Shore Gold Inc.

1st Quarter Report
2009

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")
For the quarter ended March 31, 2009

The following discussion and analysis is prepared by Management as of May 5, 2009 and should be read in conjunction with the unaudited consolidated financial statements for the period ended March 31, 2009, as well as the audited consolidated financial statements and annual MD&A for the year ended December 31, 2008 available on SEDAR at www.sedar.com. 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 first quarter of 2009, the Company remained focused on the Fort à la Corne ("FALC") area of central Saskatchewan. The first quarter's activities were divided between the pre-feasibility study on the Star Diamond Project and the ongoing exploration of Shore's 60 percent interest in the Fort à la Corne Joint Venture ("FALC-JV"). The FALC-JV participants are Kensington Resources Ltd. ("Kensington"), a wholly owned subsidiary of Shore, and Newmont Mining Corporation of Canada Limited ("Newmont") (40 percent). The main activities for the Star Diamond Project during the quarter ended March 31, 2009 were the ongoing desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve conforming to National Instrument ("NI") 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. Work on the FALC-JV concentrated on the completion of the underground bulk sampling and large diameter ("LD") drilling programs as well as sample processing.

Star Diamond Project

The Company continues with the Star Diamond Project pre-feasibility study. This primarily involves desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve conforming to NI 43-101 and CIM standards. During the first quarter of 2009, the Company announced an updated NI 43-101 compliant Mineral Resource estimate for the explored portion of the Star Kimberlite (See SGF News Release February 27, 2009), which supersedes the previously published Resource estimate (See SGF News Release June 9, 2008). The updated Mineral Resource estimate increases the indicated tonnage and contained carats for the Star Kimberlite by 23 percent when compared to the initial Mineral Resource estimate published in June 2008. Shore anticipates the delivery of a final feasibility study on the Star Diamond Project by the end of the first quarter of 2010.

The Company also recently announced the reconciliation of diamond grade results from LD mini-bulk sampling with underground bulk sampling for the Star Kimberlite (See

SGF News Release April 21, 2009). The reconciliation of LD mini-bulk sampling to underground bulk sampling results is necessary since diamond breakage and diamond loss occurs when sampling kimberlite by LD drilling. As a result of this breakage and loss, this method of sampling underestimates the sample grade (carats per hundred tonnes, or "cpht"). The LD grade reconciliation factors have been calculated both internally and by independent qualified persons and were used in the determination of the updated Mineral Resource estimate for the Star Kimberlite.

A more detailed discussion of these methods is available in the presentation *"Large Diameter Drilling Grade Adjustment Factors for Resource Estimation in FALC Kimberlites"*, which is available on the Company's website. The grade reconciliation of LD mini-bulk sampling diamond results to underground bulk sampling diamond results assists in the understanding and evaluation of the large kimberlites of the FALC area where only LD mini-bulk samples are available.

FALC-JV Programs

During the first quarter of 2009, the Company concentrated on the completion of the capital intensive data gathering exploration programs on Orion South. As a result of these efforts, the Company announced the eighth and final set of diamond results from the Orion South underground bulk sampling program (See SGF News Release April 28, 2009). Included in these results were 480.56 carats from 2,561.11 tonnes of processed Early Joli Fou ("EJF") kimberlite. The EJF is the most important kimberlite lithology in terms of tonnes and grade in Orion South as estimated by the current geological model. Overall, a total of 1,414.00 carats were recovered from 8,040.90 tonnes of EJF processed from the Orion South underground bulk sampling program. This grade of approximately 18 cpht compares favourably with the bulk sample grade of the EJF in the Star Kimberlite of approximately 18 cpht. In addition, the average diamond size from the underground bulk sampling of EJF from Orion South was 0.18 carats per stone, while the average diamond size from the bulk sampling of EJF from the Star Kimberlite was 0.13 carats per stone. This suggests that the Orion South EJF bulk sample diamonds have a coarser diamond size frequency distribution than those of the Star Kimberlite EJF bulk sample. The underground bulk sampling program has also shown consistency in the diamond grade of the EJF within Orion South, as similar grades were encountered in the EJF sampled in upper part of the shaft as well as the EJF sampled in lateral drift development.

In total, 2,346.27 carats were recovered from the processing of 23,467.98 tonnes of kimberlite from the Orion South underground bulk sampling program. Of this tonnage, approximately 34 percent of the kimberlite processed was from the EJF kimberlite lithology.

The diamond parcel recovered from the underground and LD sampling of Orion South will provide grade and price estimates for use in an NI 43-101 Mineral Resource estimate of the Orion South Kimberlite. Shore aims to calculate a Mineral Resource estimate for Orion South during 2009.

Buffalo Hills Joint Venture Exploration Program

The Buffalo Hills Joint Venture participants are Shore (22.5 percent), Diamondex Resources Ltd. ("Diamondex") (22.5 percent), EnCana Corporation (43 percent) and Pure Diamonds Exploration Inc. (12 percent). Diamondex is the operator of the Buffalo Hills Joint Venture. The participants have agreed to a budget of $0.5 million for 2009. Planned exploration work for 2009 will focus on the required remediation of certain drill sites as well as the completion of the remaining 2008 drillcore logging. The completion of this logging will allow for the construction of a preliminary geological model for the K6 pipe.

Financial Highlights

Selected financial information of the Company for the quarters ended March 31, 2009 and 2008 is summarized as follows:

	Three Months Ended March 31, 2009 $	Three Months Ended March 31, 2008 $
Revenues (millions)	0.1	0.7
Net and comprehensive loss (millions)	(3.9)	(2.2)
Net loss per share (1)	(0.02)	(0.01)
Total assets (millions)	251.6	816.8
Working capital (millions)	16.9	51.8

(1) Basic and diluted.

Results of Operations

For the quarter ended March 31, 2009, the Company recorded a net loss of $3.9 million or $0.02 per share compared to a net loss of $2.2 million or $0.01 per share for the same period in 2008. The loss during the quarter ended March 31, 2009 was primarily due to the $5.7 million write-down of mineral property expenditures incurred during the first quarter on the FALC-JV and other mineral properties. This was offset by a reduction in future income tax liabilities related to the renunciation of the November 2008 flow-through financing. The net loss for the comparative period in 2008 was primarily due to the fair value of stock-based compensation expensed ($1.9 million).

Revenues

The Company invested excess cash reserves in short-term deposits to maximize return while ensuring funds would be available for significant cash outflow requirements associated with the Company's pre-feasibility study and exploration projects. For the quarter ended March 31, 2009 the Company reported interest and other revenue of $0.1 million as compared to $0.7 million for the quarter ended March 31, 2008. The $0.6

million decrease in revenue from the quarter ended March 31, 2008 was from a reduction in the Company's investment base after incurring on-going exploration expenditures on the Fort à la Corne and Buffalo Hills projects and from lower interest earned on the Company's investment portfolio as a result of falling interest rates.

Expenses

Total operating costs for the quarter ended March 31, 2009 were $1.3 million compared to $3.0 million for the quarter ended March 31, 2008. This $1.7 million decrease is largely attributed to the fair value of stock-based compensation that was expensed during the first quarter of 2008 ($1.9 million) as compared to the first quarter of 2009 (nil). Once the effect of accounting for stock-based compensation is removed, the specific categories of expenses become more comparable year over year. After removing the effect of accounting for stock-based compensation, expenses for the quarter ended March 31, 2009 increased by $0.2 million to $1.3 million from $1.1 million during the quarter ended March 31, 2008. This increase was due to a higher proportion of operating costs being borne by Shore as a result of Newmont's decision to not fully participate in the FALC-JV activities during the quarter ended March 31, 2009.

Write-down of mineral properties

Due to the current economic crisis, the Company's share price, as with many other junior exploration companies, experienced a significant decline. This decline resulted in the Company assessing an impairment on certain of its mineral properties at December 31, 2008. As circumstances have not significantly changed, a similar assessment was performed for the period ending March 31, 2009.

For the Star Diamond Project, which includes Star West (a component of the FALC-JV), an assessment of impairment was performed by comparing the carrying value of the mineral properties with the estimated undiscounted future cash flows, as required by Canadian GAAP. Based on this analysis, the Company did not adjust the carrying value of the Star Property or the FALC-JV's Star West Property at March 31, 2009.

As there are currently no independent estimates of reserves or resources for any of the Company's other mineral properties, the Company was unable to apply undiscounted future cash flow methodologies as an initial step in assessing impairment. As a result, the Company wrote-down $5.7 million of expenditures that were incurred on these mineral properties during the quarter.

Change in fair value of long-term investments

At March 31, 2009 the Company held floating rate notes (collectively, the "Notes") with a total par value of $18.7 million which were received in January 2009 upon the restructuring of the third-party asset-backed commercial paper ("ABCP"). Since there is currently no active market for these Notes, the fair value was determined by the Company using a discounted cash flow approach which considered available information regarding the credit risk attributable to the underlying assets, relevant market interest rates, and the expected amount and timing of principal and interest payments. The fair value of these long-term investments was reduced by $0.3 million (2008 – nil) to $13.1 million during the quarter predominantly as a result of falling interest rates over this timeframe.

Investing

Mineral properties additions totaled $6.3 million (excluding the $5.7 million write-down) for the quarter ended March 31, 2009 compared to $13.1 million for the quarter ended March 31, 2008. The additions represent approximately $0.2 million on the Star Diamond Project, $6.0 million on the FALC-JV Programs and $0.1 million on other properties. The main activities for the Star Diamond Project were the ongoing desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve. The expenditures on the FALC-JV Programs primarily related to underground bulk sampling on Orion South, LD drilling and sample processing.

Financing

No financing activities occurred during the three-month period ended March 31, 2009.

Summary of Quarterly Results

	2009	**2008**				**2007**		
	Qtr 1 $	**Qtr 4 $**	**Qtr 3 $**	**Qtr 2 $**	**Qtr 1 $**	**Qtr 4 $**	**Qtr 3 $**	**Qtr 2 $**
Revenues (1) ($millions)	**0.1**	0.2	0.3	0.4	0.7	0.6	0.9	1.2
Net income (loss) (2) ($millions)	**(3.9)**	(452.2)	(0.8)	(2.8)	(2.2)	12.4	(2.4)	1.7
Net income (loss)/share (3) ($)	**(0.02)**	(2.45)	(0.00)	(0.02)	(0.01)	0.06	(0.01)	0.01
Shares outstanding (4) (millions)	**199.9**	199.9	183.2	183.2	182.7	182.7	177.5	177.3

(1) *The trend of declining interest revenue from the second quarter of 2007 to the first quarter of 2009 resulted from a reduction in the Company's investment base after incurring exploration expenditures throughout the periods and the acquisition of the Company's interest in the Buffalo Hills Joint Venture, ABCP not earning interest during 2008 and lower interest rates on the Company's investment portfolio as a result of falling interest rates.*

(2) *The net loss during the first quarter of 2009 and the fourth quarter of 2008 was primarily related to the write-down of certain mineral properties held by the Company. The second and fourth quarters of 2007 had net income as a result of a reduction of future income tax liabilities after the federal government substantively enacted reduced corporate income tax rates. The net loss during the second quarter of 2008 and the third quarter of 2007 primarily related to changes in the fair value of the Company's ABCP. The first quarter of 2008 saw increases in operating costs primarily associated with the fair value of stock-based compensation granted during that quarter.*

(3) *Basic and diluted.*

(4) *The Company completed private placement financings on November 24, 2008 and November 23, 2007 resulting in the issuance of 16.67 million and 4.76 million flow-through common shares from treasury, respectively. Other changes in the number of shares outstanding are the result of option exercises in the respective periods.*

Related Party Transactions

Messrs. Kenneth E. MacNeill (President and Chief Executive Officer), Harvey J. Bay (Chief Financial Officer and Chief Operating Officer), George H. Read (Senior Vice-President of Exploration and Development) and Pieter Du Plessis (Vice-President of Exploration), through their respective consulting companies, hold management and consulting contracts with the Company. During the three-month period ended March 31, 2009, Messrs. MacNeill, Bay, Read and Du Plessis's monthly contracted fees were $30 thousand, $23 thousand, $18 thousand, and $16 thousand, respectively. During the three-month period ended March 31, 2009, management and consulting fees of $259 thousand were paid to companies controlled by these officers, compared to $237 thousand for the same period in 2008. Of these fees, $48 thousand (2008 – $44 thousand) were capitalized as additions to mineral properties; $90 thousand (2008 – $81 thousand) were included in administration expense and $121 thousand (2008 – $112 thousand) were included in consulting and professional fees expense.

During the three-month period ended March 31, 2009, the Company charged $13 thousand (2008 – $18 thousand) to Wescan Goldfields Inc. for administration services. Accounts receivable includes $24 thousand (2008 – $3 thousand) 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.

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. The Company expects its current capital resources will be sufficient to carry out its exploration plans through 2010, when a production decision is anticipated.

At March 31, 2009 the Company had $19.7 million in cash and cash equivalents and short-term investments. In addition, the Company held $18.7 million in long-term Notes ($13.1 million carrying value), the liquidity of which is limited. On April 30, 2009 the Company received $4.4 million of this principal which improved the Company's liquidity. Since there is currently no active market for the remaining Notes, the timing and amount ultimately recovered by the Company may differ materially from this fair value estimate.

As of March 31, 2009, the Company is committed to spend $1.5 million of qualifying Canadian Exploration Expenses as defined by the *Canadian Income Tax Act* prior to December 31, 2009.

Capital Resources and Outstanding Share Data

As at March 31, 2009, the Company had working capital of $16.9 million as compared to $51.8 million at March 31, 2008. This does not include the Company's $18.7 million in floating rate Notes. Working capital of the Company will be sufficient for meeting the Company's remaining 2009 budget requirements. Shore's current cash position will ensure the Company's financial stability through 2010.

At March 31, 2009 the Company had 199,904,242 shares issued and outstanding compared to 182,684,242 at March 31, 2008. As at May 5, 2009, the Company's common shares issued and outstanding remained unchanged from the end of the first quarter. At May 5, 2009, a total of 9,686,360 options were outstanding at a weighted average exercise price of $3.29. Approximately 3.2 million of these options are currently in-the-money and would add an additional $0.9 million to the Company's capital if exercised.

Financial Instruments

As at March 31, 2009, the fair value of all of the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following financial risks:

<u>Credit risk</u>
Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk primarily relates to its investments in Notes which were received in exchange for the Company's investment in ABCP.

At March 31, 2009, the Company held Notes with a par value of $18.7 million (carrying value of $13.1 million), as outlined in the Company's consolidated financial statements. The consolidated financial statements of the Company reflect Management's best estimate of the fair value of these investments. The amount and timing of future cash flows received by the Company may differ materially from this estimate. Due to the nature of certain Notes which are not backed by traditional securitized assets (a significant component is comprised of collateral debt obligations), credit risk could potentially be significant. However, as part of the restructuring, certain financial institutions and stakeholders, as well as the governments of Canada, Ontario, Quebec and Alberta, have provided margin funding facilities that significantly reduce the risk of credit default on these investments. The maximum exposure to credit risk related to the Company's investments at March 31, 2009 is represented by the carrying amount of $13.1 million. The Company has subsequently received $4.4 million of the Notes, which has reduced this maximum credit exposure accordingly.

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's approach to managing this risk is to forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when due. As at March 31, 2009, the Company had working capital of $16.9 million. Management believes, based on current budgets and exploration plans, this working capital will be sufficient to meet financial obligations as they fall due.

Critical Accounting Estimates

Shore's consolidated financial statements are prepared in conformity with Canadian GAAP. The Company's accounting policies are described in note 2 to the annual consolidated financial statements. Certain of these policies involve critical accounting estimates as 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. Where information and conditions suggest impairment, estimated future cash flows are calculated using estimated future prices, reserves and resources, weighted probable outcomes and operating, capital and reclamation costs on an undiscounted basis. If it is determined that the future cash flows are less than the carrying value, a write-down to the estimated fair value is expensed for the period. Where no independent estimates of reserves or resources are available for which to estimate future net cash flows and where other conditions suggest impairment, carried costs are written down. As at March 31, 2009, the Company has not yet determined whether any of its mineral properties contain economically recoverable reserves.

Accounting Changes

Goodwill and Other Intangible Assets

Effective January 1, 2009, the Company adopted a CICA handbook section relating to goodwill and intangible assets, which replaced previous standards relating to goodwill and intangible assets and research and development costs. The standard introduces guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The standard also harmonizes Canadian standards with IFRS and applies to annual and interim financial statements for fiscal years beginning on or after October 1, 2008. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the three-month period ended March 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standard Board ("IASB") will, however, also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's financial statements will only be measurable once all IFRS applicable at the conversion date are known.

As a result of this convergence, the Company has developed a plan to convert its financial statements to IFRS. Regular reporting to the Company's Audit Committee on the status of the IFRS implementation project has been established to ensure proper oversight.

The Company's plan consists of several phases including:

Timing	Plan Phase
2008	**An initial scoping phase** including the identification of key differences, important dates, development of milestones, and potential training issues;
2009	**Detailed evaluation phase** which will include a detailed comparison of Canadian GAAP and IFRS in a priority sequence including policy alternatives and business process implications, information systems, internal controls over financial reporting, disclosure controls and procedures and compensation arrangements; and,
2009-2010	**Implementation and review phase** which will include final policy selection with the culmination of the necessary information systems and data required to prepare IFRS compliant financial statements and disclosures and any necessary adjustments to other business processes that may be impacted.

The initial scoping phase was completed by the Company in 2008. The Company identified the accounting related to the carrying value of the Company's mineral properties to be the area of the most significant potential difference. The carrying value of the Company's mineral properties may potentially be impacted by several standards in IFRS, including the treatment of exploration expenditures, and how potential impairments are analyzed. Other areas of less significance that will require adjustments relate to share-based payments, asset retirements obligations and property and equipment. Currently, Canadian GAAP and IFRS both allow a Company to establish an accounting policy that either capitalizes or expenses exploration expenditures incurred. IFRS related to exploration costs, however, are currently under review and are anticipated to change after January 1, 2011. The full extent of the changes are not yet known and, as a result, the Company may change its current policy of capitalizing exploration expenditures retroactively on the date of transition in order to minimize the impact future IFRS changes may have on the Company's financial statements.

As a result of the initial scoping exercise and given the stage of the Company's development, Management does not anticipate that the conversion to IFRS will have any significant impact to its business processes. Certain of the Company's information systems have already been converted which will allow for the recognition, measurement and disclosure requirements of property and equipment in accordance with IFRS. Certain members of the conversion team have been provided training regarding IFRS. More specific training is anticipated and additional involvement of the Company's external auditors will be required once Management has fully evaluated the implications of the differences between Canadian GAAP and IFRS.

Management has not yet completed its quantification of the effects of adopting IFRS, however the detailed evaluation phase is underway and expected to be completed by the end of 2009. The consolidated financial performance and financial position as presented in the Company's Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods, and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining disclosure controls and procedures and have caused these to be designed to provide reasonable assurance that material information is made known to Management, particularly during the period in which the interim filings are being prepared; and information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in securities legislation.

There have been no significant changes in the Company's disclosure controls during the quarter ended March 31, 2009 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, have designed the Company's internal controls over financial reporting as of the end of the period covered by the interim filings so that the internal controls over financial reporting provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There have been no significant changes to internal controls over financial reporting during the quarter ended March 31, 2009 that could have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Outlook

As of May 5, 2009, the Company had approximately $20.2 million in cash and cash equivalents and short-term investments. These funds will be used to complete the Star Diamond Project pre-feasibility study, to fund the planned FALC-JV and the Buffalo Hills Joint Venture exploration programs and for general corporate matters. Cash and cash equivalents and short-term investments may also be used to fund various other exploration activities as well as acquisition and exploration of additional properties as opportunities warrant.

The Company continues with the Star Diamond Project pre-feasibility study. This primarily entails desk-top engineering studies and data analysis to convert the Mineral Resource to a Mineral Reserve conforming to NI 43-101 and CIM standards. The Company's intent is to have a NI 43-101 compliant Reserve estimate for the Star Diamond Project completed during 2009. Shore anticipates the delivery of a final feasibility study for the Star Diamond Project by the end of the first quarter of 2010. In addition, the Company anticipates an initial Mineral Resource estimate for Orion South to be available in mid 2009. It is the present focus to evaluate the Star and Orion South Kimberlites to the point where a production decision can be made.

Risks and Uncertainties

The Company attempts to mitigate risks by identifying, assessing, reporting and managing risks of significance. The following are risks relating to the business of the

Company. This information is a summary only of risks currently facing the Company based on its stage of development. Additional risks and uncertainties not presently known may also impact the Company's operations. Management's view on risks facing the Company will evolve as the Company progresses in its stage of development.

Risks Associated With an Exploration Stage Company

The principal risks faced by the Company during the exploration stage involve: Shore's ability to obtain financing to further the exploration and development of mineral properties in which Shore holds interests; maintaining title to its property claims; obtaining the required permits from various federal, provincial and local governmental authorities; and the ultimate economic feasibility of any future development projects.

The further development and exploration of mineral properties in which Shore holds interests or which Shore acquires may depend upon Shore's ability to obtain financing through joint ventures, debt financing, equity financing or other means. The Company does not have sufficient funds to put any of its property interests into production from its own financial resources. There is no assurance that Shore will be successful in obtaining required financing as and when needed. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or joint operations or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Shore's future cash flows, earnings, results of operations and financial condition. The relative prices of diamonds and future expectations for such prices have a significant impact on the market sentiment for investment in diamond mining and exploration companies. To ensure that exploration procedures are being performed effectively and those results are interpreted and reported in a proper manner, Management ensures that qualified individuals, service providers and external consultants are utilized in the verification and quality assurance of analytical results.

Title disputes could have adverse consequences to the Company. Managing these issues is an integral part of exploration, development and mining in Saskatchewan and Alberta and Shore is committed to managing these issues effectively. The Company has diligently investigated title to its claims in the Star, FALC-JV and Buffalo Hills Joint Venture Properties. However, no assurance can be given that title to these properties will not be challenged or impugned in the future by third parties or governments. Management maintains a database to monitor the status of the Company's claims to ensure all claims are in good standing.

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations. The Company utilizes qualified individuals, service providers and external consultants and maintains constant communications with governmental authorities to ensure that the Company is in compliance with all applicable rules and regulations.

All of Shore's property interests are currently in the exploration stage and are without a known body of commercial ore. The exploration, development and production of precious metals and gems are capital-intensive, subject to the normal risks and capital expenditure requirements associated with mining operations. While the rewards can be substantial if commercial quantities of minerals or gems are found, there can be no assurance that Shore's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

Technical Information

All technical information in this report has been prepared under the supervision of George Read, Senior Vice-President of Exploration and Development, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, and Shawn Harvey, Geology Manager, Professional Geoscientist in the Province of Saskatchewan, who are the Company's "Qualified Persons" under the definition of NI 43-101.

Caution regarding Forward-looking Statements

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 this press release, 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 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. Unless otherwise required by applicable securities legislation, 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 Three-Month Period Ended
March 31, 2009

Notice to Reader

Management has compiled the unaudited consolidated financial statements of Shore Gold Inc. for the three-month period ended March 31, 2009 (along with the comparative interim period in 2008). The Corporation's external auditors have not reviewed these statements.

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

	March 31, 2009 (in thousands)	December 31, 2008 (in thousands)
Assets		
Current assets:		
Cash and cash equivalents	$ 10,636	$ 22,619
Short-term investments	9,069	5,079
Receivables	594	7,584
Prepaids	270	139
	20,569	35,421
Restricted cash	1,807	1,807
Investments (note 4)	13,085	14,064
Mineral properties (note 5)	212,914	212,361
Investment in Wescan Goldfields Inc. (note 6)	2,228	2,234
Property and equipment	1,034	1,091
	$ 251,637	$ 266,978
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,611	$ 11,722
Current portion of asset retirement obligations	56	68
	3,667	11,790
Asset retirement obligations	1,584	1,564
Shareholders' equity:		
Share capital (note 7)	769,447	772,822
Contributed surplus	25,893	25,885
Deficit	(548,954)	(545,083)
	246,386	253,624
	$ 251,637	$ 266,978

See accompanying notes to consolidated financial statements

Shore Gold Inc.

(A Development Stage Entity)

Consolidated Statements of Loss, Comprehensive Loss and Deficit

	Three Months Ended March 31, 2009 (in thousands)	Three Months Ended March 31, 2008 (in thousands)
Revenue		
Interest and other income	$ 93	$ 698
Expenses		
Administration	902	1,698
Consulting and professional fees	155	1,043
Corporate development	81	134
Amortization and accretion	117	111
	1,255	2,986
Loss before the undernoted items	(1,162)	(2,288)
Write-down of mineral properties (note 5)	(5,747)	-
Change in fair value of investments (note 4)	(335)	-
Investment in Wescan Goldfields Inc.	(6)	(29)
Net loss before income taxes	(7,250)	(2,317)
Future income taxes (note 8)	3,379	95
Net and comprehensive loss	(3,871)	(2,222)
Deficit, beginning of period	(545,083)	(87,110)
Deficit, end of period	$ (548,954)	$ (89,332)
Net loss per share		
Basic and diluted	(0.02)	(0.01)
Weighted average number of shares outstanding (000's)	199,904	182,684

See accompanying notes to consolidated financial statements

Shore Gold Inc.

(A Development Stage Entity)

Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2009 (in thousands)	Three Months Ended March 31, 2008 (in thousands)
Cash provided by (used in):		
Operations:		
Net and comprehensive loss	$ (3,871)	$ (2,222)
Non-cash items:		
Amortization and accretion	117	111
Write-down of mineral properties	5,747	-
Change in fair value of investments	335	-
Investment in Wescan Goldfields Inc.	6	29
Fair value of stock options expensed	-	1,931
Future income taxes	(3,379)	(95)
Net change in non-cash operating working capital items:		
Prepaids	(131)	(285)
Receivables	56	49
Accounts payables and accrued liabilities	(1,030)	(868)
	(2,150)	(1,350)
Investing:		
Mineral properties	(6,300)	(13,136)
Property and equipment	(40)	(44)
Short-term investments	(3,990)	9,202
Restricted cash	-	(849)
Investments	644	-
Net change in non-cash investing working capital items:		
Receivables	6,934	(2,175)
Accounts payable and accrued liabilities	(7,081)	(1,756)
	(9,833)	(8,758)
Decrease in cash and cash equivalents	(11,983)	(10,108)
Cash and cash equivalents, beginning of period	22,619	31,854
Cash and cash equivalents, end of period	$ 10,636	$ 21,746
Cash and cash equivalents consists of:		
Cash	$ 5,526	$ 1,100
Treasury bills	5,110	20,646
	$ 10,636	$ 21,746

See accompanying notes to consolidated financial statements

SHORE GOLD INC.
(A Development Stage Entity)

Notes to Consolidated Financial Statements (for the three-month period ended March 31, 2009)
(In thousands of Canadian dollars except as otherwise noted)

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, development, mining and sale of precious metals and gems. Substantially all of the Company's efforts are devoted to the exploration 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.

3. Changes in accounting policies

Goodwill and other intangible assets

Effective January 1, 2009, the Company adopted a CICA handbook section relating to goodwill and intangible assets, which replaces existing standards relating to goodwill and intangible assets and research and development costs. The standard introduces guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The standard also harmonizes Canadian standards with IFRS and applies to annual and interim financial statements for fiscal years beginning on or after October 1, 2008. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

4. Investments

At March 31, 2009 the Company held $13.1 million in floating rate notes (collectively, the "Notes") with a total par value of $18.7 million. These Notes were received during January 2009 in exchange for the Company's Canadian third party asset-backed commercial paper ("ABCP") upon the successful implementation of the ABCP restructuring plan. The Company has designated the Notes as held-for-trading, which are measured at fair value.

The following Notes were received in exchange for the $19.0 million of ABCP previously held:

Master Asset Vehicle ("MAV")	Class	Notional Amount[a]	Percent	Fair Value[b]
MAV2	Class A-1 Notes	$ 6,213	33.2%	$ 4,396
MAV2	Class A-2 Notes	6,467	34.5%	4,245
MAV2	Class B Notes	1,174	6.3%	-
MAV2	Class C Notes	428	2.3%	-
MAV3	Class 9 Notes	4,445	23.7%	4,444
Total		$ 18,727	100.0%	$ 13,085

(a) Notional amount

Notional amount of the Notes received represents the amortized cost of the Company's investments at the time the ABCP market ceased to trade.

(b) Fair value

The fair value of the Company's Notes at March 31, 2009 was determined using a discounted cash flow approach with the following assumptions:

	Assumption
Timing of cash flows	0 to 8 years[(1)]
Interest rate	0.15 percent[(2)]
Weighted average discount rate	5.50 percent[(3)]

(1) On April 30, 2009 the Company received $4.4 million (99 percent) of the principal relating to the MAV3, Class 9 notes. Timing of this cash flow was included in the fair value assessment at March 31, 2009.
(2) 90-day Bankers' Acceptance rate at March 31, 2009 of 0.65 percent less 50 basis points.
(3) Excludes Class B and C Notes as fair values have been assessed as nil and excludes the majority of MAV3, Class 9 notes due to principal repayment received in April 2009.

As a result of the fair value assessment of the Notes at March 31, 2009, the Company recorded a fair value adjustment of $0.3 million (2008 - Nil). A one percent change in the discount rate of this fair value assessment would result in a $0.7 million pre-tax change in the fair value of the Notes held by the Company.

During the quarter, the Company also received an interest payment of $0.6 million (net of restructuring costs) from the ABCP previously held by the Company. The Company expects a further interest payment in the near future in the amount of approximately $0.2 million representing interest from August 2008 to January 21, 2009 after which the Company is entitled to receive quarterly interest payments starting in April 2009.

5. Mineral properties

Mineral properties for the three-month period ended March 31, 2009 are made up of the following:

	Star Property	Fort à la Corne Property	Other Diamond Properties	Total
Balance – December 31, 2008	$ 171,136	$ 41,225	$ -	$ 212,361
Expenditures during 2009				
Exploration	237	6,008	55	6,300
Write-down of carrying value[(a)]	-	(5,692)	(55)	(5,747)
Balance –March 31, 2009	$ 171,373	$ 41,541	$ -	$ 212,914

(a) Write-down of carrying value

As there are currently no independent estimates of reserves or resources for any of the FALC-JV properties other than Star West (the portion of the Star Kimberlite within the FALC-JV) or any of the Company's other mineral properties, the Company was unable to apply undiscounted future cash flow methodologies as an initial step in assessing impairment. As a result, the Company wrote-down $5.7 million of expenditures that were incurred on these mineral properties during the quarter.

6. Investment in Wescan Goldfields Inc.

At March 31, 2009, Shore held 12,955,567 (2008 – 11,474,086) shares and 0.74 million share purchase warrants of Wescan Goldfields Inc. ("Wescan"), a publicly traded company on the TSX Venture exchange. Each full warrant is exercisable at $0.35 per warrant and will expire on October 20, 2009. The Company accounts for its 17.2% investment in Wescan on an equity basis.

At March 31, 2009, the carrying value of the Company's equity interest in Wescan was $2.2 million (2008 – $2.3 million) with a fair value of $2.5 million (2008 – $1.9 million).

7. Share capital

Authorized

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

Issued and outstanding

	Common Shares	Amount
Balance – December 31, 2008	199,904	$ 772,822
Future income taxes on flow-through expenditures renounced to shareholders[(a)]	-	(3,375)
Balance – March 31, 2009	199,904	$ 769,447

(a) Flow-through shares

During 2008, the Company issued, through a private placement, 16,670,000 flow-through shares for gross proceeds of $12.5 million. In January 2009, the Company renounced $12.5 million of tax deductions associated with qualified expenditures required to be incurred by the end of 2009. The Company recorded a future income tax liability of $3.4 million, with a corresponding reduction in share capital.

(b) 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 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. 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 all options expire 5 years from the date of the grant of the options.

The Company did not grant any options during the quarter ended March 31, 2009.

The amount that vested from previous issues during the quarter ended March 31, 2009 was $8 thousand (2008 - $2.4 million). Of this amount $8 thousand (2008 - $0.5 million) was capitalized as an addition to mineral properties and nil (2008 - $1.9 million) was expensed.

As at March 31, 2009 the fair value of stock-based compensation related to options that will vest over the next 12 months is $13 thousand (2008 - $0.9 million).

For options outstanding at March 31, 2009, weighted average exercise prices are as follows:

	Options	Average Price
Balance – December 31, 2008	7,745	$ 4.78
Granted	-	-
Exercised	-	-
Expired and cancelled	(1,244)	4.76
Balance – March 31, 2009	6,501	$ 4.78

The options expire between the dates of April 2009 to September 2013.

8. Future income taxes

The Company finances a portion of its exploration activities through the issuance of flow-through shares. During the first quarter of 2009, the Company renounced the deductions to investors and accordingly recorded share issue costs related to the future tax liability as a temporary difference arising from the renunciations. As a result, share capital is reduced and future income tax liabilities are increased by the estimated tax cost of deductions renounced by the Company to the investors in the amount of $3.4 million. To the extent the Company has unrecorded tax assets, the future income tax liabilities were reduced with a corresponding credit to future income taxes.

9. Related party transactions

During the three-month period ended March 31, 2009, management and consulting fees of $259 thousand (2008 – $237 thousand) were paid to companies controlled by certain officers of the Company. Of these fees, $48 thousand (2008 – $44 thousand) were capitalized as additions to mineral properties; $90 thousand (2008 – $81 thousand) were included in administration expense and $121 thousand (2008 – $112 thousand) were included in consulting and professional fees expense.

During the three-month period ended March 31, 2009, the Company charged $13 thousand (2008 – $18 thousand) to Wescan for administration services. Accounts receivable includes $24 thousand (2008 – $3 thousand) due from Wescan.

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

10. Financial instruments

As at March 31, 2009, the fair value of all of the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following financial risks:

(a) Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk primarily relates to its investments in Notes which were received in exchange for the Company's investment in ABCP.

At March 31, 2009, the Company held Notes with a par value of $18.7 million (carrying value of $13.1 million), as outlined in note 4. The consolidated financial statements of the Company reflect Management's best estimate of the fair value of these investments. The amount and timing of future cash flows received by the Company may differ materially from this estimate. Due to the nature of the MAV2 Notes which are not backed by traditional securitized assets (a significant component is comprised of collateral debt obligations), credit risk could potentially be significant. However, as part of the restructuring, certain financial institutions and stakeholders, as well as the governments of Canada, Ontario, Quebec and Alberta, have provided margin funding facilities that significantly reduce the risk of credit default on these investments. The maximum exposure to credit risk related to the Company's investments in these Notes at March 31, 2009 is represented by the carrying amount of $13.1 million. The Company has subsequently received $4.4 million of the Notes, which has reduced this maximum credit exposure accordingly.

(b) 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's approach is to forecast future cash flows, to ensure that it will have sufficient liquidity to meet its obligations when due. As at March 31, 2009, the Company had working capital of $16.9 million. Management believes, based on current budgets and exploration plans, this working capital will be sufficient to meet financial obligations as they fall due.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current financial statement presentation.

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