common shares at a price of $0.50 per share.