



BEAR LAKE GOLD LTD.
(an exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

For the 1st Quarter ended December 31, 2010
(Unaudited – in Canadian dollars)

BEAR LAKE GOLD LTD.
(an exploration stage company)

Notice to Reader

The accompanying unaudited interim consolidated 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 unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

Bear Lake Gold Ltd.
(an exploration stage company)
Consolidated Balance Sheets

	December 31, 2010 (unaudited)	September 30, 2010 (audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	2,712,590	3,406,876
Marketable securities	15,500	14,250
Amounts receivable	120,528	66,191
Short-term portion of investments (Note 3)	991,700	985,619
Prepaid expenses and deposits	35,579	30,951
	3,875,897	4,503,887
Investments (Note 3)	2,241,944	2,178,021
Reclamation bond	3,040	3,040
Plant and equipment (Note 4)	1,918,962	1,919,283
Mineral properties (Note 5)	9,430,019	9,430,019
Deferred exploration expenses (Note 5)	12,605,746	11,669,999
	30,075,608	29,704,249
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,077,025	485,316
Short-term portion of long-term debt (Note 6)	1,016,648	1,023,044
	2,093,673	1,508,360
Long-term debt (Note 6)	2,411,173	2,411,173
Minority interest	11,770	11,770
	4,516,616	3,931,303
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	66,768,663	66,768,663
Contributed surplus	8,513,282	8,170,624
Deficit	(49,722,953)	(49,166,341)
	25,558,992	25,772,946
	30,075,608	29,704,249

Contingencies (Note 9)

The accompanying notes are an integral part of the unaudited consolidated financial statements.

On behalf of the Board,

/s/ François Viens
François Viens, Director

/s/ Elaine Bennett
Elaine Bennett, Director

Bear Lake Gold Ltd.

(an exploration stage company)

Consolidated Operations and Comprehensive Loss (unaudited)

	1 st quarter ended December 31,	
	2010	2009
	\$	\$
Expenses		
Remuneration (Note 7)	390,876	104,096
Management and administration	45,542	54,021
Office	27,403	32,055
Professional fees	145,483	32,097
Transfer agent and filing fees	5,924	961
Shareholder communications and travel	3,689	1,782
Other property costs	8,626	-
Depreciation	321	863
	627,864	225,875
Other items		
Interest income	(11,078)	(2,291)
Interest expense	17,476	10,147
Gain on sale of marketable securities	-	(1,383)
Unrealized gain on marketable securities	(1,250)	(1,500)
Fair value adjustment of investments (Note 3)	(76,400)	(150,000)
Investigation-related expenses (Note 2)	-	128,902
	(71,252)	(16,125)
Net loss and comprehensive loss	(556,612)	(209,750)
Basic and diluted loss per common share	(0.01)	(0.00)
Weighted average number of common shares - basic (Note 7)	110,223,879	90,085,270
Weighted average number of common shares - diluted (Note 7)	110,223,879	90,132,593

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Bear Lake Gold Ltd.

(an exploration stage company)

Consolidated Shareholders' Equity (unaudited)

	Number of shares	Capital stock \$	Contributed surplus \$	Deficit \$	Shareholders' equity \$
Balance at September 30, 2010	110,223,879	66,768,663	8,170,624	(49,166,341)	25,772,946
Stock-based compensation	-	-	342,658	-	342,658
Net loss for the period	-	-	-	(556,612)	(556,612)
Balance at December 31, 2010	110,223,879	66,768,663	8,513,282	(49,722,953)	25,558,992
Balance at September 30, 2009	90,085,270	63,791,894	7,461,908	(42,395,686)	25,858,116
Stock-based compensation			8,092	-	8,092
Net loss for the period			-	(209,750)	(209,750)
Balance at December 31, 2009	90,085,270	63,791,894	7,470,000	(42,605,436)	28,656,458

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Bear Lake Gold Ltd.
(an exploration stage company)
Consolidated Cash Flows (unaudited)

	1st quarter ended December 31,	
	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Net loss	(556,612)	(209,750)
Non-cash items		
Depreciation	321	863
Stock-based compensation	298,638	8,092
Unrealized loss on marketable securities	(1,250)	(1,500)
Gain on disposal of marketable securities	-	(1,383)
Fair value adjustment of investments	(76,400)	(150,000)
Changes in non-cash working capital items		
Amounts receivable	(54,337)	60,262
Prepaid expenses and deposits	(4,628)	(179)
Exploration advances	-	57,392
Accounts payable and accrued liabilities	257,898	(163,734)
	(136,370)	(399,937)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	-	185,118
Investments	6,396	39,423
Mineral properties and deferred exploration expenses	(557,916)	(285,497)
	(551,520)	(60,956)
FINANCING ACTIVITIES		
Reimbursement of credit facilities	(6,396)	(6,153)
	(6,396)	(6,153)
Net decrease in cash and cash equivalents	(694,286)	(467,046)
Cash and cash equivalents, beginning of period	3,406,876	1,224,989
Cash and cash equivalents, end of period	2,712,590	757,943
Interest paid	17,476	10,147
Changes in other non-cash items		
Change in accounts payable and accrued liabilities related to exploration projects	333,811	(95,434)
Stock-based compensation charged to deferred exploration expenses	44,020	-

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Bear Lake Gold Ltd.

(an exploration stage company)

Consolidated Deferred Exploration Expenses (unaudited)

1st quarter ended December 31,	2010			2009
	Larder Lake, Ontario	Unity, Idaho	Total	Total
	\$	\$	\$	\$
Balance, beginning of period	10,640,519	1,029,480	11,669,999	16,200,191
Contractors and consultants	21,351	-	21,351	26,082
Drilling and assaying	775,669	-	775,669	18,890
Geology	-	-	-	480
Labour	104,266	-	104,266	7,599
Management and administration	33,122	-	33,122	129,021
Title and claim management	1,339	-	1,339	174
	935,747	-	935,747	182,246
Balance, end of period	11,576,266	1,029,480	12,605,746	16,382,437

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Bear Lake Gold Ltd.

(an exploration stage company)

Notes to Consolidated Financial Statements

December 31, 2010 (unaudited)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Bear Lake Gold Ltd. ("Bear Lake" or the "Company") is engaged in the acquisition and exploration of mineral properties. All financial results in these financial statements are expressed in Canadian dollars unless otherwise indicated.

The Company's mineral properties are in the exploration stage and it has not yet been determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and deferred exploration expenses is dependent upon the existence of economically recoverable reserves on these properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is at an early stage of development and as is common with many exploration companies, it raises funds for its exploration activities through equity financing. The Company has incurred a loss in the current and prior periods and has an accumulated deficit of \$49,722,953 at December 31, 2010. At December 31, 2010, the Company had cash and cash equivalents of \$2,712,590 and believes this amount is sufficient to meet its planned exploration expenditures on the Larder Lake Property and to meet its corporate administrative expenses for the next 12 months. Longer term, the Company may pursue opportunities to raise additional funds and while the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company. The Company's exploration activities at the Larder Lake Property have considerable scope for flexibility in terms of the amount and timing of exploration expenditures.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). They are consistent with the policies and practices used in the preparation of the Company's audited annual consolidated financial statements, except for the adoption of a new standard described in the following paragraph. These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended September 30, 2010 and 2009, since they do not include all of the information and notes to the financial statements required by Canadian GAAP for annual consolidated financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

Bear Lake Gold Ltd.

(an exploration stage company)

Notes to Consolidated Financial Statements

December 31, 2010 (unaudited)

2. SETTLEMENT OF CLASS-ACTION SUIT

A proposed class action lawsuit was filed on August 25, 2009 in the Ontario Superior Court of Justice against the Company and certain of its current and former officers and directors, alleging certain misrepresentations were made during the period from July 18, 2006 to July 28, 2009 on disclosure related to Bear Lake's Larder Lake project. In April 2010, the parties reached an agreement to settle the proposed class action. On August 10, 2010, the Ontario Superior Court of Justice approved the plaintiff's motion for certification and the settlement agreement dated May 12, 2010, released the Company and the individual proposed defendants, and dismissed the class action proceedings and all related claims. The opt-out deadline expired on October 29, 2010 and the settlement became final. The settlement did not in any way contain or constitute any admission of liability by the Company or its officers, directors or employees.

Bear Lake Gold Ltd.
(an exploration stage company)
Notes to Consolidated Financial Statements
December 31, 2010 (unaudited)

3. INVESTMENTS

The Company's investments in Master Asset Vehicles II and III ("MAV II and III"), which are accounted for at fair value, are detailed as follows:

	December 31,		September 30,	
	2010		2010	
	\$	\$	\$	\$
Eligible notes - nominal amount (a)				
MAV II Senior A-1 notes	1,883,015		1,883,015	
MAV II Senior A-2 notes	1,059,785		1,059,785	
MAV II Subordinated B notes	192,381		192,381	
MAV II Subordinated C notes	97,160		97,160	
	3,232,341		3,232,341	
Fair value adjustment	(990,397)	2,241,944	(1,054,321)	2,178,020
Ineligible notes - nominal amount (a)				
MAV III Class 34 tracking notes (b)	246,035		252,431	
MAV III Class 35 tracking notes	264,702		264,702	
MAV III Class 36 tracking notes	145,537		145,537	
	656,274		662,670	
Fair value adjustment (c)	335,426	991,700	322,950	985,620
		3,233,644		3,163,640
Less: short-term portion of investments		991,700		985,619
		2,241,944		2,178,021

(a) Senior A-1 and A-2 notes pays interest and Subordinated B and C notes accrue interest with payments to be made only after the Senior A-1 and A-2 notes have been fully repaid. The Interest yield for the Senior A-1, A-2 and B notes is based on the bankers' acceptance rate less 0.5% and for the C notes is based on the bankers' acceptance rate plus 20%. Ineligible notes do not pay interest. The Ineligible notes track the performance and repayment of the related underlying assets in certain conduits that have significant exposure to the US residential mortgage market. The maturity date of these notes provide for a maturity similar to that of the underlying assets.

(b) The Company received an amount of \$6,396 in October 2010 as partial redemption of the MAV III Class 34 tracking notes. This amount was applied as a reduction of the Company's investments.

(c) The fair value of the ineligible notes at December 31, 2010 was established based on the discounted value of the Second Credit Facility (Note 6) as the Company was granted an option to transfer to its lender on or after April 6, 2011 the ownership of the ineligible notes in full payment of the principal amount then owing under the Second Credit Facility. Given that the Company has not made a request to extend for an additional one-year period the original maturity date of the Second Credit Facility and intends to exercise, on or after the maturity date, its option to transfer to its lender the ownership of those ineligible notes held, in payment of the principal amount then owing under the Second Credit Facility, the amount of ineligible notes held was presented as short-term portion of investments.

Bear Lake Gold Ltd.

(an exploration stage company)

Notes to Consolidated Financial Statements

December 31, 2010 (unaudited)

3. INVESTMENTS (continued)

At December 31, 2010, the Company established the fair value of the MAV II and III notes that it holds by estimating discounted future cash flows for each category of notes received, using discount rates of between 5.0% and 17.0% (discount rates of between 5.0% and 16.6% at September 30, 2010), by estimating that certain notes will pay interest at a rate of 0.5% less than the bankers' acceptance rate and by considering the best available market data. This estimation of fair value resulted in a fair value recovery adjustment of \$76,400 for the 1st quarter ended December 31, 2010 (a fair value recovery adjustment of \$150,000 for the 1st quarter ended December 31, 2009). A variation of 1% in discount rates would impact the fair value of investments by approximately \$120,000.

There are limited market quotations available for the MAV II and III notes. Therefore, there is a significant amount of uncertainty in estimating the amount and timing of cash flows associated with these notes. Since the fair value of the MAV II and III notes held is determined based on the Company's assessment of market conditions as at December 31, 2010, the fair value reported may change materially in subsequent periods.

4. PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	December 31, 2010 Net	September 30, 2010 Net
	\$	\$	\$	\$
Mining equipment at the Larder Lake Property	1,918,000	-	1,918,000	1,918,000
Office furniture and equipment	13,002	12,040	962	1,283
	1,931,002	12,040	1,918,962	1,919,283

Bear Lake Gold Ltd.

(an exploration stage company)

Notes to Consolidated Financial Statements

December 31, 2010 (unaudited)

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES

	December 31, 2010		September 30, 2010	
	Mineral Properties (a)	Deferred exploration expenses (a)	Mineral Properties (a)	Deferred exploration expenses (a)
	\$	\$	\$	\$
Larder Lake, Ontario	9,303,421	11,576,265	9,303,421	10,640,518
Unity, Idaho	126,598	1,029,481	126,598	1,029,481
	9,430,019	12,605,746	9,430,019	11,669,999

(a) Amounts presented are net of a write-down of mineral properties of \$575,000 and of deferred exploration expenses of \$5,310,792 charged to operations during the year ended September 30, 2010, following the termination of an option agreement on certain claims located in Hope Bay, Nunavut.

Larder Lake, Ontario

At December 31, 2010, the Company owns a 100% interest in the Bear Lake, Cheminis, Cheminis North and Fernland properties which consists of 55 patented claims, 1 claim for surface rights and 2 licenses of occupation in McGarry and McVittie Townships near Kirkland Lake, Ontario; a 100% interest in the Barber Larder property which consists of 7 patented claims and 2 licenses of occupation in McGarry Township, Ontario; a 75% interest in the Swansea property which consists of 5 mining leases covering 28 claims in McVittie Township, Ontario; a 100% interest in the McVittie McGarry properties which consists of 10 mining claims in McVittie Township, Ontario, 2 mining claims in McGarry Township, Ontario and 1 mining claim in Gauthier Township near Kirkland Lake, Ontario; and a 100% interest in the McVittie property which consists of 2 mining claims in McVittie Township, Ontario.

Royalty commitments on the Larder Lake properties consist of a 1% net smelter return royalty on the McVittie McGarry properties, of which the Company has the option to purchase 0.5% for an amount of \$500,000 and on which Eloro also owns directly a net smelter return royalty of 0.5%; and a 0.5% net smelter royalty on the McVittie property, of which the Company has the option to purchase 0.25% for an amount of \$250,000.

Option agreement on the Swansea property

The Company, Newstrike Resources Ltd. ("Newstrike") and Odyssey Resources Limited ("Odyssey") entered into an option agreement dated October 22, 2010 (the "Option") under which Odyssey may acquire a 25% interest in the Swansea property in Northeastern Ontario (the "Property") by spending \$1.1 million on the Property by March 31, 2011. Bear Lake and Newstrike respectively own an interest of 75% and 25% in the Property. Pursuant to the Option, Odyssey is entitled, subject to the terms and conditions of the Option, to acquire an 18.75% interest from Bear Lake and a 6.25% interest from Newstrike for a total interest of 25%. Given that the Executive Chairman and the Chief Financial Officer of the Company also hold the same positions, respectively with Odyssey and that a director of Odyssey is also the Chief Financial Officer of Newstrike, the Company has sought and obtained approval from the TSX Venture Exchange ("TSXV") in relation to this agreement.

Bear Lake Gold Ltd.

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Notes to Consolidated Financial Statements

December 31, 2010 (unaudited)

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES (continued)

Unity, Idaho

On July 31, 2007, the Company entered into an option agreement, with subsequent amendment, with Unity GoldSilver Mines Inc. (a privately-held company) ("Unity") to earn a 60% interest in the Unity mineral property located in Idaho, USA. To earn its interest, the Company must incur US\$1,000,000 in exploration and development work and complete a positive feasibility study, by February 16, 2012. During the earn-in period, the Company will manage all exploration-related activities. In the event that a positive feasibility study is completed and that a favourable Board decision is obtained to begin construction, the Company and Unity would fund such construction expenditures in accordance with their respective participation in the project. In the event that Unity decides not to participate in the funding of the construction costs, the Company will finance all construction costs and receive an additional 5% participation in the project from Unity.

6. CREDIT FACILITIES

	December 31, 2010	September 30, 2010
	\$	\$
Revolving credit facilities (a)		
First Credit Facility (b)		
Tranche A	1,444,301	1,444,301
Tranche B	966,872	966,872
Second Credit Facility (c)	1,016,648	1,023,044
	3,427,821	3,434,217
Due within the next year	1,016,648	1,023,044
	2,411,173	2,411,173

(a) On April 6, 2009, the Company, through its wholly-owned subsidiary Maximus Ventures Ltd. ("Maximus"), entered into two credit facility agreements. The term facilities, which bear interest at prime less 1%, subject to the respect of certain conditions, are available initially for 2 and 3-year periods, respectively and under certain conditions can each be further extended to a total period of 7 years.

(b) The first Credit Facility is initially available for a 3-year period. The tranche A of the First Credit Facility is secured by the Company's investments in those eligible notes (Note 3). The tranche B facility is secured by those eligible notes as well as a general security interest in the universality of all of Maximus' assets.

(c) The second Credit Facility (initially available for a 2-year period) is secured by the Company's investments in those ineligible notes (Note 3). The Company has not made a request to extend for an additional one-year period the original maturity date of the Second Credit Facility as provided for in the credit facility agreement and intends to exercise, on or after the maturity date, its option to transfer to its lender the ownership of those ineligible notes held, in payment of the principal amount then owing under the Second Credit Facility. Consequently, the amount owed under the Second Credit Facility at December 31, 2010 was presented as current liabilities on the consolidated balance sheets.

Cash proceeds from the sale of the MAV II and III notes are automatically applied to the amount of the outstanding related borrowings. During the 1st quarter ended December 31, 2010, the Company received an amount of \$6,396 (\$6,153 during the 1st quarter ended December 31, 2009) as partial redemption of some of the notes held. This amount was applied as a reduction of the related borrowings.

Bear Lake Gold Ltd.
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Notes to Consolidated Financial Statements
December 31, 2010 (unaudited)

7. CAPITAL STOCK

Issuance of shares

In June 2010, the Company completed a non-brokered private placement for total gross proceeds of \$3,763,122 (the "Financing"), including a total of 11,705,600 "flow-through" common shares ("FT Shares") at a price of \$0.20 per FT Share. The gross proceeds from the sale of the FT Shares are being used to incur Canadian Exploration Expenses on the Larder Lake Property, which funds are to be expended by December 31, 2011. At December 31, 2010, an amount of \$966,015 remains available to incur such eligible Canadian Exploration Expenses.

Warrants

	1 st quarter ended December 31, 2010
Number of warrants	
Balance, beginning of year	19,521,243
Issued	-
Expired	(2,732,221)
Balance, end of year	16,789,022

At December 31, 2010, the outstanding number of warrants exercisable into common shares is as follows:

	Number of Warrants		Number of warrants		Price	Expiry date
	Sept 30, 2010	Issued	Expired	Dec 31, 2010	per share	
	\$					
Private placement – June 2010 (a)	7,900,009		-	7,900,009	0.30	2012-06-22
In lieu of cash commission – June 2010	433,000	-	-	433,000	0.30	2012-06-22
Finder's warrants – June 2010	1,146,336		-	1,146,336	0.25	2012-06-22
Private placement – June 2009	3,787,879	-	-	3,787,879	0.40	2011-06-04
Broker warrants - June 2009	530,303	-	-	530,303	0.33	2011-06-04
Private placement – October 2008 (b)	2,991,495	-	-	2,991,495	0.40	2011-10-23
Broker warrants - October 2008 (c)	699,225	-	(699,225)	-	-	-
In lieu of cash commission (c)	616,330	-	(616,330)	-	-	-
As debt settlement (c)	1,416,666	-	(1,416,666)	-	-	-
	19,521,243	-	(2,732,221)	16,789,022	0.34	

- (a) The June 2010 Warrants are subject to a right of accelerated expiry at the Company's option where the closing price of the common shares on the TSXV exceeds \$0.50 for twenty consecutive trading days at any time after four months and one day from closing of the Financing.
- (b) Following TSXV approval, the expiry date of the October 2008 warrants was extended from October 23, 2010 to October 23, 2011.
- (c) These warrants expired unexercised on October 23, 2010.

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December 31, 2010 (unaudited)

7. CAPITAL STOCK (continued)

Stock options

The following table sets out the activity in stock options:

	1st quarter ended December 31, 2010
Number of Options	
Balance, beginning of period	4,271,000
Granted	5,250,000
Exercised	-
Expired	-
Number of options outstanding, end of period	9,521,000
Number of options exercisable, end of period	5,244,333

The Company granted on October 18, 2010 an aggregate of 5,250,000 stock options to directors, officers, employees and consultants of the Company. Of this total, 1,630,000 options are subject to the achievement of certain performance objectives and vest only if the 20-day volume weighted average price of the Company's common shares on the TSXV is \$0.90 per share or above; and 700,000 are subject to the achievement of certain defined performance objectives. The balance of 2,920,000 options vest over a two-year period. The options have a five-year term and are exercisable at a price of \$0.30, the closing price of the Company's stock on October 15, 2010. The fair value of the options granted during the period was estimated at \$0.26 per option by applying the Black-Scholes option pricing model, using an expected time-period of 5 years, a semi-annual weighted-average risk-free interest rate of 1.95%, a volatility rate of 162% and a 0% dividend factor.

Stock-based compensation costs were presented as follows:

	1st quarter ended December 31, 2010	1st quarter ended December 31, 2009
	\$	\$
Consolidated Balance sheets		
Deferred exploration expenses	44,020	-
Consolidated Operations		
Remuneration	298,638	8,092
	342,658	8,092

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7. CAPITAL STOCK (continued)

Stock options (continued)

Stock option transactions are detailed as follows:

Grant date	Exercise price	Balance, Sept 30, 2010	Granted	Exercised	Expired	Balance, Dec 31, 2010	Number of options exercisable	Residual exercise period
	\$							(in years)
2008 Stock Option Plan								
Sept 20, 2008	0.70	100,000	-	-	-	100,000	100,000	2.8
Jan 30, 2009	0.28	1,872,500	-	-	-	1,872,500	1,872,500	3.1
April 21, 2010	0.24	13,500	-	-	-	13,500	13,500	4.3
October 18, 2010	0.30	-	5,250,000	-	-	5,250,000	973,333	4.8
Maximus Stock Option Plan								
Mar 28, 2006	0.60	100,000	-	-	-	100,000	100,000	0.3
Nov 14, 2006	0.64	450,000	-	-	-	450,000	450,000	0.9
Dec 27, 2006	0.80	500,000	-	-	-	500,000	500,000	1.0
May 23, 2007	0.58	100,000	-	-	-	100,000	100,000	1.4
Dec 14, 2007	0.84	175,000	-	-	-	175,000	175,000	2.0
Jan 4, 2008	0.80	400,000	-	-	-	400,000	400,000	2.0
Jan 25, 2008	0.76	187,500	-	-	-	187,500	187,500	2.1
Mar 4, 2008	0.68	372,500	-	-	-	372,500	372,500	2.2
	0.53	4,271,000	5,250,000	-	-	9,521,000	5,244,333	

Diluted loss per share

Excluded from the calculation of the diluted earnings per share for the 1st quarter ended December 31, 2010 are 16,789,022 warrants (10,041,898 in 2009) and 9,521,000 stock options (6,512,500 in 2009) because to include them would be anti-dilutive.

Bear Lake Gold Ltd.

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Notes to Consolidated Financial Statements

December 31, 2010 (unaudited)

8. RELATED PARTY TRANSACTIONS

During the 1st quarter ended December 31, 2010, the Company paid or accrued administration expenses of \$27,327 to Reunion Gold Corporation (\$49,614 during the 1st quarter ended December 31, 2009), a company with a common director and management, providing administrative services. During the 1st quarter ended December 31, 2010, the Company also paid or accrued consulting fees of \$14,500 (nil during the 1st quarter ended December 31, 2009), to a company controlled by a director of the Company, for geological services related to the option agreement on the Swansea property (note 5), which amount was charged back to Odyssey.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. CONTINGENCIES

Emergency order

The Ontario Ministry of Northern Development, Mines and Forestry ("MNDMF") issued an Emergency Order on December 4, 2009 to five companies, including Bear Lake, with claims in McGarry Township, in the area where the Upper and Lower Kerr Mine Tailings Ponds are located. The MNDMF had found that a dam and spillway on a claim which is not held by the Company was in need of immediate repair. In light of this situation, the MNDMF undertook and completed in early 2010 the design and construction of a temporary spillway. In April 2010, the MNDMF confirmed to each of the five companies that their obligations under the Emergency Order had thus been cancelled but that the costs for the work conducted by the MNDMF constituted a debt due to the Crown by the five companies. The MNDMF is also looking to the five companies for a plan and schedule indicating how and when the mine hazards associated with the Upper and Lower Kerr Mine Tailings Ponds will be rehabilitated. The Company believes that it does not have any liability related to the dam and spillway referred to in the Emergency Order, on the basis that these are located on property owned and controlled by others. The Company has been conducting appropriate preventive work on its claims and has informed the MNDMF of the work done by the Company. At this time, the Company cannot estimate the potential cost for dealing with this issue. Expenses in the amount of \$1,080 were incurred during the 1st quarter ended December 31, 2010, regarding this matter. Such expenses include mainly technical consulting fees.

Statement of claim

On May 25, 2010, the Company was served with a statement of claim initiated by a former supplier of the Company, whereby damages totalling \$3.25 million are being sought. The Company is of the view that this claim has no merit and is vigorously defending itself in this matter before the Ontario Superior Court of Ontario. At this time, the Company does not believe that potential costs for dealing with this issue will be significant.

Bear Lake Gold Ltd.

(an exploration stage company)

Notes to Consolidated Financial Statements

December 31, 2010 (unaudited)

10. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. Mineral properties and deferred exploration expenses are located in the following geographic locations:

	December 31, 2010	September 30, 2010
	\$	\$
Canada	22,798,648	21,863,222
United States of America	1,156,079	1,156,079
	23,954,727	23,019,301