

BEAR LAKE GOLD LTD.
(an exploration stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Second Quarter ended March 31, 2009

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

	March 31, 2009 (unaudited) \$	September 30, 2008 (audited) \$
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	2,955,531	-
Marketable securities (note 5)	123,782	289,895
Amounts receivable	129,157	286,103
Prepaid expenses and deposits	12,908	57,862
	3,221,378	633,860
Investments (note 6)	2,784,386	3,434,386
Reclamation bond	10,508	10,508
Plant and equipment (note 7)	1,924,901	1,927,068
Mineral properties (note 8)	25,220,140	25,200,092
Deferred exploration expenses (note 8)	13,546,972	11,003,591
	46,708,285	42,209,505
LIABILITIES		
Current liabilities		
Bank overdraft	-	35,289
Bank loan (note 9)	3,155,122	1,702,932
Accounts payable and accrued liabilities	1,253,865	2,151,381
Due to Reunion Gold Corporation (note 11)	-	83,021
	4,408,987	3,972,623
Future income tax liability	2,622,026	2,772,715
Minority interest	11,770	11,770
	7,042,783	6,757,108
SHAREHOLDERS' EQUITY		
Capital stock (note 10)	62,076,156	58,857,010
Contributed surplus	6,621,006	5,470,670
Deficit	(29,031,660)	(28,875,283)
	39,665,502	35,452,397
	46,708,285	42,209,505

Going concern (note 1)

Subsequent event (note 14)

The accompanying notes are an integral part of the 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 Income (unaudited)

	2nd Quarter ended March 31, 2009	2nd Quarter ended March 31, 2008	Six-months ended March 31, 2009	Six-months ended March 31, 2008
	\$	\$	\$	\$
Expenses				
Stock-based compensation cost	447,719	281,621	452,743	405,072
Other remuneration	110,188	131,469	189,382	185,620
Management and administration	56,715	84,743	140,108	146,776
Professional fees	11,405	7,474	50,309	45,845
Office	31,266	36,713	58,788	73,736
Transfer agent and filing fees	14,193	4,062	21,969	11,939
Shareholder communications	12,785	24,858	21,199	47,758
Travel and related costs	1,795	14,624	2,128	20,095
Depreciation	1,083	850	2,167	1,350
	687,149	586,414	938,793	938,191
Other items				
Interest income	(8,493)	(21,186)	(26,175)	(45,802)
Interest expense	11,196	-	26,886	-
Loss (gain) on marketable securities (note 5)	(11,707)	-	166,113	-
Impairment charge on investments (note 6)	-	200,000	443,000	300,000
	(9,004)	178,814	609,824	254,198
Loss before income taxes	(678,145)	(765,228)	(1,548,617)	(1,192,389)
Future income tax recovery (note 10)	74,856	-	1,392,240	1,569,520
Net earnings (loss) and comprehensive income (loss)	(603,289)	(765,228)	(156,377)	377,131
Basic and diluted earnings (loss) per common share	(0.01)	(0.02)	-	0.01
Weighted average number of common shares - basic	82,369,302	37,167,806	79,999,060	36,397,068
Weighted average number of common shares – diluted	82,723,221	37,167,806	80,321,525	37,047,134

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

Bear Lake Gold Ltd.

(an exploration stage Company)

Consolidated Deficit and Contributed Surplus (unaudited)

	2nd Quarter ended March 31, 2009	2nd Quarter ended March 31, 2008	Six-months ended March 31, 2009	Six-months ended March 31, 2008
	\$	\$	\$	\$
DEFICIT				
Balance, beginning of period	(28,428,371)	(27,092,437)	(28,875,283)	(28,234,796)
Net earnings (loss)	(603,289)	(765,228)	(156,377)	377,131
Balance, end of period	(29,031,660)	(27,857,665)	(29,031,660)	(27,857,665)
CONTRIBUTED SURPLUS				
Balance, beginning of period	6,173,287	3,709,249	5,470,670	2,736,582
Stock-based compensation cost	447,719	281,621	452,743	405,072
Share purchase warrants (note 10)	-	-	325,145	901,497
Broker warrants (note 10)	-	-	152,382	77,636
Share purchase warrants in lieu of broker commission (note 10)	-	-	66,726	-
Share purchase warrants as debt settlement (note 10)	-	-	153,340	-
Exercise of broker warrants	-	-	-	(129,917)
Balance, end of period	6,621,006	3,990,870	6,621,006	3,990,870

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

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

	2nd Quarter ended March 31, 2009	2nd Quarter ended March 31, 2008	Six-months ended March 31, 2009	Six-months ended March 31, 2008
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings (loss)	(603,289)	(765,228)	(156,377)	377,131
Non-cash items				
Depreciation	1,083	850	2,167	1,350
Stock-based compensation cost	447,719	281,621	452,743	405,072
Unrealized loss (gain) on marketable securities	(11,707)	-	166,113	-
Impairment charge on investments	-	200,000	443,000	300,000
Future income tax recovery	(74,856)	-	(1,392,240)	(1,569,520)
Changes in non-cash working capital items	(51,286)	(38,473)	143,293	(102,172)
Cash flows from operating activities	(292,336)	(321,230)	(341,301)	(588,139)
INVESTING ACTIVITIES				
Investments	207,000	-	207,000	-
Equipment	-	(4,200)	-	(7,700)
Mineral properties and deferred exploration expenses	(865,074)	(866,875)	(3,060,357)	(1,324,875)
Cash flows from investing activities	(658,074)	(871,075)	(2,853,357)	(1,332,575)
FINANCING ACTIVITIES				
Bank loan	(42,541)	-	1,452,190	-
Issuance of shares and warrants, net of costs	(7,100)	(7,655)	4,733,288	2,870,833
Exercise of broker warrants	-	-	-	256,500
Cash flows from financing activities	(49,641)	(7,655)	6,185,478	3,127,333
Net increase (decrease) in cash and cash equivalents	(1,000,051)	(1,199,960)	2,990,820	1,206,619
Cash and cash equivalents (bank overdraft), beginning of period	3,955,582	2,683,841	(35,289)	277,262
Cash and cash equivalents, end of period	2,955,531	1,483,881	2,955,531	1,483,881
Changes in other non-cash items				
Accounts payable related to exploration projects	550,551	576,025	(22,236)	602,210
Issuance of common shares in lieu of broker commission	-	-	184,900	-
Issuance of common shares as debt settlement	-	-	425,000	-
Issuance of broker warrants	-	-	152,382	77,636
Issuance of common shares pursuant to a mineral property agreement	-	-	-	300,000
Extension of exercise period of share purchase warrants	-	-	-	51,926

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

Bear Lake Gold Ltd.

(an exploration stage Company)

Consolidated Deferred Exploration Expenses (unaudited)

2nd Quarter ended March 31, 2009

	Larder Lake, Ontario	Hope Bay, Nunavut	Unity, Idaho	Total	2008
	\$	\$	\$	\$	\$
Balance, beginning of period	6,826,162	4,359,565	950,853	12,136,580	6,951,446
Drilling and assaying	1,222,937	-	(16,304)	1,206,633	1,056,797
Geology	20,683	1,429	2,726	24,838	39,950
Contractors and consultants	8,099	-	19,996	28,095	239,681
Labour	59,811	-	-	59,811	72,508
Title and claim management	5,698	-	-	5,698	-
Administration	85,215	102	-	85,317	63,419
	1,402,443	1,531	6,418	1,410,392	1,472,355
Balance, end of period	8,228,605	4,361,096	957,271	13,546,972	8,423,801

Six-months ended March 31,2009

	Larder Lake, Ontario	Hope Bay, Nunavut	Unity, Idaho	Total	2008
	\$	\$	\$	\$	\$
Balance, beginning of period	5,965,092	4,358,957	679,542	11,003,591	6,454,183
Drilling and assaying	1,893,009	-	232,564	2,125,573	1,410,803
Geology	42,218	2,037	13,894	58,149	63,344
Contractors and consultants	74,552	-	19,996	94,548	249,750
Labour	99,786	-	1,278	101,064	117,060
Title and claim management	5,698	-	-	5,698	6,033
Administration	148,250	102	9,997	158,349	122,628
	2,263,513	2,139	277,729	2,543,381	1,969,618
Balance, end of period	8,228,605	4,361,096	957,271	13,546,972	8,423,801

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

Bear Lake Gold Ltd.

(an exploration stage Company)

Notes to Consolidated Financial Statements

March 31, 2009 (unaudited)

1. GOVERNING STATUTES, NATURE OF OPERATIONS AND GOING CONCERN

Bear Lake was incorporated under the laws of Ontario, Canada. The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. All financial results in these financial statements are expressed in Canadian dollars unless otherwise indicated.

On September 16, 2008, NFX Gold Inc. ("NFX") and Maximus Ventures Ltd. ("Maximus") completed a business combination pursuant to a plan of arrangement (the "Transaction"), whereby NFX acquired all of the issued and outstanding common shares of Maximus in exchange for common shares of NFX on a one-for-one basis. On the same day, NFX changed its name to Bear Lake Gold Ltd. ("Bear Lake" or the "Company"). Since Maximus was identified as the acquirer for accounting purposes, these consolidated financial statements are a continuation of the consolidated financial statements of Maximus, with the comparative information being that of Maximus.

On September 23, 2008, Bear Lake proceeded with the consolidation of its share capital on a two-for-one basis. The consolidation resulted in each shareholder of the Company receiving one post-consolidation share for every two pre-consolidation common shares held. The number of shares, warrants and options as well as earnings per share data presented in these consolidated financial statements have all been adjusted to reflect the impact of this share consolidation.

The Company is in the process of exploring its mineral properties and has not yet determined whether the 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.

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. However, certain conditions may lend substantial doubt as to the appropriateness of the going concern assumption. Specifically, given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from operations and at March 31, 2009, had an accumulated deficit of \$29,031,660. Also, at March 31, 2009, the Company had a working capital deficiency of \$1,187,609, including a current liability for a temporary bank loan in the amount of \$3,155,122. Subsequent to the end of the reporting period, the temporary bank loan was converted into long-term credit facilities with maturities over a 2 to 3 year period (note 14); the Company is also committed to spending \$2,020,000 on Canadian exploration expenditures by December 31, 2009 as a result of a flow-through financing completed in October 2008, of which an amount of \$888,904 may be allocated to the Hope Bay project to satisfy the Company's earn-in commitments by October 31, 2009; and the Company has insufficient cash resources to meet its exploration programs and corporate administrative expenses for the next 12 months.

Bear Lake Gold Ltd.

(an exploration stage Company)

Notes to Consolidated Financial Statements

March 31, 2009 (unaudited)

1. GOVERNING STATUTES, NATURE OF OPERATIONS AND GOING CONCERN (continued)

At March 31, 2009, the Company had \$2,955,531 in cash and while it will have sufficient cash, taking into account additional proceeds to be received from the amended credit facilities, to meet the \$2,020,000 of commitments related to Canadian exploration expenditures and corporate administrative expenses for several months, the Company will require additional funding to complete its exploration programs for the next 12 months and to meet its corporate administrative expenses for the same period. 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.

These consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumption were not appropriate for these consolidated financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments to the carrying values of assets and liabilities and balance sheet classification, which could be material, may be necessary.

2. BASIS OF PRESENTATION, CHANGE IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The accompanying unaudited consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("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 new standards described in the following paragraphs. These interim unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended September 30, 2008 and 2007.

In June 2007, the Canadian Institute of Chartered Accountants ("CICA") modified **Section 1400, *General Standards of Financial Statement Presentation***, in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date and to disclose any material uncertainties that cast doubt on its ability to continue as a going concern. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and consequently, the Company has applied them as of October 1, 2008.

In February 2008, the CICA published **Section 3064, *Goodwill and Intangible Assets***, to replace Section 3062, Goodwill and Other Intangible Assets. Publication of this new Section also resulted in the withdrawal of Section 3450, *Research and Development Costs* and consequential amendments to certain recommendations in the CICA Handbook. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. The application of this new section on October 1, 2008 had no impact on the Company's financial statements.

On March 27, 2009, the Emerging Issues Committee ("EIC") issued **Abstract EIC-174, *Mining Exploration Costs*** regarding the capitalization and impairment of exploration costs. This Abstract is to be applied to all financial statements issued after March 27, 2009. The Company has taken into account the consensus reached in this Abstract in preparing its consolidated financial statements for the second quarter ended March 31, 2009.

Bear Lake Gold Ltd.

(an exploration stage Company)

Notes to Consolidated Financial Statements

March 31, 2009 (unaudited)

2. BASIS OF PRESENTATION, CHANGE IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

The preparation of consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. Significant areas where management judgment is applied are the carrying value of investments, mineral properties, deferred exploration expenses, asset retirement obligation and stock-based compensation.

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 auditors have not performed a review of these financial statements in accordance with standards established by the CICA.

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments at March 31, 2009 consist of cash and cash equivalents, marketable securities, amounts receivable, investments, bank loan, accounts payable and accrued liabilities and due to Reunion Gold Corporation. Other than marketable securities and investments, the fair value of these financial instruments approximates their carrying value given that they will mature shortly. Other than investments and bank loan, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company's exposure to interest and credit risks arising from its investments is fully described in note 6 to these consolidated financial statements. The Company's exposure to interest rate risk attributable to its bank loan is described below under *Interest rate risk*. A plus or minus 10% change in the value of the marketable securities would affect earnings by approximately \$12,000.

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash and cash equivalents, amounts receivable and investments. To mitigate exposure to credit risk, the Company has revised its policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash is held in large Canadian financial institutions. The Company's investments are exposed to credit risk as fully described in note 6 to these financial statements.

Bear Lake Gold Ltd.

(an exploration stage Company)

Notes to Consolidated Financial Statements

March 31, 2009 (unaudited)

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. At March 31, 2009, the Company had cash and cash equivalents of \$2,955,531 to settle its current trade liabilities in the amount of \$1,253,865. These current liabilities are due within the next 12 months. The Company is also committed to spending \$2,020,000 on Canadian exploration expenditures by December 31, 2009 as a result of flow-through financing completed in October 2008, of which an amount of \$888,904 may be allocated to the Hope Bay project to satisfy the Company's earn-in commitments by October 31, 2009. As detailed in note 14, the Company entered into revised credit facilities subsequent to March 31, 2009, which converted its temporary credit facility into minimum 2 and 3 year term facilities, to be repaid from the proceeds to be received from the redemption and/or sale of the restructured notes issued in exchange of the asset-backed commercial papers ("ABCP"), as described in note 6.

While the Company will have sufficient cash, taking into account additional proceeds to be received from the amended credit facilities, to meet the \$2,020,000 of commitments related to Canadian exploration expenditures and corporate administrative expenses for several months, the Company will require additional funding to complete its exploration programs for the next 12 months and to meet its corporate administrative expenses for the same period. 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. In the event that the Company is not successful in raising sufficient funds, it may need to substantially reduce its activities.

Currency risk

The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, as the amount of expenditures in foreign currency is not significant (approximately US \$5,000 during the second quarter ended March 31, 2009). The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at March 31, 2009, financial assets include cash of US \$36,083 and financial liabilities include accounts payable and accrued liabilities of US \$5,562.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate changes on its investments that are expected to pay interest. The credit facility bears interest at a floating rate and therefore, the Company is exposed to the cash flow risks resulting from interest rate fluctuations. The Company has not entered into any derivative contracts to manage this risk. The Company's exposure to interest rate risks arising from its investments is fully described in note 6 to these consolidated financial statements. Based on the amount outstanding under the credit facility at March 31, 2009, a plus or minus 1% change in the prime lending rate would affect earnings by approximately \$32,000 over a 12-month period.

Bear Lake Gold Ltd.

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Notes to Consolidated Financial Statements

March 31, 2009 (unaudited)

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity and borrowings. As long as the Company is in the exploration and development stages of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs, except in exceptional circumstances, as has occurred in the case of contracting a credit facility secured by the Company's investments. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's current investment policy is to invest its cash in highly liquid, low-risk, short-term interest-bearing investments (such as banker's acceptances, term deposits, guaranteed investment certificates or treasury bills) with maturities of 180 days or less from the original date of acquisition.

4. CASH AND CASH EQUIVALENTS

	March 31, 2009	September 30, 2008
	\$	\$
Cash	2,455,531	-
Banker's acceptances, with initial maturities of less than three months, bearing interest at a rate of 0.7%	500,000	-
	<u>2,955,531</u>	<u>-</u>

5. MARKETABLE SECURITIES

	Cost	Unrealized losses	March 31, 2009 Fair value	Sept. 30, 2008 Fair value
	\$	\$	\$	\$
2,041,500 common shares of Eoro Resources Ltd.	306,225	(193,942)	112,283	265,395
Shares held in other public companies	77,800	(66,301)	11,499	24,500
	<u>384,025</u>	<u>(260,243)</u>	<u>123,782</u>	<u>289,895</u>

The Company and Eoro Resources Ltd. ("Eoro"), a publicly-held company listed on the TSX Venture Exchange ("TSXV"), are related by virtue of a common director.

Bear Lake Gold Ltd.
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March 31, 2009 (unaudited)

6. INVESTMENTS

On March 31, 2009, the Company held investments in Master Asset Vehicles II and III (“MAV II and III”), which had initially been invested in Canadian third-party asset-backed commercial paper (“ABCP”). These investments, which have been designated as held-for-trading, are accounted for at their fair value. The detail of these investments is as follows:

	<u>\$</u>
Nominal amount	
MAV II Senior A-1 notes	1,890,532
MAV II Senior A-2 notes	1,058,795
MAV II Subordinated B notes	192,200
MAV II Subordinated C notes	96,686
MAV II Ineligible class 1 tracking notes	414,959
MAV II Ineligible class 2 tracking notes	331,967
MAV III Class 34 tracking notes	389,013
MAV III Class 35 tracking notes	264,699
MAV III Class 36 tracking notes	145,535
Impairment	(2,000,000)
Fair value at March 31, 2009	<u>2,784,386</u>
Fair value of ABCP at September 30, 2008	<u>3,434,386</u>

In mid-August 2007, the Canadian third-party ABCP market was hit by a liquidity disruption. On August 16, 2007, a group representing banks, asset providers and major investors agreed, pursuant to the Montreal Accord, to a standstill period in respect of ABCP sold by 23 conduit issuers. A Pan-Canadian Investors Committee (the “Committee”) was subsequently established to oversee the proposed restructuring process and on March 20, 2008, the Committee released its proposed restructuring plan through an Information Statement in respect of a Plan of Compromise and Arrangement (the “Plan”), pursuant to the Companies Creditors Arrangement Act (“CCAA”). Note holders approved the Plan on April 25, 2008 and Justice Campbell, presiding over the restructuring under the CCAA, approved the Plan on June 5, 2008. On August 18, 2008, the appeals court of Ontario confirmed Justice Campbell’s decision, following various appeals, and on September 19, 2008, the Supreme Court of Canada released a decision denying leave to appeal from the decision of the Ontario Court of Appeal. On January 21, 2009, the Plan was fully implemented.

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6. INVESTMENTS (continued)

As part of the Plan, the Company received new notes of various classes issued by trusts referred to as MAV II and MAV III, including senior notes (Class A-1 and A-2 notes) and subordinated Class B and C notes. It is anticipated that the Class A-1 and A-2 notes will pay interest and Class B and C notes will accrue interest with payments to be made only after the Class A-1 and A-2 notes have been fully repaid. The Company also received notes referred to as Ineligible Asset Tracking Notes, within MAV II and MAV III, which intent is to 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 has been extended to provide for a maturity similar to that of the underlying assets. On January 21, 2009, the MAV II Class A-1 and A-2 notes had been assigned an investment grade rating of A by DBRS Limited ("DBRS") and the Class B and Class C and Tracking notes had not been rated. On April 24, 2009, DBRS placed the MAV II Class A-2 notes under review, with negative implications.

At March 31, 2009 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 expected to be received (using discount rates of between 5.9% and 16.5%), by estimating that certain notes will pay interest at a rate of 0.5% less than the bankers' acceptance rate, by estimating amounts of accrued interest to be received and by considering the best available market data. This estimation of fair value resulted in a total impairment charge of \$2,000,000 at March 31, 2009, which amount had been fully accounted for in prior periods. An amount of \$207,000 was received in February 2009, representing the Company's portion of net interest earned on the ABCP for the period from August 2007 to August 31, 2008. This amount was accounted for as a reduction of the Company's investments.

There are currently no 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 March 31, 2009, the fair value reported may change materially in subsequent periods.

7. PLANT AND EQUIPMENT

	Cost	Accumulated depreciation	March 31, 2009 Net	September 30, 2008 Net
	\$	\$	\$	\$
Mining equipment	1,918,000	-	1,918,000	1,918,000
Office furniture and equipment	13,002	(6,101)	6,901	9,068
	1,931,002	(6,101)	1,924,901	1,927,068

Bear Lake Gold Ltd.

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Notes to Consolidated Financial Statements

March 31, 2009 (unaudited)

8. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES

	March 31, 2009		September 30, 2008	
	Mineral properties	Deferred exploration expenses	Mineral Properties	Deferred exploration expenses
	\$	\$	\$	\$
Larder Lake, Ontario	24,063,667	8,228,605	24,063,667	5,965,092
Hope Bay, Nunavut	1,075,000	4,361,096	1,075,000	4,358,957
Unity, Idaho	81,473	957,271	61,425	679,542
	25,220,140	13,546,972	25,200,092	11,003,591

Larder Lake, Ontario

At March 31, 2009, the Larder Lake properties owned by the Company consist of the following:

- a 100% interest in the Bear Lake, Cheminis, Cheminis North and Fernland properties which consist 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 consist 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;
- a 100% interest in the Kirkland Wright properties which consist of 16 mining claims in McGarry, Hearst and McFadden Townships, 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 are as follows:

- 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. Eloro also owns directly a net smelter return royalty of 0.5%.
- a 1% net smelter royalty on the Kirkland Wright property, of which the Company has the option to purchase 0.5% for an amount of \$500,000.
- 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.

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8. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES (continued)

Hope Bay, Nunavut

Pursuant to an agreement dated September 10, 2004 and subsequent amendments, Hope Bay Mining Ltd. ("HB Mining") (a subsidiary of Newmont Mining Corporation) and the Company, entered into an option agreement whereby the Company can earn a 75% interest in the Chicago Claim Group and Twin Peaks areas, located in Hope Bay, Nunavut. To earn its interest, the Company is required to:

- a) Issue to HB Mining 2,500,000 of its common shares; all such shares have been issued at March 31, 2009 for a total value of \$1,075,000.
- b) Incur \$7,250,000 in expenditures over six years, with scheduled minimum cumulative expenditures of \$3,250,000 by October 31, 2007 (which has been incurred), \$5,250,000 by October 31, 2009 and \$7,250,000 by October 31, 2010.

Additionally, the Company will be required to issue up to 8,250,000 common shares as follows:

- a) 750,000 shares following the reporting of the first 500,000 of gold equivalent ounces in measured, indicated or inferred resources;
- b) 3,750,000 shares over three tranches upon the first, second and third million gold equivalent ounces reported as measured and/or indicated resources;
- c) 1,250,000 shares on delivery of a positive feasibility study; and
- d) 2,500,000 shares upon reaching commercial production.

HB Mining will have a one-time right to buy back up to a 50% interest and become operator by paying the Company 150% of the Company's proportionate exploration costs for the percentage being acquired.

Unity, Idaho

On July 31, 2007, the Company entered into an option agreement with Unity GoldSilver Mines Inc. (a privately-held company) ("Unity") to earn a 60% interest in the Unity mineral property located in Idaho, USA. On April 6, 2009, the Company and Unity entered into an agreement to amend some of the provisions of the option agreement. 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 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.

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8. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES (continued)

Lemoyne North, Québec

On July 16, 2007, Eloro granted the Company an option to acquire a 50% interest in the Lemoyne North, Horseshoe, Taïga and Taïga West properties (the "Lemoyne Properties") by expending \$3,000,000 by July 15, 2011. The Lemoyne Properties are encumbered with a 1% net smelter return royalty. On April 2, 2009, the Company advised Eloro of its decision to terminate the option agreement.

9. BANK LOAN

On August 30, 2007 (with various subsequent amendments), the Company entered into a temporary credit facility of up to an amount not exceeding \$3,250,000, secured by the Company's investments in the restructured ABCP (note 6), to fund working capital requirements. As at March 31, 2009, an amount of \$3,155,122 has been drawn on the facility, which bears interest at prime less 1.50% (1.0% as at March 31, 2009).

Subsequent to March 31, 2009, the Company entered into revised credit facilities, which terms and conditions are fully described in note 14 to these consolidated financial statements.

10. CAPITAL STOCK

Issued and fully paid

	2 nd Quarter ended March 31, 2009		Six-months ended March 31, 2009	
	Number of shares	Amount	Number of Shares	Amount
Authorized		\$		\$
Unlimited number of common shares without par value				
Balance, beginning of period	82,369,302	62,083,256	63,983,039	58,857,010
Issued				
Private placement	-	-	16,353,267	4,580,835
Shares in lieu of broker commission	-	-	616,330	118,173
Shares as debt settlement	-	-	1,416,666	271,661
Share issue costs				
Commissions and other costs		(7,100)		(357,591)
Value of broker warrants		-		(152,382)
Income tax deductions renounced		-		(1,241,550)
Balance, end of period	82,369,302	62,076,156	82,369,302	62,076,156

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10. CAPITAL STOCK (continued)

Issuance of shares

Private placement

On October 23, 2008, the Company completed a brokered private placement for total gross proceeds of \$4,905,980. A total of 13,350,000 flow-through common shares (the "FT Shares") at \$0.30 per FT Share and 3,003,267 units (the "Units") at \$0.30 per Unit have been issued. Each Unit issued consists of one common share and one non-transferable common share purchase warrant, with each warrant exercisable to acquire one common share at \$0.40 per share until October 23, 2010. Proceeds of the private placement were allocated between common shares and share purchase warrants based on their relative fair values. The fair value of the common shares was calculated by using the TSXV share price on the date of the issuance and the value of the common share purchase warrants was measured based on the Black-Scholes option pricing model. An amount of \$325,145 was allocated to such share purchase warrants and was presented as part of contributed surplus. As part of the financing, the agents elected to receive their 5% cash commission in a combination of \$60,400 in cash and 616,330 Units of the Company at a price of \$0.30 per unit, with each such unit comprised of one common share of the Company and one non-transferable common share purchase warrant entitling the holder to acquire one common share at \$0.40 per share until October 23, 2010. These warrants have been recorded at a fair value of \$66,726. The agents also received non-transferable broker warrants to purchase up to 817,663 common shares of the Company at a price of \$0.30 per share until October 23, 2010. These broker warrants have been recorded at a fair value of \$152,382.

Common share purchase warrants and broker warrants were measured based on the Black-Scholes option pricing model using a risk-free interest rate of 2.12%, an expected life of the warrants of 2 years, an annualized volatility of 122% and a dividend rate of 0%.

At March 31, 2009, an amount of \$2,020,000 remains available under the flow-through portion of the private placement to incur eligible Canadian exploration expenses, by December 31, 2009.

On December 31, 2008, in accordance with the flow-through share agreement, the Company has renounced the related tax deductions in an amount of \$1,241,550 with a corresponding increase to future income tax recovery.

Debt settlement

On October 22, 2008, the Company entered into an agreement with each of its financial advisors to settle amounts owed to them for fees charged to the Company in connection with the business combination completed on September 16, 2008. In settlement of the amounts owed, totalling \$425,000, the Company issued an aggregate of 1,416,666 Units of the Company at a price of \$0.30 per Unit, with each Unit comprised of one common share of the Company and one non-transferable share purchase warrant entitling the holder to acquire one common share at \$0.40 per share until October 23, 2010. These warrants have been recorded at a fair value of \$153,340 based on the Black-Scholes option pricing model using a risk-free interest rate of 2.12%, an expected life of the warrants of 2 years, an annualized volatility of 122% and a dividend rate of 0%.

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10. CAPITAL STOCK (continued)

Warrants

	2nd Quarter ended March 31, 2009	Six-months ended March 31, 2009
Number of warrants		
Balance, beginning of period	12,205,559	6,351,633
Issued	-	5,853,926
Expired	(726,400)	(726,400)
Balance, end of period	11,479,159	11,479,159

At March 31, 2009, the outstanding number of warrants exercisable into common shares is as follows:

	Number of Warrants		Number of warrants		Price	Expiry date
	Sept 30, 2008	Issued	Expired	March 31, 2009	per share	
					\$	
Acquisition of NFX - January 2007	287,500	-	(287,500)	-		
Acquisition of NFX - January 2007	438,900	-	(438,900)	-		
Private placement - October 2007	5,333,333	-	-	5,333,333	0.80	2009-04-24
Broker warrants - October 2007	291,900	-	-	291,900	0.60	2009-04-24
Private placement – October 2008	-	3,003,267	-	3,003,267	0.40	2010-10-23
Broker warrants - October 2008	-	817,663	-	817,663	0.30	2010-10-23
In lieu of cash commission	-	616,330	-	616,330	0.40	2010-10-23
As debt settlement	-	1,416,666	-	1,416,666	0.40	2010-10-23
	6,351,633	5,853,926	(726,400)	11,479,159		

A total of 287,500 warrants expired unexercised on January 12, 2009 and a total of 438,900 warrants expired unexercised on February 17, 2009. A total of 5,333,333 warrants and 291,900 broker warrants granted as part of a private placement completed in October 2007 expired unexercised on April 24, 2009.

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10. CAPITAL STOCK (continued)

Stock options

The following table sets out the activity in stock options:

	2nd Quarter ended March 31, 2009	Six-months ended March 31, 2009
Number of Options		
Balance, beginning of period	5,067,500	5,930,000
Granted	2,272,500	2,272,500
Cancelled / expired	(15,000)	(877,500)
Balance, end of period	<u>7,325,000</u>	<u>7,325,000</u>

Detail of the stock options granted are as follows:

	2nd Quarter ended March 31, 2009	2nd Quarter ended March 31, 2008	Six-months ended March 31, 2009	Six-months ended March 31, 2008
Number of options granted	2,272,500	1,045,000	2,272,500	1,355,000
Weighted-average fair value of options granted	\$0.24	\$0.54	\$0.24	\$0.54
Expected life of options	5 years	5 years	5 years	5 years
Semi-annual risk free interest rate	2.11%	3.66%	2.11%	3.74%
Volatility rate	140%	93%	140%	91%
Dividend factor	0%	0%	0%	0%

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10. CAPITAL STOCK (continued)

Stock options (continued)

Stock option transactions are detailed as follows:

Grant date	Exercise price	Balance, Sept 30, 2008	Granted	Cancelled / Expired	Balance, March 31, 2009	Number of options exercisable	Residual exercise Period
	\$						
2008 Stock Option Plan							
Sep 20, 2008	0.70	100,000	-	-	100,000	33,333	4.5 years
Jan 30, 2009 (1)	0.28	-	2,272,500	-	2,272,500	1,627,500	4.8 years
NFX Stock Option Plan							
Dec 16, 2005	0.60	112,500	-	-	112,500	112,500	1.5 years
Jan 30, 2006	1.10	350,000	-	(200,000)	150,000	150,000	1.5 years
Aug 17, 2007	0.70	1,225,000	-	(375,000)	850,000	850,000	1.5 years
Sept 19, 2007	0.82	137,500	-	(37,500)	100,000	100,000	1.5 years
Nov 9, 2007	1.60	700,000	-	(250,000)	450,000	450,000	1.5 years
Maximus Stock Option Plan							
Nov 12, 2004	0.24	250,000	-	-	250,000	250,000	0.6 years
Aug 31, 2005	0.20	350,000	-	-	350,000	350,000	1.4 years
Mar 28, 2006	0.60	100,000	-	-	100,000	100,000	2.0 years
Nov 14, 2006	0.64	450,000	-	-	450,000	450,000	2.6 years
Dec 27, 2006	0.80	500,000	-	-	500,000	500,000	2.8 years
Feb 22, 2007	0.70	200,000	-	-	200,000	200,000	2.9 years
May 23, 2007	0.58	100,000	-	-	100,000	100,000	3.2 years
Dec 14, 2007	0.84	310,000	-	-	310,000	310,000	3.7 years
Jan 4, 2008	0.80	400,000	-	-	400,000	400,000	3.8 years
Jan 25, 2008	0.76	212,500	-	-	212,500	212,500	3.8 years
Mar 4, 2008	0.68	432,500	-	(15,000)	417,500	313,125	3.9 years
		<u>5,930,000</u>	<u>2,272,500</u>	<u>(877,500)</u>	<u>7,325,000</u>	<u>6,508,958</u>	

(1) includes 615,000 stock options granted to two senior executives and an employee of the Company which are subject to specific vesting conditions and will not be exercisable prior to a year-end performance review to be completed by the Compensation Committee of the Board, by January 31, 2010; these options will be exercisable for a period of five years at \$0.28 per share, the market closing price on the day preceding the grant.

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11. RELATED PARTY TRANSACTIONS

During the 2nd quarter and the six-month period ended March 31, 2009, the Company paid or accrued administration expenses of \$62,784 and \$139,027, respectively to Reunion Gold Corporation (\$74,532 and \$110,535, respectively in 2008), a company with a common director and officers.

No amount was due to Reunion Gold Corporation at March 31, 2009 (\$83,021 at September 30, 2008). Amounts due to Reunion Gold Corporation are non-interest bearing and have no specific repayment terms.

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.

12. 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:

	March 31, 2009	September 30, 2008
	\$	\$
Canada	37,728,368	35,462,716
United States of America	1,038,744	740,967
	38,767,112	36,203,683

13. COMPARATIVE FIGURES

Certain comparative figures provided for the period ended March 31, 2008 have been reclassified to conform to the presentation adopted for the period ended March 31, 2009.

14. SUBSEQUENT EVENT

Credit Facilities

On May 12, 2009, the Company, through Maximus, entered into two credit facility agreements with its lender, for a total loan amount of approximately \$3,577,000, in replacement of the temporary credit facility described in note 9. 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. A portion of the credit facilities, representing approximately \$2,610,000, is secured solely by the related investments held in the MAV II and III notes described in note 6 and the remaining amount of approximately \$967,000 is secured by the related investments held in the MAV II and III notes as well as a general security interest in the universality of all of Maximus' assets. Cash proceeds from the sale of the MAV II and III notes will automatically be applied, at that time, to the amount of outstanding borrowings. These facilities will, subject to certain conditions, limit the Company's loss to between 25% and 55% of the MAV II and III notes held. In preparing its consolidated financial statements for the 3rd quarter ending June 30, 2009, the Company will present the amount outstanding under the credit facilities as a long-term liability.