Shore Gold Inc.

3rd Quarter Report
2007

MANAGEMENT'S DISCUSSION & ANALYSIS
For the quarter ended September 30, 2007

The following discussion and analysis is prepared by Management as of November 9, 2007 and should be read in conjunction with the unaudited consolidated financial statements for the period ended September 30, 2007. Shore Gold Inc. ("Shore", "SGF", or "the Company") prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless otherwise indicated.

Overview

During the third quarter of 2007, the Company remained focused on the Fort à la Corne area of central Saskatchewan, with ongoing exploration of its 60% interest in the Fort à la Corne Joint Venture ("FALC-JV") while working towards estimating a Mineral Resource on its 100% owned Star Diamond Property. The FALC-JV participants are Kensington Resources Ltd. ("Kensington"), a wholly owned subsidiary of Shore, and Newmont Mining Corporation of Canada Limited ("Newmont") (40%). The main activities for the Star Diamond Property included the diamond valuation for the Star Kimberlite underground bulk sampling program, the large diameter ("LD") drilling program and sample processing. The FALC-JV concentrated on the commencement of the sinking of a shaft on Orion South, LD drilling and sample processing.

On July 24, 2007, the Company completed a transaction to purchase an interest in the Buffalo Hills Project located in northern Alberta (see SGF News Release July 24, 2007). The Buffalo Hills Project area is the third largest known district of significant diamond-bearing kimberlites in Canada after Lac de Gras in the Northwest Territories and Fort à la Corne in Saskatchewan.

Star Diamond Property Advanced Exploration Program

During the third quarter, the Company released the final two sets of diamond results from Phase 3 of the underground bulk sampling of the Star Kimberlite (See SGF News Release August 13, 2007 and SGF News Release October 4, 2007). Diamonds recovered from the two sets of results totaled 1,074.49 carats from 8,442.53 dry tonnes processed, for an average of 12.73 carats per hundred tonnes ("cpht"). Of this total, 724.39 carats were from 5,580.51 tonnes of the Pense lithology located within Shore's 100% owned portion of the Star Kimberlite. In total, 1,403 carats were recovered from the 11,024 tonnes of Pense kimberlite processed from the Star Kimberlite underground bulk sampling. Also included in the two sets of results were 38.15 carats from 250.31 tonnes of Early Joli Fou ("EJF") lithology, 206.87 carats from 1,474.22 tonnes of Cantuar lithology and 105.08 carats from 1,137.49 tonnes of clean up piles.

In total, three phases of underground bulk sampling were performed on the Star Kimberlite, resulting in 68,810 tonnes of kimberlite being processed. This processed kimberlite produced 80,639 diamonds (+0.85 millimetre) weighing a total of 10,586 carats.

On November 5, 2007, the Company announced diamond valuation results for the Star Kimberlite underground bulk sampling program (See SGF News Release November 5, 2007). An overall modeled price estimate of US$170 per carat was determined by WWW International Diamond Consultants Limited, who together with their aboriginal partners ADG through Diamonds International Canada (DICAN), are the valuators to the Federal Government of Canada for the Canadian diamond mines in the NWT and Nunavut. The modeled price of US$170 per carat is a 26% increase over the previously announced valuation exercise that was performed at the end of Phase 2. The valuation exercise incorporated the five principal kimberlite lithologies within the Star Kimberlite: Cantuar, Pense, EJF, Mid Joli Fou ("MJF") and Late Joli Fou ("LJF"). Diamond parcels recovered from these individual lithologies have been valued to determine modeled diamond prices that will be used in the Mineral Reserve calculation for the Star Kimberlite. MJF and LJF diamonds were combined during original mining due to the small sample size. The following table summarizes the results of the valuation exercise as well as identifies the estimated percentage of potential carats from each lithology.

Kimberlite Lithology	Carats	Actual Price (US$/Carat)	Model Price (US$/Carat)	Minimum Price (US$/Carat)	Maximum Price (US$/Carat)	Estimated Percentage Carats of Deposit (2)
Cantuar	1,126.32	$166	$300	$241	$383	12%
Pense	1,410.73	$69	$97	$83	$115	9%
EJF	7,123.10	$99	$160	$132	$194	77%
MJF / LJF	80.09	$74	$99	$70	$138	2%
Total	**9,740.24 (1)**	**$105**	**$170**	**$140**	**$208**	**100%**

(1) *Diamonds from mixed EJF-Cantuar material and surface stockpile clean-up have not been included in the diamond populations used for the determination of these modeled prices to ensure the integrity of the parcels and the accuracy of the modeled prices.*

(2) *These percentages are roughly calculated using the tonnes for each lithology defined by the geological model and diamond grades defined by the underground bulk samples. These carat percentages are subject to change with the estimation of a Mineral Resource for the Star Kimberlite, scheduled for the first Quarter of 2008.*

During 2007, LD drill rigs have completed forty-one LD holes on the Star Kimberlite, including fifteen on Star West – the portion of the Star Kimberlite within the claims of the FALC-JV. Many of these LD holes are located in close proximity to the decommissioned Star underground workings, an area that could not be sampled due to safety reasons while the underground bulk sampling was still in progress. To date, a total of eighty-one LD holes have been drilled on the Star Kimberlite, including fifteen on Star West. LD drilling on the Star Kimberlite, the last sample collection process required for estimating a Mineral Resource as defined by National Instrument 43-101, has extended into the fourth quarter of 2007. The Company anticipates a Mineral Resource estimate for the Star Kimberlite to be defined by the end of the first quarter of 2008.

Shore's on-site processing plant continues to process LD drilling samples from the Star and the FALC-JV projects. The concentrates (as recovered from the on-site processing plant) are sent to a third party to process final diamond recoveries. The results from LD drilling will be released as they become available.

FALC-JV Property Exploration Program

During the third quarter of 2007, the major activities on the FALC-JV property were the commencement of the shaft sinking on Orion South, including the drilling of twenty holes required for a freeze wall. The other major activity was the LD drilling on Star West.

On October 17, 2007, the Company announced that the FALC-JV participants approved the sinking of a shaft for underground bulk sampling of the Orion South Kimberlite (See SGF News Release October 17, 2007). Through the use of a closed circuit cooling system, the twenty freeze wall holes on Orion South will help keep the overburden frozen down to 125 metres below surface. This will help permit safe shaft sinking through the upper region of the shaft. The twenty freeze wall holes were preceded by a pilot core hole, drilled to a depth of 241 metres, which is used to accurately log the subsurface geology of the overburden and the internal geology of the kimberlite at the proposed shaft site. The shaft will reach a depth of 210 metres below surface. Current scheduling suggests this depth will be attained in the second quarter of 2008. The shaft will enable the collection of bulk samples from the three dominant kimberlite phases within Orion South (EJF-1, EJF-2 and Pense).

Orion South Shaft Sinking

In addition, the Company announced a geological estimate of between 150 to 167 million tonnes of diamondiferous kimberlite within Orion Centre, which is located within the FALC-JV (See SGF News Release November 2, 2007). This estimate completes the geological modeling of the FALC-JV's Orion Kimberlite Cluster, which is now estimated to contain between 1.3 and 1.5 billion tonnes of kimberlite and is the world's largest known accumulation of contiguous diamondiferous kimberlite in the world.

Buffalo Hills Acquisition

On July 24, 2007, Shore and Diamondex Resources Ltd. ("Diamondex") completed a transaction with Ashton Diamonds (Canada) Inc. and Ashton Mining of Canada Inc. (collectively, "Ashton") (wholly owned subsidiaries of Stornoway Diamond Corporation) to acquire Ashton's 45% interest in the Buffalo Hills Property in northern Alberta for a total consideration of $17.5 million. Under the agreement Shore paid $8.75 million in cash and Diamondex paid $6.25 million in cash and issued Ashton 6,031,363 of its common shares with a value of $2.5 million. Pursuant to the acquisition, Shore and Diamondex each acquired a 22.5% interest in the Buffalo Hills Joint Venture, in which Encana Corporation holds a 43% interest and Pure Diamonds Exploration Inc. holds the remaining 12% interest. Diamondex has been appointed Operator of the Buffalo Hills Joint Venture.

Financial Highlights

Selected financial information of the Company for the quarters ended September 30, 2007 and 2006 is summarized as follows:

	Three Months Ended September 30, 2007 $	Three Months Ended September 30, 2006 $	Nine Months Ended September 30, 2007 $	Nine Months Ended September 30, 2006 $
Revenues (millions)	0.9	3.1	3.4	7.8
Net loss (millions)	(2.4)	(122.7)	(4.8)	(76.7)
Net loss per share (1)	(0.01)	(0.70)	(0.03)	(0.44)
Total assets (millions)	785.1	792.6	785.1	792.6
Working capital (millions)	50.8	134.9	50.8	134.9

(1) Basic and diluted.

Third Quarter
Results of Operations

For the quarter ended September 30, 2007, the Company recorded a net loss of $2.4 million or $0.01 per share compared to a net loss of $122.7 million or $0.70 per share for the same period in 2006. The net loss is primarily due to the $2.0 million change in fair value of Canadian third party asset-backed commercial paper ("ABCP") held by the Company. This loss does not compare to the corresponding period in 2006 as a result of the $124.1 million loss (net of a $55.8 million future income tax recovery) on the sale of a 40% interest of the FALC-JV to Newmont. The Company generated lower interest income for the third quarter of 2007 compared to the same period in 2006, which was the result of having less cash on hand after the 17.755% acquisition of FALC-JV for $77.1 million in the fall of 2006 and significant expenditures on the exploration projects in the Fort à la Corne region since the period ended September 30, 2006.

Revenues

For the quarter ended September 30, 2007 the Company reported interest and other income of $0.9 million as compared to $3.1 million for the quarter ended September 30, 2006. The decrease is the result of reduced interest income since the Company's cash position has been on a decline after the acquisition of a portion of the FALC-JV in the fall of 2006 and significant exploration spending since the period ended September 30, 2006.

Expenses

Total operating costs for the quarter ended September 30, 2007 were $1.4 million, compared to $1.0 million the quarter ended September 30, 2006. Removing the effect of stock-based compensation, costs remained unchanged at $1.0 million.

Investing

Additions to mineral properties totaled $23.2 million this quarter compared to $103.4 million for the quarter ended September 30, 2006. The 2007 additions represent $4.8 million on the Star Diamond Property, $8.3 million on the FALC-JV Property and $10.1 million on other properties, which includes the acquisition of a 22.5% interest in the Buffalo Hills Joint Venture for $8.75 million and $1.3 million of exploration drilling on outlying properties around the Star Kimberlite. The expenditures on the Star Property related to components of the advanced exploration study; predominantly LD drilling, core drilling and the ongoing sample processing. The expenditures on the FALC-JV Property primarily related to LD drilling on Star West, the commencement of the shaft sinking on Orion South and sample processing. Of the 2006 additions, $77.1 million related to the purchase of the additional 17.755% interest in the FALC-JV.

Financing

The exercise of 0.2 million options (2006 – 0.3 million options) during the quarter resulted in additional cash flow from financing activities of $0.2 million (2006 - $0.5 million).

Year to Date

Results of Operations

For the nine-month period ended September 30, 2007, the Company recorded a net loss of $4.8 million or $0.03 per share compared to a net loss of $76.7 million or $0.44 per share for the same period in 2006. The net loss is due to the fair value of stock-based compensation expensed during the nine-month period ended September 30, 2007 ($4.8 million) and the $2.0 million change in fair value of ABCP held by the Company. The $2.0 million change in fair value of ABCP was offset by an income tax recovery of $1.9 million recognized during the second quarter after the federal government enacted a reduction to income tax rates. The loss for the nine-month period ended September 30, 2006 related to the loss on the sale of a 40% interest of the FALC-JV to Newmont of $124.1 million (net of a $55.8 million future income tax recovery), offset by an additional future income tax recovery of $44.9 million resulting from decreases to the federal and provincial income tax rates. The Company generated lower interest income for the nine-month period of 2007 compared to the same period in 2006 which was the result of having less cash on hand after incurring on-going exploration expenditures on the Fort à la Corne projects as well as the 17.755% acquisition of the FALC-JV.

Revenues

For the nine-month period ended September 30, 2007 the Company reported interest and other income of $3.4 million as compared to $7.8 million for the nine-month period ended September 30, 2006. The decrease is the result of reduced interest income since the Company's cash position has been on a decline after the acquisition of a portion of the FALC-JV in the fall of 2006 and significant exploration spending since the period ended September 30, 2006.

Expenses

Total operating costs for the nine-month period ended September 30, 2007 equaled $8.1 million compared to $3.9 million for the nine-month period ended September 30, 2006. This $4.2 million increase is largely attributed to the fair value of stock-based compensation that was expensed during the nine-month period ended September 30, 2007 ($4.8 million) as compared to the same period in 2006 ($0.1 million). Removing the effect of stock-based compensation, expenses decreased by $0.5 million and the comparison between specific categories of expenses becomes more meaningful. The following discussion related to expense variances removes the effect of stock-based compensation for comparative purposes. Consulting and professional fees decreased by approximately $0.5 million to $0.9 million primarily as a result of the legal fees incurred in 2006 associated with defending the claim filed against the Company, and its wholly owned subsidiary, Kensington, by De Beers Canada Inc. Both corporate development and administration expenses remained relatively unchanged at $0.3 million and $1.9 million respectively for the nine-month period ended September 30, 2007.

Investing

Mineral properties additions totaled $49.8 million for the nine-month period ended September 30, 2007 compared to $139.6 million for the nine-month period ended September 30, 2006. The 2007 additions represent approximately $17.4 million on the Star Diamond Property, $22.2 million on the FALC-JV Property and $10.2 million on other properties, which includes the acquisition of a 22.5% interest in the Buffalo Hills Joint Venture. The expenditures on the Star Property related to components of the advanced exploration study; predominantly LD drilling, completion of the underground bulk sampling, core drilling and the ongoing sample processing. The expenditures on the FALC-JV Property primarily related to LD drilling, preparation for and the commencement of the sinking of a shaft on Orion South, sample processing and hydrogeological investigations. Additions in 2006 were comprised of the $77.1 million purchase of the additional 17.755% interest in the FALC-JV and $62.5 million in advancing mineral property exploration.

Financing

The exercise of 0.7 million options (2006 – 5.9 million warrants, broker warrants and options) for the nine-month period ended September 30, 2007 resulted in additional cash flow from financing activities of $1.4 million (2006 - $18.3 million).

Summary of Quarterly Results

	2007			2006				2005
	Qtr 3 $	Qtr 2 $	Qtr 1 $	Qtr 4 $	Qtr 3 $	Qtr 2 $	Qtr 1 $	Qtr 4 $
Revenues (1) (millions)	0.9	1.2	1.3	1.7	3.1	2.6	2.1	1.5
Net income (loss) (2) (millions)	(2.4)	1.7	(4.2)	(0.8)	(122.7)	45.6	0.4	(5.6)
Net income (loss)/share (3)	(0.01)	0.01	(0.02)	0.00	(0.70)	0.26	0.00	(0.05)
Shares outstanding (4) (millions)	177.5	177.3	177.3	176.8	176.4	176.1	172.6	170.5

(1) *The increasing trend in revenue from the first quarter of 2006 to the third quarter of 2006 is the result of having increased cash balances from the closing of equity financings in the 1st and 4th quarters of 2005. The decline in interest revenue from the 4th quarter of 2006 forward resulted from a reduction in the Company's investment base after completing the 17.755% FALC-JV acquisition for $77.1 million and incurring on-going exploration expenditures throughout 2006 and 2007.*
(2) *The 2nd quarter of 2007 had net income of $1.7 million as a result of a future income tax recovery after the federal government enacted reduced corporate income tax rates. The 4th quarter of 2005 and the 1st quarter of 2007 saw increases in operating costs primarily associated with the fair value of stock-based compensation granted during the respective quarters. Interest revenue from cash reserves generated earnings from operations in the 1st and 2nd quarters of 2006. In addition, the 2nd quarter of 2006 had significant income as a result of a future income tax recovery after the federal and provincial governments enacted reduced corporate income tax rates. In the 3rd quarter of 2006, the Company disposed of a 40% interest in a mineral property which resulted in a loss of $124.5 million net of a $55.9 million income tax recovery.*
(3) *Basic and diluted.*
(4) *Changes to shares outstanding are the result of option and warrant exercises in the respective periods.*

Related Party Transactions

During the nine-month period ended September 30, 2007, management and consulting fees of $0.9 million (2006 - $1.2 million) were paid to directors, officers and companies controlled by common directors; $0.1 million (2006 - $0.3 million) of these fees was capitalized as additions to mineral properties; $0.4 million (2006 - $0.5 million) was included as administration expense and $0.4 million (2006 - $0.4 million) was included as consulting and professional fees expense. The fair value of stock-based compensation related to directors and officers of the Company was $4.7 million (2006 - $0).

During the nine-month period, the Company charged $0.3 million (2006 - $0.3 million) to Wescan Goldfields Inc. for rent of office space, administration services, and rental of equipment.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties. The fair value of stock-based compensation was determined using the Black-Scholes model.

Liquidity

The Company does not currently operate any producing properties and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and advance its exploration properties. Until the Company's surplus cash is required to fund exploration or development activities it is invested in a variety of highly rated instruments.

At September 30, 2007 the Company held ABCP with a par value of $19 million, with repayment dates ranging from September 14, 2007 to October 15, 2007. Thus far, none of the ABCP held by the Company had been repaid. All of the ABCP purchased were rated as R1 (high) by DBRS and continues to be rated as such with developing implications.

During the month of August, the ABCP market experienced liquidity problems. As a result, certain of the ABCP programs were unable to raise funds from new issuances and therefore were not able to refund maturing notes. To address the liquidity issue, twenty-two of the ABCP conduits, which include the ABCPs held by the Company, are currently subject to a long-term proposal which calls for the conversion of the ABCP into floating rate notes with terms that will match the duration of the underlying assets. Though each conduit must be dealt with separately due to differences in the asset composition and terms of the underlying contracts, conversion plans are expected to be announced on or before December 14, 2007. As a result of this long-term proposal, the ABCP has been classified as a long-term investment on the Company's financial statements.

As there is currently no market for this ABCP, the Company has assessed an "other than temporary impairment" and has reduced the fair value of these investments by $2.0 million in the quarter. The fair value of the ABCP was determined by using a probability-weighted discounted cash flow approach. Several assumptions were used in determining the fair value including timing of cash flows, interest rates, and applicable discount rates. The amount and timing ultimately recovered may differ materially from this estimate.

The Company currently has the financial resources to complete a bankable feasibility study of the Star Kimberlite Property by the end of 2008. If a bankable feasibility study were to be successful, additional capital resources would be required to begin construction and development of a commercial diamond mine. The Company is in the process of finalizing its 2008 budget for all mineral properties. Management does not believe the recent events surrounding the liquidity of the ABCP will adversely affect its plans regarding the 2008 year.

On November 9, 2007, the Company announced that it has entered into an agreement for the private placement of 4.76 million Flow-Through Common Shares of the Company for gross proceeds of $30 million which will be used by Shore to incur Canadian exploration expenses prior to December 31, 2008 (See SGF News Release November 9, 2007).

Capital Resources and Outstanding Share Data

As at September 30, 2007, the Company had working capital of $50.8 million as compared to $118.1 million at December 31, 2006 and $134.9 million at September 30, 2006. At September 30, 2007 the Company had 177,509,460 shares issued and outstanding compared to 176,410,860 at September 30, 2006.

As at November 9, 2007, the Company had a total of 177.9 million common shares issued and outstanding and a further 7.3 million options outstanding at a weighted average exercise price of $4.79. Approximately 3.4 million of these options are currently in-the-money and would add an additional $9.2 million to the Company's capital if they were exercised.

Critical Accounting Estimates

Shore's consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The Company's accounting policies are described in note 2 to the annual audited consolidated financial statements. Certain policies involve critical accounting estimates because they require Management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows.

A critical accounting estimate in determining the Company's financial results relates to the recoverability of the carried amounts of mineral properties. Management assesses carrying values of non-producing properties each time it issues financial statements and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed. The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to establish the existence of reserves and to complete the development of such reserves and the success of future operations. As at September 30, 2007, the Company has not yet determined whether any of its mineral properties contain economically recoverable reserves.

Disclosure Controls and Procedures

There have been no significant changes to the Company's internal control over financial reporting during the most recent period that would have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Outlook

As at November 9, 2007, the Company had approximately $51 million in cash and cash equivalents and short-term investments. These funds will be used to complete the advanced exploration program on the Star Kimberlite Property, to fund the Company's portion of the FALC-JV exploration programs and to finance the proposed Buffalo Hills exploration programs. The advanced exploration program of the Star Kimberlite Property will be conducted in order to determine the project's viability under current economic conditions. This will entail the collection of additional exploration information, such as geological, geotechnical, geometallurgical, geochemical, assaying and other relevant information to delineate and define the Star Kimberlite, with a sufficient level of confidence, to estimate a Mineral Resource conforming to National Instrument 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. Based on current timelines the Company anticipates a Mineral Resource estimate to be defined by early to mid 2008, followed by a Mineral Reserve and a bankable feasibility study. The FALC-JV has similar objectives; however, based on the stage of current exploration programs a Mineral Resource estimate would not likely be available until approximately 2010 or later.

Caution regarding Forward-looking Information

From time to time, Shore makes written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Ontario Securities Act and the United States Private Securities Litigation Reform Act of 1995. Shore may make such statements in press releases, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to Shore's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding Shore's future operations, future exploration and development activities or the anticipated results of Shore's advanced exploration study or other development plans contain forward-looking statements.

All forward-looking statements and information are based on Shore's current beliefs as well as assumptions made by and information currently available to Shore concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, developments in world diamond markets, changes in diamond valuations, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Shore or its joint venture partners; the effects of competition in the markets in which Shore operates; the impact of changes in the laws and regulations regulating mining exploration and development; judicial or regulatory judgments and legal proceedings; operational and infrastructure risks and the additional risks described in Shore's most recently filed Annual Information Form, annual and interim MD&A and short form prospectus, and Shore's anticipation of and success in managing the foregoing risks.

Shore cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Shore, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Shore does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by Shore or on our behalf.

Additional Information

Additional information related to the Company, including the latest available Annual Information Form, is available on SEDAR at www.sedar.com

SHORE GOLD INC.
Unaudited Interim Consolidated Financial Statements

For the Nine-Month Period Ended
September 30, 2007

Notice to Reader

Management has compiled the unaudited consolidated financial statements of Shore Gold Inc. for the nine-month period ended September 30, 2007 (along with the comparative interim period in 2006). The Corporation's external auditors have not reviewed these statements.

Shore Gold Inc.
(A Development Stage Entity)
Consolidated Balance Sheets

	September 30, 2007 (in thousands)	December 31, 2006 (in thousands)
Assets		
Current assets:		
Cash and cash equivalents	$ 27,768	$ 64,683
Short-term investments	24,124	56,827
Receivables	7,068	8,324
Prepaids	206	153
	59,166	129,987
Investments (note 3)	16,963	-
Mineral properties (note 4)	705,220	653,538
Investment in Wescan Goldfields Inc. (note 5)	2,402	2,537
Property and equipment	1,398	1,478
	$ 785,149	$ 787,540
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 8,071	$ 11,713
Current portion of asset retirement obligations	338	158
	8,409	11,871
Asset retirement obligations	563	293
Future income tax liability (note 6)	115,250	117,309
Shareholders' equity:		
Share capital (note 7)	737,325	733,467
Contributed surplus (note 7)	23,055	19,209
Deficit	(99,453)	(94,609)
	660,927	658,067
	$ 785,149	$ 787,540

Shore Gold Inc.

(A Development Stage Entity)

Consolidated Statements of Loss and Deficit

	Three Months Ended September 30, 2007 (in thousands)	Three Months Ended September 30, 2006 (in thousands)	Nine Months Ended September 30, 2007 (in thousands)	Nine Months Ended September 30, 2006 (in thousands)
Revenue				
Interest and other income	$ 884	$ 3,080	$ 3,371	$ 7,841
Expenses				
Administration	946	512	5,335	1,930
Consulting & professional fees	279	282	2,187	1,334
Corporate development	116	136	416	434
Amortization and accretion	67	67	189	208
	1,408	997	8,127	3,906
Income (loss) before the under noted items	(524)	2,083	(4,756)	3,935
Change in fair value of third party asset-backed commercial paper (note 3)	(2,021)	-	(2,021)	-
Loss on sale of property interest	-	(179,900)	-	(179,900)
Loss from Wescan Goldfields Inc.	(3)	(116)	(135)	(63)
Net loss before income taxes	(2,548)	(177,933)	(6,912)	(176,028)
Income tax recovery	(169)	(55,235)	(2,068)	(99,294)
Net and comprehensive loss	(2,379)	(122,698)	(4,844)	(76,734)
(Deficit) retained earnings, beginning of period	(97,074)	28,819	(94,609)	(17,145)
Deficit, end of period	$ (99,453)	$ (93,879)	$ (99,453)	$ (93,879)
Net loss per share				
Basic and diluted	(0.01)	(0.70)	(0.03)	(0.44)
Weighted average number of shares outstanding (000's)	177,440	176,289	177,259	174,218

Shore Gold Inc.
(A Development Stage Entity)
Consolidated Statements of Cash Flows

	Three Months Ended September 30, 2007 (in thousands)	Three Months Ended September 30, 2006 (in thousands)	Nine Months Ended September 30, 2007 (in thousands)	Nine Months Ended September 30, 2006 (in thousands)
Cash provided by (used in):				
Operations:				
Net loss	$ (2,379)	$ (122,698)	$ (4,844)	$ (76,734)
Non-cash items:				
Amortization and accretion	67	67	189	208
Share of loss in Wescan Goldfields Inc.	3	116	135	63
Fair value of stock options expensed (note 7)	396	33	4,792	140
Future income tax recovery (note 6)	(169)	(55,235)	(2,059)	(99,289)
Change in fair value of third party asset-backed commercial paper (note 3)	2,021	-	2,021	-
Loss on sale of property interest	-	179,900	-	179,900
Net change in non-cash operating working capital items:				
Prepaids	122	169	(53)	383
Receivables	269	-	702	-
Accounts payable and accrued liabilities	(116)	(11)	(604)	(169)
	214	2,341	279	4,502
Investing:				
Mineral properties	(23,169)	(103,368)	(49,756)	(139,572)
Property and equipment	(18)	(60)	(73)	(764)
Redemption of short-term investments	39,816	-	32,703	-
Net change in non-cash investing working capital items:				
Receivables	(1,821)	501	554	2,031
Reclassification of third party asset-backed commercial paper (note 3)	(18,984)	-	(18,984)	-
Accounts payable and accrued liabilities	3,298	9,235	(3,038)	3,278
	(878)	(93,692)	(38,594)	(135,027)
Financing:				
Issue of common shares (net of issue costs)	240	465	1,400	18,265
	240	465	1,400	18,265
Decrease in cash and cash equivalents	(424)	(90,886)	(36,915)	(112,260)
Cash and cash equivalents, beginning of period	28,192	240,303	64,683	261,677
Cash and cash equivalents, end of period	$ 27,768	$ 149,417	$ 27,768	$ 149,417

Notes to Consolidated Financial Statements (for the nine-month period ended September 30, 2007)

1. Nature of operations

Shore Gold Inc. was incorporated under the Canada Business Corporations Act on April 29, 1985. Shore Gold Inc. and its subsidiaries (collectively, “Shore” or “the Company”) are engaged primarily in the exploration for and the development, mining and sale of precious metals and gems. Substantially all of the Company’s efforts are devoted to the exploration and development of its mineral properties. The Company has not earned significant revenue and is therefore considered to be in the development stage with respect to its current mineral property holdings.

2. General

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as the most recent annual audited consolidated financial statements except for the recent accounting standards adopted as described below. These consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements filed on SEDAR.

On January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) handbook sections relating to Financial Instruments – Recognition and Measurement and Comprehensive Income. The adoption of these sections had no impact on the Company’s financial statements. The fair market value of the Company’s short-term financial assets and liabilities approximates the carrying amount as a result of the short-term nature of the instruments. Investments are made up of third party asset-backed commercial paper (“ABCP”) and were classified as held to maturity on initial recognition. Due to the recent events regarding ABCP, the Company has reclassified these specific investments as available for sale. The Company has not entered into any hedging relationships and does not hold any other available for sale securities that would result in the recognition of other comprehensive income or loss.

3. Investments

At September 30, 2007 the Company held ABCP with a par value of $19 million, with repayment dates ranging from September 14, 2007 to October 15, 2007. Thus far, none of the ABCP held by the Company had been repaid. All of the ABCP purchased were rated as R1 (high) by DBRS and continues to be rated as such with developing implications.

During the month of August, the ABCP market experienced liquidity problems. As a result, certain of the ABCP programs were unable to raise funds from new issuances and therefore were not able to refund maturing notes. To address the liquidity issue, twenty-two of the ABCP conduits, which include the ABCPs held by the Company, are currently subject to a long-term proposal which calls for the conversion of the ABCP into floating rate notes with terms that will match the duration of the underlying assets. Though each conduit must be dealt with separately due to differences in the asset composition and terms of the underlying contracts, conversion plans are expected to be announced on or before December 14, 2007. As a result of this long-term proposal, the ABCP has been classified as a long-term investment on the Company’s financial statements.

As there is currently no market for this ABCP, the Company has assessed an “other than temporary impairment” and has reduced the fair value of these investments by $2.0 million in the quarter. The fair value of the ABCP was determined by using a probability-weighted discounted cash flow approach. Several assumptions were used in determining the fair value including timing of cash flows, interest rates, and applicable discount rates. The amount and timing ultimately recovered may differ materially from this estimate.

4. Mineral properties

Mineral properties for the nine-month period ended September 30, 2007 are made up of the following (in thousands):

	Star Property	Fort à la Corne Property	Other Diamond Properties	Total
Balance – December 31, 2006	$ 131,391	$ 521,602	$ 545	$ 653,538
Expenditures during 2007				
Acquisition and staking (a)	(9)	-	8,915	8,906
Exploration	19,231	22,245	1,300	42,776
Balance –September 30, 2007	$ 150,613	$ 543,847	$ 10,760	$ 705,220

a) Other Diamond Properties

On July 24, 2007, Shore and Diamondex Resources Ltd. ("Diamondex") completed a transaction with Ashton Mining of Canada Inc. ("Ashton") to purchase Ashton's approximate 45% interest in the Buffalo Hills property in north central Alberta for total consideration of $17.5 million (Shore's share is $8.75 million). Diamondex will assume operatorship of the project and Shore and Diamondex will have the option to increase their collective interest to 72.5% by funding the next $15 million of exploration expenditures before April 30, 2010.

5. Investment in Wescan Goldfields Inc.

The Company accounts for its 18.2% investment in Wescan Goldfields Inc. ("Wescan") on an equity basis. Wescan is publicly traded on the TSX Venture exchange.

At September 30, 2007, Shore and its wholly owned subsidiaries held 11,474,086 (2006 – 8,474,086) shares and 1.5 million share purchase warrants of Wescan. Each full warrant is exercisable at $0.45 per warrant and will expire on December 19, 2007. The market value of the Company's equity interest in Wescan at September 30, 2007 is $3,100,000 (2006 – $3,200,000).

6. Future income tax liability

During the second quarter of 2007, the federal government enacted amendments to current tax legislation which provided for a reduction in corporate tax rates. The cumulative effect of the change on the Company's future income tax liability was a reduction of $1,890,000.

7. Share capital

Authorized

The authorized share capital of the Company consists of unlimited common shares.

Issued and outstanding (in thousands)

	Common Shares	Amount
Balance – December 31, 2006	176,762	$ 733,467
Options exercised (a)	499	2,880
Balance – March 31, 2007	177,261	$ 736,347
Options exercised (a)	74	542
Balance – June 30, 2007	177,335	$ 736,889
Options exercised (a)	174	436
Balance – September 30, 2007	177,509	$ 737,325

a) Share option plan

The Company has established a share option plan whereby options may be granted to directors, officers, employees and service providers to purchase common shares of the Company. The Company's shareholders approved amendments to the share option plan on May 30, 2007 at the Company's Annual General Meeting. The plan was amended from a 10% rolling plan to a fixed maximum plan such that the aggregate number of shares reserved for issuance under this plan, and any other security based compensation arrangement of the Corporation, shall not, at the time of the stock option grant, exceed 15,768,360 shares. Consistent with the previous plan, options granted have an exercise price of not less than the closing price quoted on the Toronto Stock Exchange for the common shares of Shore on the trading day prior to the date on which the option is granted. Certain options vest immediately while others vest six to twelve months after grant date and have expiration dates of 5 years from the date of the grant of the options.

The fair value of stock options issued in the nine-month period ended September 30, 2007 was estimated using the Black-Scholes option-pricing model with the following assumptions: 5 year weighted average expected option life, no expected forfeiture rate, dividend yield of 0.0%, a volatility factor ranging from 56.7% to 62.2% (2006 –54.9% to 63.1%) and a risk free rate ranging from 3.94% to 4.68% (2006 – 4.18% to 4.50%). During the quarter ended September 30, 2007, the Company granted 1,025,000 (2006 –135,000) options to officers, directors, employees or service providers at an average strike price of $3.11 (2006 – $4.79). The fair value in respect of stock options granted for the quarter ended September 30, 2007 was $1,791,040 (2006 – $342,707). The amount that vested from this issue and previous issues during the quarter was $878,537 (2006 – $166,942). Of this amount $481,991 (2006 – $134,009) was capitalized as an addition to mineral properties and $396,546 (2006 – $32,933) was expensed. During the nine-month period ended September 30, 2007, the Company granted 2,795,000 (2006 – 307,000) options to officers, directors, employees or service providers at an average strike price of $5.04 (2006 - $5.68). The fair value in respect of stock options granted for the nine-month period ended September 30, 2007 was $ 7,540,214 (2006 – $881,507). The amount that vested from these issues and previous issues during the nine-month period was $6,303,411 (2006 – $325,039). Of this amount $1,511,247 (2006 – $185,027) was capitalized as an addition to mineral properties and $4,792,164 (2006 – $140,012) was expensed. The fair-value of stock-based compensation related to options that will vest over the next 12 months is $1,735,731.

For options outstanding at September 30, 2007, weighted average exercise prices are as follows:

	Options	Average Price
Balance – December 31, 2006	5,730,360	$ 4.12
Granted	1,670,000	6.21
Exercised	(499,000)	2.01
Expired	(10,000)	6.30
Balance – March 31, 2007	6,891,360	$ 4.78
Granted	100,000	5.40
Exercised	(74,000)	2.12
Expired	(117,500)	6.86
Balance – June 30, 2007	6,799,860	$ 4.78
Granted	1,025,000	3.11
Exercised	(174,000)	1.38
Expired	(45,000)	6.04
Balance – September 30, 2007	7,605,860	$ 4.62

The options expire between the dates of October 2007 to September 2012.

b) Contributed surplus

The fair value of certain stock options, warrants and broker warrants has been valued using the Black-Scholes option-pricing model. The fair value of these securities is added to contributed surplus over the vesting period of the securities. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	(in thousands)
Balance – December 31, 2006	$ 19,209
Fair value of options vested	4,907
Less: amounts related to options exercised	(1,877)
Balance – March 31, 2007	$ 22,239
Fair value of options vested	518
Less: amounts related to options exercised	(385)
Balance – June 30, 2007	$ 22,372
Fair value of options vested	879
Less: amounts related to options exercised	(196)
Balance – September 30, 2007	$ 23,055

8. Related party transactions

During the nine-month period ended September 30, 2007, management and consulting fees of $857,625 (2006 – $1,206,515) were paid to directors, officers and companies controlled by common directors; $126,750 (2006 – $347,025) of these fees was capitalized as additions to mineral properties; $381,125 (2006 – $452,040) was included as administration expense and $349,750 (2006 – $407,450) was included as consulting and professional fees expense. The fair value of stock-based compensation related to directors and officers of the Company for the nine-month period ended September 30, 2007 was $4,736,490 (2006 – $0).

During the nine-month period ended September 30, 2007, the Company charged $313,688 (2006 – $320,000) to Wescan Goldfields Inc. for rent of office space, administration services, and rental of equipment. Accounts receivable includes $2,035 (2006 – $247,591) due from Wescan Goldfields Inc.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties. The fair value of stock-based compensation was determined using the Black-Scholes model.

9. Subsequent Events

On November 9, 2007, the Company announced that it has entered into an agreement for the private placement of 4.76 million Flow-Through Common Shares of the Company for gross proceeds of $30 million.

SHORE GOLD INC.
CORPORATE INFORMATION

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George H. Read – Senior Vice President Exploration and Development
Pieter I. Du Plessis – Vice President Exploration
Eric H. Cline – Vice President Corporate Affairs
Duane D. DeRosier – Vice President Administration

Solicitors
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Calgary, Alberta

Auditors
KPMG LLP
Saskatoon, Saskatchewan

Bank
Canadian Western Bank
Saskatoon, Saskatchewan

Exchange Listing
TSX
177,897,242 common shares issued and outstanding as at November 9, 2007

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SGF

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