

**BEAR LAKE GOLD LTD.**  
(an exploration stage Company)

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the Third Quarter ended June 30, 2009**

(Unaudited – in Canadian dollars)

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

	June 30, 2009 (unaudited)	September 30, 2008 (audited)
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 4)	3,689,170	-
Marketable securities (note 5)	156,405	289,895
Amounts receivable	142,455	286,103
Prepaid expenses and deposits	21,118	57,862
	<b>4,009,148</b>	<b>633,860</b>
Investments (note 6)	2,718,409	3,434,386
Reclamation bond	10,508	10,508
Plant and equipment (note 7)	1,923,817	1,927,068
Mineral properties (note 8)	25,235,120	25,200,092
Deferred exploration expenses (note 8)	14,886,413	11,003,591
	<b>48,783,415</b>	<b>42,209,505</b>
<b>LIABILITIES</b>		
Current liabilities		
Bank overdraft	-	35,289
Bank loan (note 9)	-	1,702,932
Accounts payable and accrued liabilities	1,392,204	2,151,381
Due to a related party (note 11)	8,586	83,021
	<b>1,400,790</b>	<b>3,972,623</b>
Long-term debt (note 9)	2,932,454	-
Future income tax liability	2,559,360	2,772,715
Minority interest	11,770	11,770
	<b>6,904,374</b>	<b>6,757,108</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 10)	63,558,671	58,857,010
Contributed surplus	7,484,103	5,470,670
Deficit	(29,163,733)	(28,875,283)
	<b>41,879,041</b>	<b>35,452,397</b>
	<b>48,783,415</b>	<b>42,209,505</b>

Going concern (note 1)

Subsequent events (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)

	3rd Quarter ended June 30, 2009	3rd Quarter ended June 30, 2008	Nine-months ended June 30, 2009	Nine-months ended June 30, 2008
	\$	\$	\$	\$
<b>Expenses</b>				
Stock-based compensation cost	76,078	140,597	528,821	545,669
Other remuneration	72,624	70,631	262,006	256,251
Management and administration	55,465	47,792	195,573	194,568
Professional fees	21,018	12,430	71,327	58,275
Office	36,511	38,432	95,299	112,168
Transfer agent and filing fees	7,524	2,334	29,493	14,273
Shareholder communications	4,356	13,904	25,555	61,662
Travel and related costs	5,653	654	7,781	20,749
Depreciation	1,084	851	3,251	2,201
	<b>280,313</b>	327,625	<b>1,219,106</b>	1,265,816
<b>Other items</b>				
Interest income	(5,623)	(6,390)	(31,798)	(52,192)
Interest expense	6,260	-	33,146	-
Loss (gain) on marketable securities (note 5)	(32,623)	-	133,490	-
Impairment charge (recovery) on investments (note 6)	(53,588)	-	389,412	300,000
	<b>(85,574)</b>	(6,390)	<b>524,250</b>	247,808
Loss before income taxes	<b>(194,739)</b>	(321,235)	<b>(1,743,356)</b>	(1,513,624)
Future income tax recovery (note 10)	62,666	-	1,454,906	1,569,520
<b>Net earnings (loss) and comprehensive income (loss)</b>	<b>(132,073)</b>	(321,235)	<b>(288,450)</b>	55,896
Basic and diluted earnings (loss) per common share	<b>(0.00)</b>	(0.01)	<b>(0.00)</b>	0.00
Weighted average number of common shares - basic	<b>84,542,376</b>	37,175,907	<b>81,513,499</b>	36,655,734
Weighted average number of common shares - diluted	<b>85,491,355</b>	37,175,907	<b>82,008,562</b>	37,296,073

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)

	3rd Quarter ended June 30, 2009	3rd Quarter ended June 30, 2008	Nine-months ended June 30, 2009	Nine-months ended June 30, 2008
	\$	\$	\$	\$
<b>DEFICIT</b>				
Balance, beginning of period	<b>(29,031,660)</b>	(27,857,665)	<b>(28,875,283)</b>	(28,234,796)
Net earnings (loss)	<b>(132,073)</b>	(321,235)	<b>(288,450)</b>	55,896
Balance, end of period	<b>(29,163,733)</b>	(28,178,900)	<b>(29,163,733)</b>	(28,178,900)
<b>CONTRIBUTED SURPLUS</b>				
Balance, beginning of period	<b>6,621,006</b>	3,990,870	<b>5,470,670</b>	2,736,582
Stock-based compensation cost	<b>76,078</b>	140,597	<b>528,821</b>	545,669
Share purchase warrants (note 10)	<b>657,579</b>	-	<b>982,724</b>	901,497
Broker warrants (note 10)	<b>129,440</b>	-	<b>281,822</b>	77,636
Share purchase warrants in lieu of broker commission (note 10)	-	-	<b>66,726</b>	-
Share purchase warrants as debt settlement (note 10)	-	-	<b>153,340</b>	-
Exercise of broker warrants	-	(128,036)	-	(257,953)
Balance, end of period	<b>7,484,103</b>	4,003,431	<b>7,484,103</b>	4,003,431

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

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

	3rd Quarter ended June 30, 2009	3rd Quarter ended June 30, 2008	Nine-months ended June 30, 2009	Nine-months ended June 30, 2008
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net earnings (loss)	(132,073)	(321,235)	(288,450)	55,896
Non-cash items				
Depreciation	1,084	851	3,251	2,201
Stock-based compensation cost	76,078	140,597	528,821	545,669
Unrealized loss (gain) on marketable securities	(32,623)	-	133,490	-
Impairment charge (recovery) on investments	(53,588)	-	389,412	300,000
Future income tax recovery	(62,666)	-	(1,454,906)	(1,569,520)
Changes in non-cash working capital items	(1,907)	(7,571)	141,386	(109,743)
Cash flows from operating activities	(205,695)	(187,358)	(546,996)	(775,497)
<b>INVESTING ACTIVITIES</b>				
Investments	119,565	-	326,565	-
Equipment	-	-	-	(7,700)
Mineral properties and deferred exploration expenses	(1,224,599)	(1,403,701)	(4,284,956)	(2,728,576)
Cash flows from investing activities	(1,105,034)	(1,403,701)	(3,958,391)	(2,736,276)
<b>FINANCING ACTIVITIES</b>				
Bank loan	(222,668)	-	1,229,522	-
Issuance of shares and warrants, net of costs	2,267,036	-	7,000,324	2,870,833
Exercise of broker warrants	-	226,090	-	482,590
Cash flows from financing activities	2,044,368	226,090	8,229,846	3,353,423
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>733,639</b>	<b>(1,364,969)</b>	<b>3,724,459</b>	<b>(158,350)</b>
Cash and cash equivalents (bank overdraft), beginning of period	2,955,531	1,483,881	(35,289)	277,262
Cash and cash equivalents, end of period	3,689,170	118,912	3,689,170	118,912
<b>Changes in other non-cash items</b>				
Accounts payable related to exploration projects	142,322	(196,306)	120,086	405,904
Issuance of common shares in lieu of broker commission	-	-	184,900	-
Issuance of common shares as debt settlement	-	-	425,000	-
Issuance of broker warrants	129,440	-	281,822	77,636
Issuance of common shares pursuant to a mineral property agreement	2,500	-	2,500	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)

3rd Quarter ended June 30, 2009

	Larder Lake, Ontario	Hope Bay, Nunavut	Unity, Idaho	Total	2008
	\$	\$	\$	\$	\$
Balance, beginning of period	8,228,605	4,361,096	957,271	13,546,972	8,423,801
Drilling and assaying	1,184,745	-	-	1,184,745	1,121,455
Geology	21,754	10,094	49	31,897	28,673
Contractors and consultants	27,597	-	-	27,597	14,068
Labour	48,385	-	-	48,385	72,969
Title and claim management	2,501	-	-	2,501	12,163
Administration	44,316	-	-	44,316	92,117
	1,329,298	10,094	49	1,339,441	1,341,445
Balance, end of period	9,557,903	4,371,190	957,320	14,886,413	9,765,246

Nine-months ended June 30, 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	3,077,754	-	232,564	3,310,318	2,537,245
Geology	43,289	12,132	14,089	69,510	72,941
Contractors and consultants	102,149	-	19,851	122,000	259,058
Labour	168,854	-	1,278	170,132	206,510
Title and claim management	8,199	-	-	8,199	18,196
Administration	192,566	101	9,996	202,663	217,113
	3,592,811	12,233	277,778	3,882,822	3,311,063
Balance, end of period	9,557,903	4,371,190	957,320	14,886,413	9,765,246

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

June 30, 2009 (unaudited)

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### 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. 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, i) 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 June 30, 2009, had an accumulated deficit of \$29,163,733; ii) technical data inconsistencies on the Larder Lake Property were uncovered on July 17, 2009 (note 14) and based upon the results of the investigation to date it appears that the data inconsistencies are of a serious nature and the Company believes that the reporting of corrected assay results may result in significant reductions of gold values for some of the previously announced drilling intercepts; iii) following the uncovering of the technical data inconsistencies, the Company has suspended all operations at the Larder Lake Property while the investigation continues; iv) the Company is committed to spending \$680,336 on Canadian exploration expenditures by December 31, 2009 as a result of a flow-through financing completed in October 2008, which amount may be allocated to the Hope Bay project to satisfy the Company's earn-in commitments by October 31, 2009; and v) based on current available liquidities, the Company may not have sufficient cash resources to meet its expenditures for the next 12 months.

# Bear Lake Gold Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

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

At June 30, 2009, the Company had \$4,267,549 in available liquidities (including cash of \$3,689,170 and an amount of \$578,379 available under its credit facilities as described in note 9). While it has sufficient cash to meet all of its current commitments and the estimated costs related to the on-going investigation, the Company will require additional funding within the next 12 months to meet its earn-in commitment under the option agreements for the Hope Bay and Unity projects, to resume, if warranted, its planned or revised exploration programs at Larder Lake once the investigation is completed, 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 amendments to certain other 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.

In January 2009, the Emerging Issues Committee ("EIC") issued **Abstract EIC-173, *Credit Risk and the Fair Value of Financial Assets and Liabilities***. This Abstract is to be applied retrospectively, without restatement, to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Company has taken into account the consensus reached in this Abstract effective October 1, 2008.

# **Bear Lake Gold Ltd.**

(an exploration stage Company)

## **Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

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

(continued)

On March 27, 2009, the 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 effective January 1, 2009.

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 June 30, 2009 consist of cash and cash equivalents, marketable securities, amounts receivable, deposits, investments, accounts payable and accrued liabilities, due to a related party and long-term debt. 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 long-term debt, 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 long-term debt 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 \$15,600.

#### ***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

June 30, 2009 (unaudited)

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### 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 June 30, 2009, the Company had available liquidities of \$4,267,549 (consisting of cash and cash equivalents of \$3,689,170 and an amount of \$578,379 available under its credit facilities) to settle its current trade liabilities in the amount of \$1,392,204, which are due within the next 12 months. The Company is also committed to spending \$680,336 on Canadian exploration expenditures by December 31, 2009 as a result of flow-through financing completed in October 2008, which amount may be allocated to the Hope Bay project to satisfy the Company's earn-in commitments by October 31, 2009.

While the Company has available liquidities to meet its current commitments, the Company will require additional funding to complete its planned or revised 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.

#### *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 \$7,500 during the third quarter ended June 30, 2009). The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at June 30, 2009, financial assets include cash of US\$37,387 and financial liabilities include accounts payable and accrued liabilities of US \$7,500.

#### *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 has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash balances is to invest excess 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. The Company is also exposed to interest rate changes on its investments that are expected to pay interest. The Company's exposure to interest rate risks arising from its investments is fully described in note 6 to these consolidated financial statements.

The long-term debt bears interest at a floating rate and therefore, the Company is exposed to the cash flow risks resulting from interest rate fluctuations. Based on the amount outstanding under the credit facility at June 30, 2009, a plus or minus 1% change in the prime lending rate would affect earnings by approximately \$29,300 over a 12-month period.

# Bear Lake Gold Ltd.

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## Notes to Consolidated Financial Statements

June 30, 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. The Company is not subject to any externally imposed capital requirements. 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.

### 4. CASH AND CASH EQUIVALENTS

	June 30, 2009	September 30, 2008
	\$	\$
Cash	1,938,667	-
Banker's acceptances, with initial maturities of less than three months, bearing interest at a rate of 0.5%	1,750,503	-
	3,689,170	-

### 5. MARKETABLE SECURITIES

	Cost	Unrealized losses	June 30, 2009 Fair value	Sept. 30, 2008 Fair value
	\$	\$	\$	\$
2,041,500 common shares of Eoro Resources Ltd.	306,225	(163,320)	142,905	265,395
Shares held in other public companies	77,800	(64,300)	13,500	24,500
	384,025	(227,620)	156,405	289,895

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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**Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

**6. INVESTMENTS**

On June 30, 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:

	\$
Nominal amount	
MAV II Senior A-1 notes	1,889,346
MAV II Senior A-2 notes	1,059,785
MAV II Subordinated B notes	192,381
MAV II Subordinated C notes	96,571
MAV II Ineligible class 1 tracking notes	415,027
MAV II Ineligible class 2 tracking notes	332,021
MAV III Class 34 tracking notes	323,039
MAV III Class 35 tracking notes	264,702
MAV III Class 36 tracking notes	145,537
	<b>4,718,409</b>
Impairment	<b>(2,000,000)</b>
Fair value at June 30, 2009	<b>2,718,409</b>
Fair value of ABCP at September 30, 2008	3,434,386

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.

# Bear Lake Gold Ltd.

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## Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

### 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. In April 2009, DBRS placed the MAV II Class A-2 notes under review and on August 11, 2009 downgraded the MAV II Class A-2 notes to BBB (low) and maintained the rating under review. On April 23, 2009, the Company received an amount of \$65,977 as redemption of the MAV III Class 34 tracking notes and applied this amount as a reduction of the related investment held.

At June 30, 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 5.0% and 15.0%), 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 total impairment charge of \$2,000,000 at June 30, 2009, which amount had been fully accounted for in prior periods. A total amount of \$260,588 was received in February and April 2009, representing the Company's portion of net interest earned on the ABCP for the period from August 2007 to January 21, 2009. This amount was accounted for as a reduction of the Company's investments. A variation of 1% in discount rates would impact the fair value of investments by approximately \$140,000.

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 June 30, 2009, the fair value reported may change materially in subsequent periods.

### 7. PLANT AND EQUIPMENT

	Cost	Accumulated depreciation	June 30, 2009 Net	September 30, 2008 Net
	\$	\$	\$	\$
Mining equipment	1,918,000	-	1,918,000	1,918,000
Office furniture and equipment	13,002	(7,185)	5,817	9,068
	1,931,002	(7,185)	1,923,817	1,927,068

# Bear Lake Gold Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

### 8. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES

	June 30, 2009		September 30, 2008	
	Mineral properties	Deferred exploration expenses	Mineral Properties	Deferred exploration expenses
	\$	\$	\$	\$
Larder Lake, Ontario	24,070,121	9,557,903	24,063,667	5,965,092
Hope Bay, Nunavut	1,075,000	4,371,190	1,075,000	4,358,957
Unity, Idaho	89,999	957,320	61,425	679,542
	<b>25,235,120</b>	<b>14,886,413</b>	25,200,092	11,003,591

#### Larder Lake, Ontario

At June 30, 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; in April 2009, the Company issued 10,000 of its common shares to the vendor of the Kirkland-Wright properties, pursuant to the May 2006 purchase and sale agreement; the issuance of these shares constitutes the final consideration for this acquisition; 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 properties, 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.

# **Bear Lake Gold Ltd.**

(an exploration stage Company)

## **Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

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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 June 30, 2009 for a total value of \$1,075,000; and b) incur \$7,250,000 in expenditures over six years, with scheduled minimum cumulative expenditures of \$3,250,000 by October 31, 2007 (which amount has been incurred), \$5,250,000 by October 31, 2009 (of which \$4,371,190 has been spent as at June 30, 2009; note 14) 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.

#### **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. On April 2, 2009, the Company advised Eloro of its decision to terminate the option agreement.

**Bear Lake Gold Ltd.**  
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**Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

**9. CREDIT FACILITIES**

	June 30, 2009	September 30, 2008
	\$	\$
<b>Long-term</b>		
Temporary bank loan (a)	2,932,454	-
Revolving credit facilities (b)	-	-
	<b>2,932,454</b>	-
Due within the next year	-	-
	<b>2,932,454</b>	-
<b>Short-term</b>		
Temporary bank loan (a)	-	1,702,932
	-	1,702,932

- (a) On August 30, 2007 (with various subsequent amendments), the Company entered into a temporary bank loan 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. The amounts drawn under the temporary bank loan bear interest at prime less 1.50% (0.75% at June 30, 2009). On July 3, 2009, the amount outstanding under the temporary bank loan was reimbursed from the proceeds of the revolving credit facilities described in (b) below.
- (b) On May 12, 2009, the Company, through Maximus, entered into two credit facility agreements with its lender, for a total loan amount of \$3,510,833, in replacement of the temporary bank loan described in (a). 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.

The first Credit Facility (initially available for a 3-year period) is made available in two tranches, with tranche A not to exceed \$1,450,308 and tranche B not to exceed \$966,872. The tranche A facility is secured by the Company's investments in MAV II, Senior A-1 and A-2 notes and the Subordinated B and C notes (note 6) and the tranche B facility is secured by the MAV II Senior and Subordinated notes as well as a general security interest in the universality of all of Maximus' assets. The second Credit Facility (initially available for a 2-year period) is made available in an amount not to exceed \$1,093,653 and is secured by the Company's investments in MAV II, Ineligible class 1 and class 2 tracking notes and the MAV III, class 34, class 35 and class 36 tracking notes.

Cash proceeds from the sale of the MAV II and III notes will automatically be applied, at that time, to the amount of the outstanding related borrowings. On July 3, 2009, the Company provided a notice of borrowing to its lender in the amount of \$3,250,000. Consequently, amounts outstanding under the temporary bank loan were reimbursed on that day and replaced with an amount outstanding under the first Credit Facility of \$2,417,180 and under the second Credit Facility of \$832,820.

**Bear Lake Gold Ltd.**  
(an exploration stage Company)  
**Notes to Consolidated Financial Statements**

June 30, 2009 (unaudited)

**10. CAPITAL STOCK**

**Issued and fully paid**

	3 <sup>rd</sup> Quarter ended June 30, 2009		Nine-months ended June 30, 2009	
	Number of shares	Amount \$	Number of Shares	Amount \$
<b>Authorized</b>				
Unlimited number of common shares without par value				
<b>Balance, beginning of period</b>	<b>82,369,302</b>	<b>62,076,156</b>	<b>63,983,039</b>	<b>58,857,010</b>
Issued				
Private placements (a) (b)	7,575,758	1,842,421	23,929,025	6,423,256
Kirkland-Wright properties (note 8)	10,000	2,500	10,000	2,500
Shares in lieu of broker commission (b)	-	-	616,330	118,173
Shares as debt settlement (c)	-	-	1,416,666	271,661
Share issue costs				
Commissions and other costs		(232,966)		(590,557)
Value of broker warrants		(129,440)		(281,822)
Income tax deductions renounced		-		(1,241,550)
<b>Balance, end of period</b>	<b>89,955,060</b>	<b>63,558,671</b>	<b>89,955,060</b>	<b>63,558,671</b>

**Issuance of shares**

(a) On June 4, 2009, the Company completed a bought deal private placement for gross proceeds of \$2,500,000 (the "Offering"). A total of 7,575,758 units (the "Units") at \$0.33 per Unit have been issued. Each Unit issued consists of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable to acquire one common share of the Company at \$0.40 per share until June 4, 2011, subject to the Company's right to accelerate the expiry of the warrants if the closing price of the common shares on the TSX Venture Exchange ("TSXV") exceeds \$0.50 for twenty consecutive trading days at any time after four months and one day from closing of the Offering. 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 \$657,579 was allocated to such share purchase warrants and was presented as part of contributed surplus. As part of the financing, the Agents received a total cash commission of \$175,000 and non-transferable broker warrants entitling the Agents to purchase up to 530,303 Units of the Company at a price of \$0.33 per Unit until June 4, 2011. Each Unit issuable upon exercise of the broker warrants will have the same terms as the Units of the Offering. These broker warrants have been recorded at a fair value of \$129,440. Common share purchase warrants and broker warrants were measured based on the Black-Scholes option pricing model using a risk-free interest rate of 1.20%, an expected life of the warrants of 2 years, an annualized volatility of 158% and a dividend rate of 0%.

# Bear Lake Gold Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

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### 10. CAPITAL STOCK (continued)

#### Issuance of shares (continued)

- (b) 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 June 30, 2009, an amount of \$680,336 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.
- (c) 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%.

**Bear Lake Gold Ltd.**  
 (an exploration stage Company)  
**Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

**10. CAPITAL STOCK** (continued)

**Warrants**

	<b>3<sup>rd</sup> Quarter ended June 30, 2009</b>	<b>Nine-months ended June 30, 2009</b>
<b>Number of warrants</b>		
Balance, beginning of period	11,479,159	6,351,633
Issued	4,318,182	10,172,108
Expired	(5,625,233)	(6,351,633)
Balance, end of period	10,172,108	10,172,108

At June 30, 2009, the outstanding number of warrants exercisable into common shares is as follows:

	Number of Warrants	Issued	Expired	Number of warrants June 30, 2009	Price per share	Expiry date
	Sept 30, 2008				\$	
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)	-		
Broker warrants - October 2007	291,900	-	(291,900)	-		
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
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
	6,351,633	10,172,108	(6,351,633)	10,172,108		

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.

**Bear Lake Gold Ltd.**  
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**Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

**10. CAPITAL STOCK** (continued)

**Stock options**

The following table sets out the activity in stock options:

	<b>3<sup>rd</sup> Quarter ended</b>	<b>Nine-months ended</b>
	<b>June 30,</b>	<b>June 30,</b>
	<b>2009</b>	<b>2009</b>
<b>Number of Options</b>		
Balance, beginning of period	7,325,000	5,930,000
Granted	-	2,272,500
Cancelled / expired	(47,500)	(925,000)
Balance, end of period	<b>7,277,500</b>	<b>7,277,500</b>

Detail of the stock options granted are as follows:

	<b>3rd Quarter</b>	3rd Quarter	<b>Nine-months</b>	Nine-months
	<b>ended</b>	ended	<b>ended</b>	ended
	<b>June 30, 2009</b>	June 30, 2008	<b>June 30, 2009</b>	June 30, 2008
Number of options granted	-	-	<b>2,272,500</b>	1,355,000
Weighted-average fair value of options granted	-	-	<b>\$0.24</b>	\$0.54
Expected life of options	-	-	<b>5 years</b>	5 years
Semi-annual risk free interest rate	-	-	<b>2.11%</b>	3.74%
Volatility rate	-	-	<b>140%</b>	91%
Dividend factor	-	-	<b>0%</b>	0%

**Bear Lake Gold Ltd.**  
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**Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

**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, June 30, 2009	Number of options exercisable	Residual exercise Period
	\$						
<b>2008 Stock Option Plan</b>							
Sep 20, 2008	0.70	100,000	-	-	<b>100,000</b>	33,333	4.2 years
Jan 30, 2009 (1)	0.28	-	2,272,500	-	<b>2,272,500</b>	1,637,500	4.6 years
<b>NFX Stock Option Plan</b>							
Dec 16, 2005	0.60	112,500	-	-	<b>112,500</b>	112,500	1.2 years
Jan 30, 2006	1.10	350,000	-	(200,000)	<b>150,000</b>	150,000	1.2 years
Aug 17, 2007	0.70	1,225,000	-	(375,000)	<b>850,000</b>	850,000	1.2 years
Sept 19, 2007	0.82	137,500	-	(37,500)	<b>100,000</b>	100,000	1.2 years
Nov 9, 2007	1.60	700,000	-	(250,000)	<b>450,000</b>	450,000	1.2 years
<b>Maximus Stock Option Plan</b>							
Nov 12, 2004	0.24	250,000	-	-	<b>250,000</b>	250,000	0.4 years
Aug 31, 2005	0.20	350,000	-	-	<b>350,000</b>	350,000	1.2 years
Mar 28, 2006	0.60	100,000	-	-	<b>100,000</b>	100,000	1.8 years
Nov 14, 2006	0.64	450,000	-	-	<b>450,000</b>	450,000	2.4 years
Dec 27, 2006	0.80	500,000	-	-	<b>500,000</b>	500,000	2.5 years
Feb 22, 2007	0.70	200,000	-	-	<b>200,000</b>	200,000	2.7 years
May 23, 2007	0.58	100,000	-	-	<b>100,000</b>	100,000	2.9 years
Dec 14, 2007	0.84	310,000	-	(47,500)	<b>262,500</b>	262,500	3.5 years
Jan 4, 2008	0.80	400,000	-	-	<b>400,000</b>	400,000	3.5 years
Jan 25, 2008	0.76	212,500	-	-	<b>212,500</b>	212,500	3.6 years
Mar 4, 2008	0.68	432,500	-	(15,000)	<b>417,500</b>	390,312	3.7 years
		5,930,000	2,272,500	(925,000)	<b>7,277,500</b>	6,548,645	

(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.

# Bear Lake Gold Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

### 11. RELATED PARTY TRANSACTIONS

During the 3rd quarter and the nine-month period ended June 30, 2009, the Company paid or accrued administration expenses of \$62,784 and \$201,811, respectively to Reunion Gold Corporation (\$74,658 and \$185,191, respectively in 2008), a company with a common director and officers.

An amount of \$8,586 was due to Reunion Gold Corporation at June 30, 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:

	June 30, 2009	September 30, 2008
	\$	\$
Canada	39,074,214	35,462,716
United States of America	1,047,319	740,967
	<b>40,121,533</b>	<b>36,203,683</b>

### 13. COMPARATIVE FIGURES

Certain comparative figures provided for the period ended June 30, 2008 have been reclassified to conform to the presentation adopted for the period ended June 30, 2009.

### 14. SUBSEQUENT EVENTS

#### Hope Bay

On July 3, 2009, in accordance with the option agreement with HB Mining, the Company advanced an amount of \$750,000 to HB Mining for exploration work to be performed at the Hope Bay project in July and August 2009.

#### Data Inconsistencies related to the Larder Lake Property

On July 21, 2009, the Company announced that it has become aware of material inconsistencies regarding the Company's exploration data that appear to compromise the Company's prior reporting of exploration results in respect of the Company's Larder Lake Property. These matters were uncovered on Friday, July 17, 2009, when InnovExplo Inc., the independent technical consulting firm engaged by the Company to complete a resource estimation of the Bear Lake zone and draft a National Instrument 43-101 technical report in respect of the Larder Lake Property, detected certain data inconsistencies and raised its concerns with senior management of the Company. Upon learning of these matters, the Company immediately commenced an investigation, both internally and externally with the assistance of InnovExplo Inc. Given the nature of these matters, the Company has retained Scott Wilson Roscoe Postle Associates ("Scott Wilson RPA") to lead the technical investigation and Stikeman Elliott LLP to lead the legal aspects of the investigation and to advise the Board of Directors.

# **Bear Lake Gold Ltd.**

(an exploration stage Company)

## **Notes to Consolidated Financial Statements**

**June 30, 2009** (unaudited)

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### **14. SUBSEQUENT EVENTS** (continued)

#### **Data Inconsistencies related to the Larder Lake Property** (continued)

Based upon the results of the investigation to date it appears that the data inconsistencies are of a serious nature and the Company believes that the reporting of corrected assay results may result in significant reductions of gold values for some of the previously announced drilling intercepts.

The Company's Board of Directors has established a Technical Committee to supervise the investigation, review internal technical procedures and make recommendations to the Board of Directors. The investigation will address, among other things, the extent of the time frame over which the inconsistencies occurred.

Scott Wilson RPA has commenced its investigation, which include a review of the history of communication of assay results, the history of entering of assay results into the database and past processes for data verification, an overall review of the Company's past QA/QC protocols and a review of past protocols relating to sampling, sample security, handling and transportation of samples to and from the laboratories. The investigation is expected to involve a comprehensive review of assay certificates, site visits and visits to laboratories. The investigation will also include a review of drill core logs and photographs, independent sampling of core and, if necessary, re-assaying of rejects, pulps and core and re-drilling some selected intervals. Scott Wilson RPA will also review, verify and, if possible, validate a sample database and examine the drill hole data to determine which information can be used to direct future exploration at the Larder Lake Property. At this time the Company is unable to determine how long the technical investigation by Scott Wilson RPA will take or when further information regarding this investigation will be available.

All operations at the Larder Lake Property have been suspended while the investigation continues.

The Company will assess the impact of these data inconsistencies on the carrying value of the Larder Lake Property once the complete results from the investigation become available.