Shore Gold Inc.

2nd Quarter Report
2008

MANAGEMENT'S DISCUSSION & ANALYSIS
For the quarter ended June 30, 2008

The following discussion and analysis is prepared by Management as of August 6, 2008 and should be read in conjunction with the unaudited consolidated financial statements for the period ended June 30, 2008 and audited financial statements for the year ended December 31, 2007 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 second quarter of 2008, the Company remained focused on the Fort à la Corne area of central Saskatchewan, with the announcement of a Mineral Resource for the Star Kimberlite and the ongoing exploration of its 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 activity for the Star Diamond Project was the completion of the NI 43-101, risk adjusted, Mineral Resource estimate for the explored portion of the Star Kimberlite. Work on the FALC-JV concentrated on the completion of the shaft, commencement of underground drifting and large diameter ("LD") drilling on the Orion South Kimberlite as well as sample processing.

Star Diamond Project Advanced Exploration Program

In early June, the Company announced the completion of the NI 43-101, risk adjusted, Mineral Resource estimate for the explored portion of the Star Kimberlite (See SGF News Release June 9, 2008). The Mineral Resource estimate, as prepared by independent Qualified Persons from AMEC Americas Limited ("AMEC"), includes Indicated Resources of 122.7 million tonnes at a grade of 13.6 carats per hundred tonnes ("cpht") for a total of approximately 17 million carats and Inferred Resources of 30.3 million tonnes at a grade of 13.1 cpht.

Shore commissioned the NI 43-101 Mineral Resource estimate for the Star and Star West properties pursuant to its obligation under NI 43-101 to prepare and file a Technical Report and as such, the Technical Report is the sole responsibility of Shore. The Technical Report can be viewed on the Company's website (www.shoregold.com) or on SEDAR (www.sedar.com).

In addition to the Mineral Resource estimate determined by AMEC, a further 100 to 120 million tonnes of the Star Kimberlite is designated a 'potential mineral deposit', as detailed core logging, whole rock geochemistry, geophysical and density measurements confirm the geological continuity from the Inferred Resource into this part of the kimberlite, which is contained within the 276 million tonnes originally defined in the geological model for the Star Kimberlite (See SGF News Release Oct 17, 2006). In order to bring certain of these tonnages into a resource category, the Company will need to perform additional LD drilling. The 100 to 120 million tonne potential mineral deposit is currently considered conceptual in nature and is not a resource estimate.

FALC-JV Project Exploration Program

During the second quarter of 2008, the major activities on the FALC-JV Project were the completion of the shaft and commencement of lateral underground drifting on Orion South, LD drilling and sample processing.

The Orion South shaft was completed during the second quarter, to a depth of 211 metres below surface with a station established at the 186 metre level. The equipment required for lateral drift development has also been lowered down the shaft and assembled in the station. Lateral drift development is presently underway on headings to the south. Progress, however, has been slower than anticipated due to the ground conditions experienced. The intent of this shaft sinking and bulk sampling exercise is to recover substantial, representative diamond parcels from each of the predominant Orion South kimberlite lithologies (Early Joli Fou and Pense) for diamond grade and price determinations.

The third set of diamond results from the underground bulk sampling of Orion South was announced during the second quarter (See SGF News Release May 27, 2008). Total diamond recoveries were 136.68 carats from 3,466.73 dry tonnes processed. Ten diamonds greater than one carat were recovered and the four largest stones were: 2.59, 2.22, 1.63 and 1.19 carats, respectively. These underground bulk sampling diamond results were from samples collected from the Pense Kimberlite during the shaft sinking exercise (at depths from 148.6 metres to 185 metres) and the grades recovered are consistent with Shore’s interpretation of the internal geology of Orion South. Existing LD drilling results suggest that the Pense Kimberlite will have a lower grade than the EJF but the EJF is the dominant lithology in Orion South, accounting for more than 60 percent of the total rock volume. The Company continues its underground program on Orion South. The Phase 1 LD drilling program on Orion South has been completed and the results are awaited.

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 has been appointed operator of the Buffalo Hills Joint Venture. Shore and Diamondex have the option to increase their combined interest in the joint venture to 72.5 percent by funding the next $15 million of exploration expenditures before April 30, 2010.

Following the review of historical geological data by a technical team from Shore and Diamondex, a 2008 exploration program and budget of $7 million was determined of which Shore will fund $3.5 million (See SGF News Release January 17, 2008).

A winter drill program was performed during the first quarter of 2008 on two (K14 and K252) of the six kimberlite bodies (K91, K225, K14, K252, K6 and K5) of the central corridor of the Buffalo Hills property slated for drilling during the year as part of the approved 2008 exploration program. Drilling on the K6 body resumed in the second quarter following the spring thaw. Also during the second quarter Shore, on behalf of the joint venture, completed logging more than 2,000 metres of drill-core from the 2008 Buffalo Hills winter drilling program.

Financial Highlights

Selected financial information of the Company for the quarters ended June 30, 2008 and 2007 is summarized as follows:

	Three Months Ended June 30, 2008 $	**Three Months Ended June 30, 2007 $**	**Six Months Ended June 30, 2008 $**	**Six Months Ended June 30, 2007 $**
Revenues (millions)	**0.4**	**1.2**	**1.0**	**2.5**
Net income (loss) (millions)	**(2.8)**	**1.7**	**(5.0)**	**(2.5)**
Net income (loss) per share (1)	**(0.02)**	**0.01**	**(0.03)**	**(0.01)**
Total assets (millions)	**813.8**	**783.5**	**813.8**	**783.5**
Working capital (millions)	**40.8**	**92.9**	**40.8**	**92.9**

(1) Basic and diluted.

Second Quarter
Results of Operations

For the quarter ended June 30, 2008, the Company recorded a net loss of $2.8 million or $0.02 per share compared to net income of $1.7 million or $0.01 per share for the same period in 2007. The loss for the quarter ended June 30, 2008 was primarily due to the $2.0 million impairment in fair value of third-party asset-backed commercial paper ("ABCP") held by the Company that was recorded during the quarter. The Company also generated lower interest income for the second quarter of 2008 compared to the same period in 2007 as a result of having less cash on hand due to exploration expenditures incurred, the acquisition of a 22.5 percent interest in the Buffalo Hills Joint Venture, as well as the Company's investment in ABCP being frozen since August of 2007. The net income for the second quarter of 2007 was primarily due to an income tax recovery as a result of the federal government enacting a reduction in corporate income tax rates during that period.

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 exploration projects. For the quarter ended June 30, 2008 the Company reported interest revenue of $0.4 million as compared to $1.2 million for the quarter ended June 30, 2007. The decrease in interest income between these two periods is primarily due to having less cash on hand due to exploration expenditures incurred, the acquisition of a 22.5 percent interest in the Buffalo Hills Joint Venture, as well as the Company's investment in ABCP being frozen since August of 2007.

Expenses

Total operating costs for the quarter ended June 30, 2008 were $1.5 million, an increase of $0.1 million from the quarter ended June 30, 2007. Once the effect of accounting for stock-based compensation is removed, 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. Total operating costs of the Company for the quarter ended June 30, 2008 decreased by $0.2 million to $1.0 million compared to $1.2 million for the quarter ended June 30, 2007. This decrease was primarily due to the higher proportion of activities on the FALC-JV during 2008. Costs associated with the FALC-JV are shared between Shore (60 percent) and Newmont (40 percent) while costs incurred for the Star Diamond Project are borne 100 percent by Shore.

Investing

Additions to mineral properties totaled $11.0 million for the quarter ended June 30, 2008 compared to $13.1 million for the quarter ended June 30, 2007. The additions represent $1.4 million on the Star Diamond Project and $9.6 million on the FALC-JV Project. The main activity for the Star Diamond Project was the completion of the Mineral Resource estimate for the Star Kimberlite. The expenditures on the FALC-JV Project primarily related to the completion of the shaft and commencement of underground drifting on Orion South, LD drilling and sample processing.

Financing

The exercise of 0.6 million options during the quarter resulted in additional cash flow from financing activities of $0.5 million.

Year to Date
Results of Operations

For the six-month period ended June 30, 2008, the Company recorded a net loss of $5.0 million or $0.03 per share compared to a net loss of $2.5 million or $0.01 per share for the same period in 2007. The loss during the first six months of 2008 was primarily due to the fair value of stock-based compensation that was expensed during the six-month period ended June 30, 2008 as well as the $2.0 million impairment in fair value of ABCP held by the Company that was recorded during the second quarter of 2008. The Company also generated lower interest income for the six-month period of 2008 compared to the same period in 2007 which also contributed to the six month loss. The net loss for the six-month period ended June 30, 2007 would have been similar to the six-month period ended June 30, 2008 if it had not been for the income tax recovery of $2.0 million in the second quarter of 2007 as a result of the federal government enacting a reduction in corporate income tax rates during that period.

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 exploration projects. For the six-month period ended June 30, 2008 the Company reported interest revenue of $1.0 million compared to $2.5 million for the six-month period ended June 30, 2007. The decrease in interest income between these two periods is primarily due to having less cash on hand due to exploration expenditures incurred, the acquisition of a 22.5 percent interest in the Buffalo Hills Joint Venture, as well as the Company's investment in ABCP being frozen since August of 2007.

Expenses

Total operating costs for the six-month period ended June 30, 2008 were $4.5 million compared to $6.7 million for the six-month period ended June 30, 2007. This $2.2 million decrease is largely attributed to the fair value of stock-based compensation that was expensed during the six-month period ended June 30, 2007 ($4.4 million) as compared to the same period in 2008 ($2.5 million). Once the effect of accounting for stock-based compensation is removed, 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. Total operating costs for the Company decreased by $0.3 million to $2.0 million compared to $2.3 million for the six-month period ended June 30, 2007, primarily due to the higher proportion of activities on the FALC-JV during 2008. Costs associated with the FALC-JV are shared between Shore (60 percent) and Newmont (40 percent) while costs incurred for the Star Diamond Project are borne 100 percent by Shore.

Investing

Mineral properties additions totaled $24.1 million for the six-month period ended June 30, 2008 compared to $26.6 million for the six-month period ended June 30, 2007. The 2008 additions represented approximately $3.3 million on the Star Diamond Project, $18.5 million on the FALC-JV Project and $2.3 million on other properties (which includes $2.1 on the Buffalo Hills Joint Venture). The main activity for the Star Diamond Project was the completion of the Mineral Resource estimate for the Star Kimberlite. The expenditures on the FALC-JV Project primarily related to the completion of the shaft and commencement of underground drifting on Orion South, LD drilling and sample processing. The expenditures on the remaining properties were predominantly related to core drilling programs.

Financing

The exercise of 0.6 million options for the six-month period ended June 30, 2008 resulted in additional cash flow from financing activities of $0.5 million.

Summary of Quarterly Results

	2008		2007				2006	
	Qtr 2 $	Qtr 1 $	Qtr 4 $	Qtr 3 $	Qtr 2 $	Qtr 1 $	Qtr 4 $	Qtr 3 $
Revenues (1) (millions)	0.4	0.6	0.6	0.9	1.2	1.3	1.7	3.1
Net income (loss) (2) (millions)	(2.8)	(2.2)	12.4	(2.4)	1.7	(4.2)	(0.8)	(122.7)
Net income (loss)/share (3)	(0.02)	(0.01)	0.06	(0.01)	0.01	(0.02)	0.00	(0.70)
Shares outstanding (4) (millions)	183.2	182.7	182.7	177.5	177.3	177.3	176.8	176.4

(1) *The higher revenue in the third quarter of 2006 was the result of having increased cash balances from the closing of equity financings in the first and fourth quarters of 2005. The decline in interest revenue from the fourth quarter of 2006 to the second quarter of 2008 resulted from a reduction in the Company's investment base after completing acquisitions involving the FALC-JV and the Buffalo Hills Joint Venture, ABCP not accruing interest, declining interest rates and incurring exploration expenditures throughout this period.*
(2) *The second and fourth quarters of 2007 had net income as a result of future income tax recoveries 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 fair value of the Company's ABCP. The first quarters of 2008 and 2007 saw increases in operating costs primarily associated with the fair value of stock-based compensation granted during those quarters. In the third quarter of 2006, the Company disposed of a 40 percent interest in a mineral property which resulted in a loss recognized for accounting purposes of $124.5 million net of a $55.9 million income tax recovery.*
(3) *Basic and diluted.*
(4) *The Company completed a private placement financing on November 23, 2007 resulting in the issuance of 4.76 million flow-through common shares from treasury. 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. As of April 1, 2008, Messrs. MacNeill, Bay, Read and Du Plessis's monthly contracted fee is $30 thousand (previously $27 thousand), $23 thousand (previously $21 thousand), $18 thousand (previously $16 thousand), and $16 thousand (previously $15 thousand), respectively. During the six-month period ended June 30, 2008, management and consulting fees of $0.5 million (2007 – $0.5 million) were paid to companies controlled by these officers. Of these fees, $0.1 million (2007 –

$0.1 million) were capitalized as additions to mineral properties; $0.2 million (2007 – $0.2 million) were included in administration expense and $0.2 million (2007 – $0.2 million) were included in consulting and professional fees expense.

During the six-month period ended June 30, 2008, the Company charged $34 thousand (2007 – $226 thousand) to Wescan Goldfields Inc. for administration services and rental of equipment. Accounts receivable includes $3 thousand (2007 – $29 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.

At June 30, 2008 the Company held ABCP with a total par value of $19 million, with repayment dates ranging from September 14, 2007 to October 15, 2007. During the month of August 2007, 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. Thus far, none of the ABCP held by the Company has been repaid. To address the liquidity issue, twenty of the ABCP conduits, which include the ABCP held by the Company, are currently subject to a proposal by the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper ("Investors Committee Restructuring Plan") which calls for the conversion of the ABCP into floating rate notes. On April 25, 2008, noteholders voted in favour of the Investors Committee Restructuring Plan. Per the Investors Committee Restructuring Plan, the Company expects to receive the following floating rate notes:

Master Asset Vehicle2 ("MAV2") Class A-1 Notes	*$7.5 million*
MAV2 Class A-2 Notes	*$5.6 million*
MAV2 Class B Notes	*$1.0 million*
MAV2 Class C Notes	*$0.4 million*
Master Asset Vehicle 3 Traditional Asset, Class 5 Notes	*$4.5 million*[1]

(1) According to the April 18, 2008 Monitor's Report, on April 16, 2008 HSBC Canada repurchased assets from Gemini Series A (constituting 93% of the traditional securitized assets in the trust). As a result, the Company estimates that approximately 99% of the underlying assets in Gemini Series A are comprised of cash.

There is currently no active market for the ABCP held by the Company. The Company reviewed its assumptions regarding the fair value calculation of these investments during the quarter ending June 30, 2008 and assessed the fair value to be $14.9 million. As a result, the Company has assessed an "other than temporary impairment" and reduced the fair value of these investments by an additional $2.0 million in the quarter. The amount and timing ultimately recovered by the Company may differ materially from this estimate. Management does not believe the events surrounding the liquidity of the ABCP will adversely affect its ability to meet financial obligations as they fall due.

Capital Resources and Outstanding Share Data

As at June 30, 2008, the Company had working capital of $40.8 million as compared to $65.2 million at December 31, 2007 and $92.9 million at June 30, 2007. At June 30, 2008 the Company had 183,234,242 shares issued and outstanding compared to 177,335,460 at June 30, 2007.

As at August 6, 2008, the Company had a total of 183,234,242 common shares issued and outstanding and a further 7,756,360 options outstanding at a weighted average exercise price of $4.82. Approximately 0.3 million of these options are currently in-the-money and would add an additional $0.5 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 June 30, 2008, the Company has not yet determined whether any of its mineral properties contain economically recoverable reserves.

Accounting Changes

Financial Instruments – Presentation and Disclosure

On January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") handbook sections relating to financial instrument presentation and disclosure. These sections are intended to enhance the users' ability to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 has supplied irrevocable standby letters of credit issued by a Canadian chartered bank. The Company has pledged $1.2 million of short-term investments as security. These investments are recorded as restricted cash.

A significant portion of the Company's receivables relate to amounts receivable from a participating interest in jointly controlled assets. Management minimizes the credit risk associated with this concentration of receivables by ensuring that amounts receivable from this participant are current. In accordance with the agreement governing these jointly controlled assets, the participating interest in the jointly controlled assets is security against amounts owed to the Company.

Until the Company's surplus cash is required to fund exploration or development activities it is invested in a variety of highly rated, relatively risk-free instruments such as guaranteed investment certificates and Government of Canada treasury bills. The Company also holds ABCP with a par value of $19.0 million (carrying value of $14.9 million) with repayment dates ranging from September 14, 2007 to October 15, 2007. Thus far, none of the ABCP held by the Company has been repaid. This ABCP is currently subject to a proposal by the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper which calls for the conversion of the ABCP into floating rate notes with terms that will match the duration of the underlying assets. As part of the Investors Committee Restructuring Plan, several major financial institutions have provided margin call facilities that would significantly reduce the risk of credit default on these investments. Management continually monitors the progress regarding the ultimate collectability of these investments. The consolidated financial statements of the Company reflect management's best estimate of the fair value of these investments.

The carrying amount of the financial assets discussed above represents the Company's credit exposure for the period ended June 30, 2008.

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 ensure that it is invested in highly liquid assets to meet its obligations when due.

Management does not believe the events surrounding the liquidity of the ABCP will adversely affect its ability to meet financial obligations as they fall due.

Capital Disclosures

On January 1, 2008, the Company adopted CICA accounting standards relating to capital disclosure. This additional disclosure includes information regarding an entity's objectives, policies and processes for managing capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less, resulting in minimal exposure to interest rate risk.

The Company expects its current capital resources will be sufficient to carry out its exploration plans through its current operating period. The Company is not subject to externally imposed capital requirements, except as disclosed in the financial statements.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for public accountable companies to convert from Canadian GAAP to IFRS. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, this new standard will apply to the Company effective for the fiscal year commencing January 1, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

There have been no significant changes in the Company's disclosure controls during the quarter ended June 30, 2008 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 control over financial reporting. Any system of internal control 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.

There have been no significant changes in internal controls over financial reporting during the quarter ended June 30, 2008 that could have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Outlook

As of August 6, 2008, the Company had approximately $36.2 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, to fund the Company's portion of the FALC-JV and the Buffalo Hills Joint Venture exploration programs and 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 next phase of work on the Star Kimberlite currently under way is the determination of the project's viability under current economic conditions. This will primarily entail desk-top engineering studies and data analysis to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. The FALC-JV has similar objectives; however, based on the stage of current exploration programs on the Orion Cluster, a Mineral Resource estimate is not anticipated for any of the FALC-JV's diamondiferous kimberlites until 2009.

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 ventures 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 mining and mineral 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 Exploration and Development, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, who is the Company's "Qualified Person" under the definition of NI 43-101.

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. Unless otherwise required by applicable securities laws, Shore does not undertake to update any written forward-looking statements 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 Six-Month Period Ended
June 30, 2008

Notice to Reader

Management has compiled the unaudited consolidated financial statements of Shore Gold Inc. for the six-month period ended June 30, 2008 (along with the comparative interim period in 2007). The Corporation's external auditors have not reviewed these statements.

Shore Gold Inc.

(A Development Stage Entity)

Consolidated Balance Sheets

	June 30, 2008 (in thousands)	December 31, 2007 (in thousands)
Assets		
Current assets:		
Cash and cash equivalents	$ 20,293	$ 31,854
Short-term investments	18,851	38,274
Restricted cash	1,245	396
Receivables	6,460	4,704
Prepaids	352	118
	47,201	75,346
Investments (note 4)	14,944	16,979
Mineral properties (note 5)	748,259	723,098
Investment in Wescan Goldfields Inc. (note 6)	2,186	2,296
Property and equipment	1,255	1,338
	$ 813,845	$ 819,057
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,118	$ 9,790
Current portion of asset retirement obligations	329	342
	6,447	10,132
Asset retirement obligations	1,455	1,334
Future income tax liability	111,600	103,853
Shareholders' equity:		
Share capital (note 7)	760,952	768,252
Contributed surplus (note 7)	25,491	22,596
Deficit	(92,100)	(87,110)
	694,343	703,738
	$ 813,845	$ 819,057

See accompanying notes to financial statements

Shore Gold Inc.
(A Development Stage Entity)
Consolidated Statements of Loss and Deficit

	Three Months Ended June 30, 2008 (in thousands)	Three Months Ended June 30, 2007 (in thousands)	Six Months Ended June 30, 2008 (in thousands)	Six Months Ended June 30, 2007 (in thousands)
Revenue				
Interest and other income	$ 341	$ 1,183	$ 997	$ 2,487
Expenses				
Administration	1,244	888	3,102	4,372
Consulting and professional fees	109	264	1,001	1,908
Corporate development	85	151	209	317
Amortization and accretion	74	68	144	122
	1,512	1,371	4,456	6,719
Loss before the under noted items	(1,171)	(188)	(3,459)	(4,232)
Impairment in fair value of third-party asset-backed commercial paper (note 4)	(2,035)	-	(2,035)	-
Loss from Wescan Goldfields Inc.	(81)	(93)	(110)	(132)
Net loss before income taxes	(3,287)	(281)	(5,604)	(4,364)
Income tax recovery	519	1,984	614	1,899
Net and comprehensive income (loss)	(2,768)	1,703	(4,990)	(2,465)
Deficit, beginning of period	(89,332)	(98,777)	(87,110)	(94,609)
Deficit, end of period	$ (92,100)	$ (97,074)	$ (92,100)	$ (97,074)
Net income (loss) per share				
Basic and diluted	(0.02)	0.01	(0.03)	(0.01)
Weighted average number of shares outstanding (000's)	182,949	177,282	182,817	177,167

See accompanying notes to financial statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Cash provided by (used in):				
Operations:				
Net income (loss)	$ (2,768)	$ 1,703	$ (4,990)	$ (2,465)
Non-cash items:				
Amortization and accretion	74	68	144	122
Impairment in fair value of third-party asset-backed commercial paper (note 4)	2,035	-	2,035	-
Share of loss in Wescan Goldfields Inc.	81	93	110	132
Fair value of stock options expensed (note 7)	537	184	2,468	4,396
Future income tax recovery	(519)	(1,975)	(614)	(1,890)
Net change in non-cash operating working capital items:				
Prepaids	51	70	(234)	(175)
Receivables	(29)	79	20	433
Accounts payable and accrued liabilities	(182)	49	(1,050)	(488)
	(720)	271	(2,111)	65
Investing:				
Mineral properties	(11,002)	(13,058)	(24,138)	(26,587)
Property and equipment	(15)	7	(18)	(55)
Disposal (purchase) of short-term investments	10,221	(31,986)	19,423	(7,113)
Restricted cash	-	-	(849)	-
Net change in non-cash investing working capital items:				
Receivables	399	2,147	(1,776)	2,375
Accounts payable and accrued liabilities	(866)	(2,236)	(2,622)	(6,336)
	(1,263)	(45,126)	(9,980)	(37,716)
Financing:				
Issue of common shares (net of issue costs)	530	157	530	1,160
	530	157	530	1,160
Decrease in cash and cash equivalents	(1,453)	(44,698)	(11,561)	(36,491)
Cash and cash equivalents, beginning of period	21,746	72,890	31,854	64,683
Cash and cash equivalents, end of period	$ 20,293	$ 28,192	$ 20,293	$ 28,192
Cash and cash equivalents consists of:				
Cash	$ 886	$ 806	$ 886	$ 806
Commercial paper	-	14,436	-	14,436
Guaranteed investment certificates	-	5,038	-	5,038
Treasury bills	19,407	7,912	19,407	7,912
	$ 20,293	$ 28,192	$ 20,293	$ 28,192

See accompanying notes to financial statements

Notes to Consolidated Financial Statements (for the six-month period ended June 30, 2008)
(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

Effective January 1, 2008, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

a) Financial instruments presentation and disclosure

On January 1, 2008, the Company adopted CICA handbook sections relating to financial instruments presentation and disclosure. These sections are intended to enhance the users' ability to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

i) Financial assets

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Short-term investments are designated as held-to-maturity and are carried at amortized cost. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Due to the short-term maturity of short-term investments and accounts receivable, respective carrying amounts approximate fair value.

Investments are made up of third-party asset-backed commercial paper ("ABCP") and are classified 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.

ii) Financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Due to the short-term nature of accounts payable and accrued liabilities, respective carrying amounts approximate fair value.

iii) Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

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.

Letters of credit and restricted cash

The Company has supplied irrevocable standby letters of credit issued by a Canadian chartered bank. The Company has pledged $1,245 thousand of short-term investments as security, all expiring July 2, 2008. These amounts are recorded as restricted cash.

Receivables

A significant portion of the Company's receivables relate to amounts receivable from a participant of the Company's joint operations. Management minimizes the credit risk associated with this concentration of receivables by ensuring that amounts receivable from this participant are current. In accordance with the joint venture agreement, the participating interest in the joint venture is security against amounts owed.

Investments

Until the Company's surplus cash is required to fund exploration or development activities it is invested in a variety of highly rated, relatively risk-free instruments such as guaranteed investment certificates and Government of Canada treasury bills. The Company also holds ABCP with a par value of $19.0 million (carrying value of $14.9 million) with repayment dates ranging from September 14, 2007 to October 15, 2007. Thus far, none of the ABCP held by the Company has been repaid. This ABCP is currently subject to a proposal by the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper ("Investors Committee") which calls for the conversion of the ABCP into floating rate notes with terms that will match the duration of the underlying assets ("Committee Restructuring Plan"). As part of the Committee Restructuring Plan, several major financial institutions have provided margin call facilities that would significantly reduce the risk of credit default on these investments. Management continually monitors the progress regarding the ultimate collectability of these investments. The consolidated financial statements of the Company reflect management's best estimate of the fair value of these investments.

Maximum credit exposure

The carrying amount of the financial assets discussed above represents the Company's maximum credit exposure:

	Amount
Restricted cash	$ 1,245
Receivables	6,460
ABCP	14,944
Total	$ 22,649

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 ensure that it will have sufficient liquidity to meet its obligations when due.

Management does not believe the events surrounding the liquidity of the ABCP will adversely affect its ability to meet financial obligations as they fall due.

b) Capital disclosure

On January 1, 2008, the Company adopted CICA handbook sections relating to capital disclosure. This additional disclosure includes information regarding an entity's objectives, policies and processes for managing capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company expects its current capital resources will be sufficient to carry its exploration plans through its current operating period. The Company is not subject to externally imposed capital requirements, except as disclosed.

4. Investments

At June 30, 2008 the Company held ABCP with a total par value of $19.0 million, with repayment dates ranging from September 14, 2007 to October 15, 2007. Thus far, none of the ABCP held by the Company has been repaid. All of the ABCP purchased by the Company was rated as R1 (high) by Dominion Bond Rating Service ("DBRS").

During the month of August, 2007 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 of the ABCP conduits, which include the ABCP held by the Company, are currently subject to a proposal by the Investors Committee which calls for the conversion of the ABCP into floating rate notes with maturities of less than nine years. The ABCP has been classified as a long-term investment on the Company's financial statements.

On March 17, 2008, the Investors Committee filed an application in the Ontario Superior Court of Justice under the Companies' Creditors Arrangement Act ("CCAA") asking the Court to call a meeting of ABCP holders to vote on the Committee Restructuring Plan. On March 20, 2008, the Committee released details (the "Information Statement") of the Committee Restructuring Plan. On April 25, 2008, the majority of noteholders voted in favour of the Committee Restructuring Plan and on June 25, 2008 a court order sanctioning the Committee Restructuring Plan was made. This court order remains subject to appeals by certain of the holders of ABCP and restructuring is not expected to be implemented until all appeals have been resolved. The Company believes the outcome of the Committee Restructuring Plan will not have a significant impact to the Company's financial condition.

Per the Committee Restructuring Plan, the Company expects to receive the following floating rate notes:

Master Asset Vehicle2 ("MAV2") Class A-1 Notes (a)	$ 7,513
MAV2 Class A-2 Notes (a)	5,590
MAV2 Class B Notes (a)	962
MAV2 Class C Notes (a)	435
Master Asset Vehicle 3 Traditional Asset, Class 5 Notes (b)	4,500
Total	$ 19,000

a) MAV2 Notes

The Committee Restructuring Plan will pool eligible assets of ABCPs that are backed primarily by synthetic assets into one of two master asset vehicles ("MAV"). Floating rate notes ("Pooled Notes") will then be issued to noteholders in exchange for their existing ABCP, with maturities of the Pooled Notes based upon the maturities of the underlying pooled assets.

Class A-1 and A-2 Notes have been given a provisional rating of AA from DBRS. Class A-2 Notes will accrue interest that will only be paid once all Class A-1 notes have been repaid in full and only to the extent that sufficient funds are available. Class B Notes will accrue interest that will only be paid once all Class A-1 and A-2 notes have been repaid in full and only to the extent that sufficient funds are available. Class C Notes will accrue interest at 20% that will only be paid once all Class A-1, A-2 and B notes have been repaid in full and only to the extent that sufficient funds are available. Class B and C Notes are not expected to be rated by DBRS.

b) MAV3 Tracking Notes

Gemini Series A is supported by traditional securitized (non-synthetic) assets and, per the Committee Restructuring Plan, will be restructured separately from other trusts, maintaining its separate assets. Noteholders such as Shore will receive MAV3 Traditional Asset ("TA") tracking notes with a maturity date that reflects the longest maturity of the Specific Traditional Tracked Asset plus one year. As per the Information Statement, the maturity date for Gemini is September 12, 2016. The TA Tracking notes will have an interest rate based upon amounts available from the Specific Traditional Tracked Assets. On April 23, 2008, DBRS assigned the MAV3 note associated with Gemini Series (MAV3 TA, Class 5) a provisional principal rating of AAA. Repayment of the principal amount owing under a TA Tracking Note is expected to commence prior to the maturity date if assets amortize before this date. According to the April 18, 2008 Monitor's Report, on April 16, 2008 HSBC Canada repurchased assets from Gemini Series A (constituting 93% of the traditional securitized assets in the trust). As a result, the Company estimates that approximately 99% of the underlying assets in Gemini Series A are comprised of cash.

There is currently no active market for the ABCP held. The Company reviewed its assumptions regarding the fair value calculation of these investments during the quarter ending June 30, 2008 and assessed the fair value to be $14.9 million. As a result, the Company has assessed an "other than temporary impairment" and reduced the fair value of these investments by an additional $2.0 million in the quarter. The fair value of the ABCP was determined by using a probability-weighted discounted cash flow approach which factored in the Information Statement and other available data regarding market conditions for such investments as at June 30, 2008. Several assumptions were used in determining the fair value including: estimated weighted average of cash flows recovered (which factored in costs of the proposed restructuring), timing of cash flows based on the estimated maturities of the proposed floating rate notes (up to nine years), interest rates of 3.1 percent (Bankers Acceptance rate at June 30, 2008 of 3.6 percent less 50 basis points), and a discount rate of 6.2 percent (comprised of the Government of Canada risk free rate of 2.5 percent at June 30, 2008 adjusted for a 3.7 percent risk premium). This analysis factored in scenarios such as the possibility that the Committee Restructuring Plan might not be successful or that synthetic assets could be forced to be unwound, resulting in the forced liquidation of collateral. A one percent change in the discount rate would result in a $0.8 million change in the fair value of the ABCP held by the Company.

The amount and timing ultimately recovered by the Company may differ materially from this estimate. Due to the nature of the ABCP that is not backed by traditional securitized assets (a significant component is comprised of collateral debt obligations), credit risk is significant. However, as part of the Committee Restructuring Plan, several major financial institutions have provided margin call facilities that would significantly reduce the risk of credit default on these investments.

5. Mineral properties

Mineral properties for the six-month period ended June 30, 2008 are made up of the following:

	Star Property	Fort à la Corne Property	Other Diamond Properties	Total
Balance – December 31, 2007	$ 162,270	$ 550,359	$ 10,469	$ 723,098
Expenditures during 2008				
Acquisition and staking	5	-	-	5
Asset retirement obligation	-	64	-	64
Exploration	4,258	18,533	2,175	24,966
Exploration cash calls	-	-	126	126
Balance – June 30, 2008	$ 166,533	$ 568,956	$ 12,770	$ 748,259

6. 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 June 30, 2008, Shore and its wholly owned subsidiaries held 11,474,086 (2007 – 11,474,086) shares of Wescan. The fair value of the Company's equity interest in Wescan at June 30, 2008 was $13.2 million (2007 – $3.7 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, 2007	182,684	$ 768,252
Future income taxes on flow-through expenditures renounced to shareholders (a)	-	(8,100)
Balance – March 31, 2008	182,684	$ 760,152
Options exercised (b)	550	800
Balance – June 30, 2008	183,234	$ 760,952

a) Flow-through shares

During 2007, the Company issued, through a private placement, 4,762,000 flow-through shares for gross proceeds of $30.0 million. In January 2008, the Company renounced $30.0 million of tax deductions associated with qualified expenditures required to be incurred by the end of 2008. The Company recorded a future income tax liability of $8.1 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 plan is 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. 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 six-month period ended June 30, 2008 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 factors of 64.9% to 66.0% (2007 – 56.7% to 59.3%) and risk free rates of 3.24 to 3.34% (2007 – 3.94% to 4.68%). During the quarter ended June 30, 2008, the Company granted 150,000 (2007 – 100,000) options to directors, officers or employees at an average strike price of $3.40 (2007 – $5.40). The fair value in respect of stock options granted for the quarter ended June 30, 2008 was $0.3 million (2007 – $0.3 million). The amount that vested from this issue and previous issues during the quarter was $0.8 million (2007 – $0.5 million). Of this amount $0.2 million (2007 – $0.3 million) was capitalized as an addition to mineral properties and $0.6 million (2007 – $0.2 million) was expensed. During the six-month period ended June 30, 2008, the Company granted 1,050,000 (2007- 1,770,000) options to directors, officers or employees at an average strike price of $3.50 (2007 - $6.16). The fair value in respect of stock options granted for the six-month period ended June 30, 2008 was $2.1 million (2007 - $5.7 million). The amount that vested from these issues and previous issues during the six-month period was $3.2 million (2007 - $5.4 million). Of this amount $0.7 million (2007 - $1.0 million) was capitalized as an addition to mineral properties and $2.5 million (2007 - $4.4 million) was expensed. The fair value of stock-based compensation related to options that will vest over the next 12 months is $0.4 million.

For options outstanding at June 30, 2008, weighted average exercise prices are as follows:

	Options	Average Price
Balance – December 31, 2007	7,303	$ 4.71
Granted	900	3.52
Exercised	-	-
Expired	(22)	6.17
Balance – March 31, 2008	8,181	$ 4.58
Granted	150	3.40
Exercised	(550)	0.96
Expired	(25)	3.00
Balance – June 30, 2008	7,756	$ 4.82

The options expire between the dates of March 2009 to May 2013.

c) Contributed surplus

The fair value of stock options 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:

Balance – December 31, 2007	$ 22,596
Fair value of options vested	2,397
Less: amounts related to options exercised	-
Balance – March 31, 2008	$ 24,993
Fair value of options vested	768
Less: amounts related to options exercised	(270)
Balance – June 30, 2008	$ 25,491

8. Related party transactions

During the six-month period ended June 30, 2008, management and consulting fees of $495 thousand (2007 – $457 thousand) were paid to companies controlled by certain officers of the Company. Of these fees, $91 thousand (2007 – $83 thousand) were capitalized as additions to mineral properties; $171 thousand (2007 – $157 thousand) were included in administration expense and $233 thousand (2007 – $217 thousand) were included in consulting and professional fees expense.

During the six-month period ended June 30, 2008, the Company charged $34 thousand (2007 – $226 thousand) to Wescan Goldfields Inc. for administration services and rental of equipment. Accounts receivable includes $3 thousand (2007 – $29 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.

9. Comparative figures

Certain prior years' balances have been reclassified to conform to the current financial statement presentation.

SHORE GOLD INC.
CORPORATE INFORMATION

Head Office
300, 224 – 4th Ave. S.
Saskatoon, Saskatchewan
Canada   S7K 5M5
Tel: (306) 664-2202
Fax: (306) 664-7181

Directors
Harvey J. Bay
Arnie E. Hillier
Kenneth E. MacNeill
Robert A. McCallum
A. Neil McMillan
Brian M. Menell
James R. Rothwell
William E. Stanley

Officers
Kenneth E. MacNeill – President, C.E.O.
Harvey J. Bay – C.O.O., C.F.O.
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
Terri L. Uhrich – Corporate Secretary

Solicitors
Bennett Jones LLP
Calgary, Alberta

Auditors
KPMG LLP
Saskatoon, Saskatchewan

Bank
Canadian Western Bank
Saskatoon, Saskatchewan

Exchange Listing
TSX
183,234,242 common shares issued and outstanding as at August 6, 2008

Trading Symbol:
SGF

Website
www.shoregold.com

Email
shoregold@shoregold.com