Shore Gold Inc.

2nd Quarter Report
2007

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

The following discussion and analysis is prepared by Management as of August 3, 2007 and should be read in conjunction with the unaudited consolidated financial statements for the period ended June 30, 2007. Shore Gold Inc. ("Shore", "SGF", or "the Company") prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless otherwise indicated.

Overview

During the second quarter of 2007, the Company remained focused on exploring the Fort à la Corne area of central Saskatchewan on its 100% owned Star Diamond Property and its 60% 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%). The main activities for the Star Diamond Property included the decommissioning of the shaft, the recommencement of the large diameter ("LD") drilling program and sample processing. The FALC-JV concentrated on the completion of a four-hole LD drilling program on Orion South, the preparation for the sinking of a shaft on the Orion Cluster and sample processing.

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

Star Diamond Property Advanced Exploration Program

During the second quarter, the Star Diamond Project underground bulk sampling shaft was decommissioned (see SGF News Release April 24, 2007). In total, three phases of underground bulk sampling were completed resulting in approximately 70,000 tonnes of kimberlite being recovered. Final kimberlite tonnages and diamond grades from the Star underground bulk sampling will be published as soon as all remaining surface stockpiles of kimberlite have been processed through the on-site dense media separator plant and the diamonds recovered at a third party laboratory.

The sixth set of diamond results from Phase 3 of the underground bulk sampling of the Star Kimberlite were announced in June of 2007 (See SGF News Release June 27, 2007), with diamond recoveries totaling 205.37 carats from 987.26 dry tonnes processed, for an average of 20.80 carats per hundred tonnes ("cpht") from this set of results. All of these bulk sampling batches were from the Cantuar lithology located within Star West – the portion of the Star Kimberlite within the claims of the FALC-JV.

Included in this set of results were the two largest diamonds recovered in Saskatchewan to date (see Figure 1 below), at 49.50 and 22.56 carats, respectively. The 49.50 carat diamond appears to be a fragment of a considerably larger stone, whose crystal shape and fresh breakages at the surface suggest that less than 50 percent of the original stone was recovered. The recovery of these large diamonds confirms the statistical modeling by Shore geologists that diamonds in excess of 100 carats occur in the Star diamond population. Typically, the bulk of the diamond value lies in the stones that are greater than one carat in size. Examination of diamond size frequency statistics from Cantuar also shows that this lithology has an even greater proportion of plus one carat diamonds (44 percent of carats recovered to date are greater than one carat) than the promising Early Joli Fou lithology (31 percent to date). There is currently more than 9,000 tonnes of predominantly Cantuar and Pense lithologies to be processed and reported from the approximate 70,000 tonne bulk sampling. The present conceptual geological model indicates that Star contains 276 million tonnes of kimberlite in six major lithologies: Cantuar, Pense, Early Joli Fou (“EJF”), Mid Joli Fou (“MJF”), Late Joli Fou (“LJF”) and Kimberlite Debris Flows (“KDF”). The EJF, Cantuar and Pense lithologies make up approximately 77 percent of the model.

Figure 1: Largest Diamonds Recovered in Saskatchewan to Date

Two largest diamonds from Star-West Cantuar Kimberlite Batch 225:
49.5 carat brown fragment, 22.56 carat white with slight yellow tint twinned octahedral

Phase of Underground Bulk Sampling	Kimberlite Sampled (Dry tonnes)	Diamonds Recovered (Carats)
Phase 1	25,253	4,049
Phase 2	18,258	3,016
Phase 3 (reported to date)	16,856	2,446
Total (reported to date)	**60,367**	**9,511**

In addition, the LD program recommenced during the quarter. Since that time the two LD drill rigs have completed 23 LD holes on the Star Kimberlite, including two on Star West. Many of these LD holes are located in close proximity to the recently decommissioned Star underground workings, an area that could not be sampled, due to safety reasons, while the underground bulk sampling was still in progress. This phase of LD drilling on the Star Kimberlite is the last sample collection process required for estimating a Mineral Resource as defined by National Instrument 43-101. The completion of the planned LD holes and related processing will extend into the third and fourth quarter of 2007.

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

FALC-JV Property Exploration Program

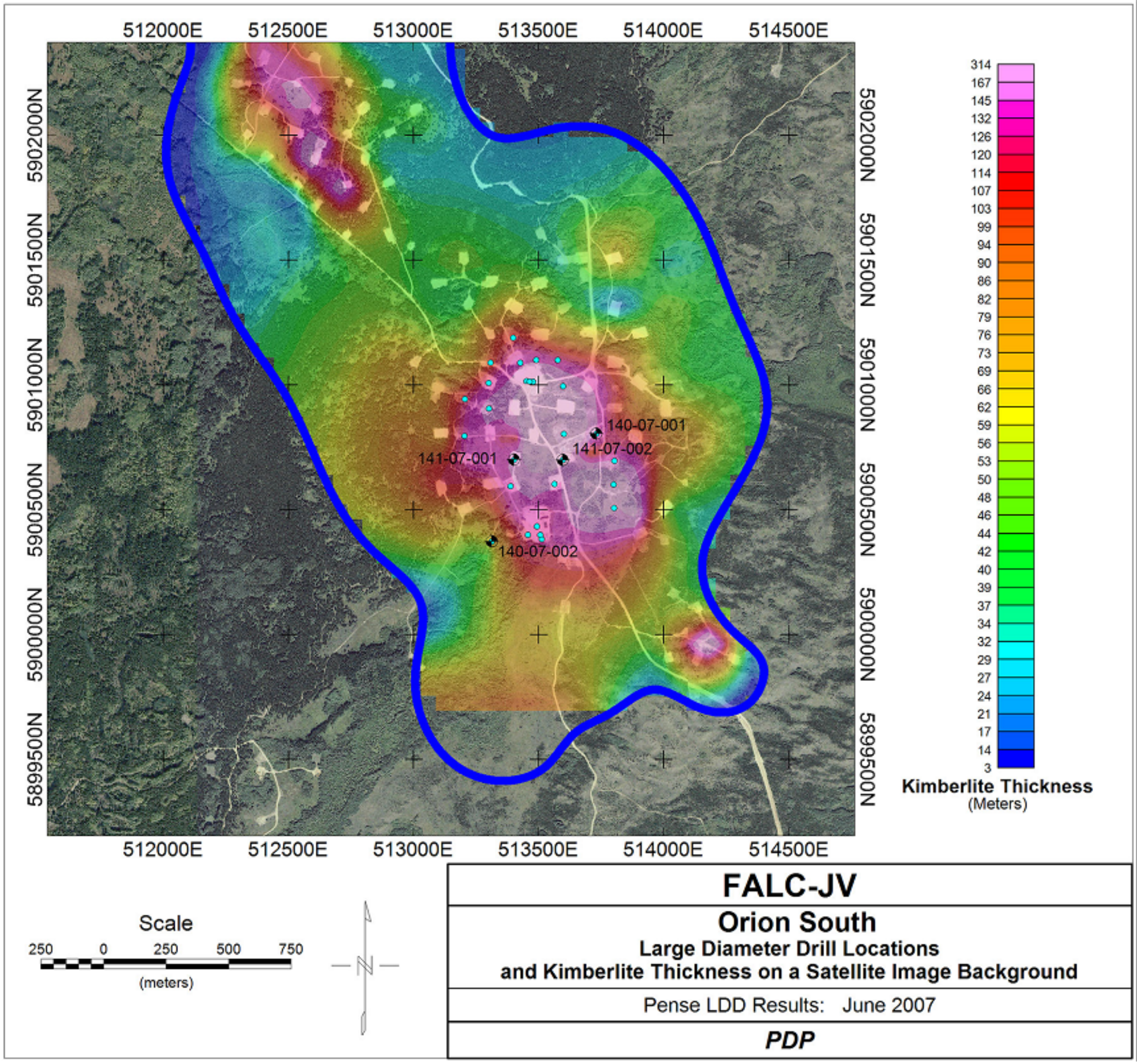
During the second quarter of 2007, the major activities on the FALC-JV property were the completion of the four-hole LD drilling program on Orion South as well as the processing of samples from the Orion South and Orion North LD drill programs and the underground bulk sampling from Star West. Additional planning and permitting work was also performed in preparation of a potential shaft sinking on the Orion Cluster. On July 25, 2007, the Company announced that the drilling of the holes for the freeze wall, in preparation for this potential shaft sinking, had commenced on Orion South.

Orion South

In July of 2007, the final diamond results from a four-hole LD program drilled at Orion South (see Figure 2 below) were announced. A total of 78.22 carats were recovered from the processing of 1,448.05 dry tonnes of kimberlite from this LD drilling (see SGF News Release June 25, 2007). Kimberlite with elevated grades (7.00 to 28.50 cpht) was encountered at various depths in all four holes. This four-hole program targeted the Pense lithology (estimated to be 112-124 million tonnes), since previous drill programs had targeted the EJF lithology (estimated to be 176-196 million tonnes). The total Orion South Complex is estimated to contain some 360-400 million tonnes of which the Pense and EJF lithologies make up approximately 80 percent (see SGF News Release March 2, 2007).

The elevated grades found in the Pense lithology, along with the significant estimated volumes of EJF and Pense diamond bearing kimberlite, justify the next phase of exploration on Orion South. As such, the Company announced that the drilling of the holes for the freeze wall, in preparation for potential shaft sinking, had commenced on Orion South (see SGF News Release July 25, 2007). Through the use of a closed circuit cooling system, the twenty planned freeze wall drill holes will help keep the overburden frozen in order to permit safe shaft sinking through the upper region of the shaft. The twenty freeze wall holes were preceded by a pilot core hole, drilled to a depth of 241 metres, which is used to accurately log the subsurface geology of the overburden and the internal geology of the kimberlite at the proposed shaft site. The proposed shaft site will enable the collection of bulk samples from the three dominant kimberlite phases within Orion South (EJF-1, EJF-2 and Pense).

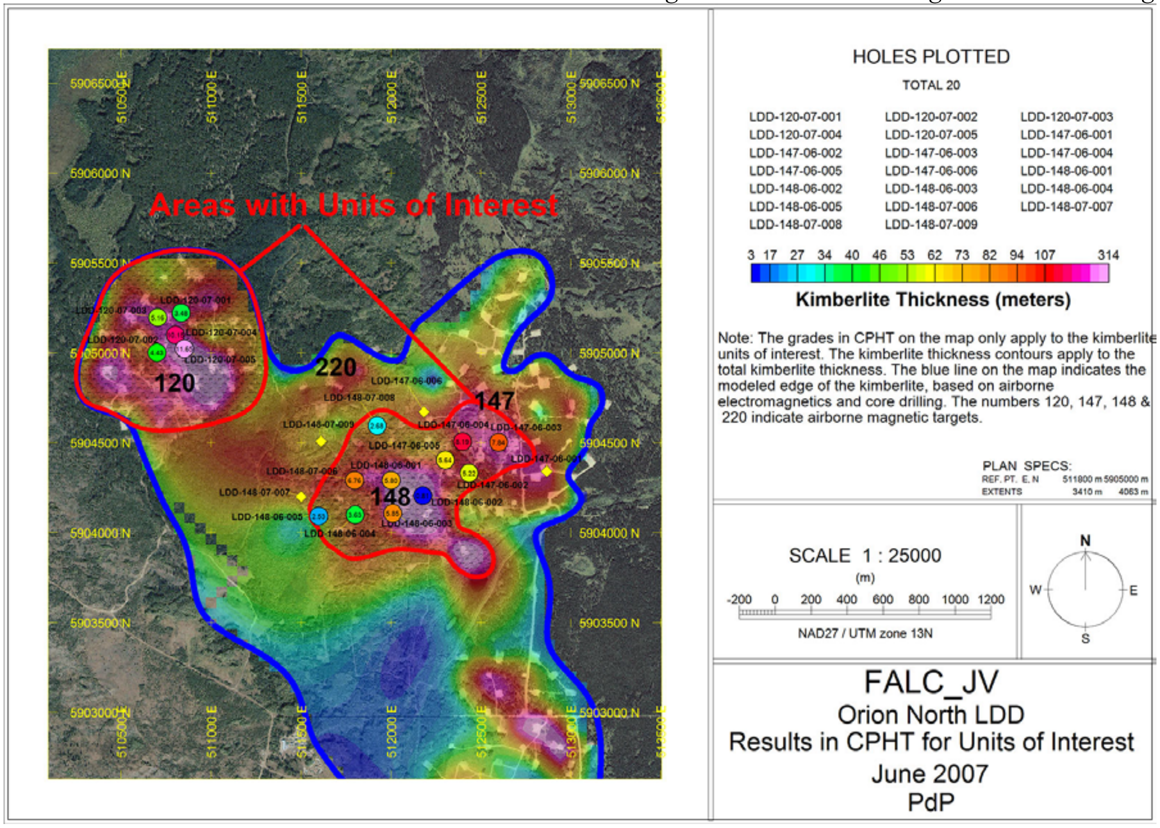
Figure 2: Orion South Large Diameter Drilling



Orion North

The final diamond results from the twenty-hole LD program drilled at Orion North between October 2006 and March of 2007 were announced in June (See SGF News Release June 7, 2007). Diamonds totaling 318.98 carats were recovered from the processing of 7,301.36 tonnes of kimberlite from the twenty LD holes drilled. Five of these twenty holes were centred around Kimberlite 120 in the northwestern part of Orion North, with the remaining fifteen holes targeting deep intersections of kimberlite within the 147-148 Kimberlite Complex that forms the eastern part of Orion North (see Figure 3 below). The LD drilling results have indicated that Kimberlite 120 and the central part of the 147-148 Kimberlite Complex are two areas of high interest within Orion North. The LD drilling method of sampling provides an indication of the presence of macrodiamonds but the true grade can only be accurately estimated through a large underground bulk sampling exercise.

Figure 3: Orion North Large Diameter Drilling



Shore's geologists performed diamond size frequency analysis on the Orion North LD drilling macrodiamond data as a comparison with the available Star Kimberlite LD drilling macrodiamond size frequency data. The diamond size frequency distributions from Kimberlite 120 and from the 147-148 Kimberlite Complex appear to be similar to the diamond size frequency distribution of the Star Kimberlite. Based on this and previously gathered data, future exploration programs are currently being reviewed.

Buffalo Hills Acquisition

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

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 a review of all geological data by a technical team from Shore and Diamondex, an exploration program and budget will be announced.

The Buffalo Hills Project area, located approximately 400 kilometres northwest of Edmonton, is the third largest known district of significant diamond-bearing kimberlites in Canada after Lac de Gras in the Northwest Territories and Fort à la Corne in Saskatchewan. To date, a total of 38 kimberlites have been discovered in the region, 26 of which are diamondiferous and four of which are exposed in outcrop. These known kimberlite pipes range up to 47 hectares in surface area. Samples larger than ten tonnes have been collected from five of these bodies, three of which have returned a diamond content greater than 10 cpht. A 22.8 tonne sample collected from K252 in 2001 returned a diamond content of 55 cpht, the highest for the district determined to date. Shore and Diamondex believe the kimberlites in the Buffalo Hills region show the characteristic large tonnage, low grade and attractive diamond populations found in other regions that have either delivered significant economic rewards or are presently the subject of advanced exploration. From the information reviewed to date, similarities to the Company's more advanced projects in central Saskatchewan are evident. While Shore's primary focus will continue to be the Fort à la Corne region in Saskatchewan, the Company sees an opportunity to benefit from its association with Diamondex and their operatorship of Buffalo Hills.

Financial Highlights

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

	Three Months Ended June 30, 2007 $	Three Months Ended June 30, 2006 $	Six Months Ended June 30, 2007 $	Six Months Ended June 30, 2006 $
Revenues (millions)	1.2	2.6	2.5	4.8
Net income (loss) (millions)	1.7	45.6	(2.5)	46.0
Net income (loss) per share (1)	0.01	0.26	(0.01)	0.27
Total assets (millions)	783.5	960.9	783.5	960.9
Working capital (millions)	92.9	235.4	92.9	235.4

(1) Basic and diluted.

Second Quarter
Results of Operations

For the quarter ended June 30, 2007, the Company recorded net income of $1.7 million or $0.01 per share compared to net income of $45.6 million or $0.26 per share for the same period in 2006. The net income is primarily due to an income tax recovery as a result of the federal government enacting a reduction in corporate income tax rates during the second quarter of 2007. The net income from 2006 was predominately related to the $44.9 million future income tax recovery resulting from federal and provincial governments enacting a decrease in corporate income tax rates during the second quarter of 2006. The Company generated lower interest income for the second quarter of 2007 compared to the same period in 2006, which was the result of having less cash on hand after the 17.755% acquisition of FALC-JV for $77.1 million in the fall of 2006 and significant expenditures on the exploration projects in the Fort à la Corne region since the period ended June 30, 2006.

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 Star Diamond Property and FALC-JV Property. For the quarter ended June 30, 2007 the Company reported interest revenue of $1.2 million as compared to $2.6 million for the quarter ended June 30, 2006. The decreased interest income is the result of a reduced cash position after the acquisition of a portion of the FALC-JV in the fall of 2006 and significant exploration spending since the period ended June 30, 2006.

Expenses

Total operating costs for the quarter ended June 30, 2007 were $1.4 million, consistent with the quarter ended June 30, 2006. Consulting and professional fees decreased by $0.2 million from the prior year to $0.3 million, primarily as a result of the legal fees incurred in 2006 associated with defending the claim filed against the Company, and its wholly owned subsidiary, Kensington, by De Beers Canada Inc. Removing the effect of stock-based compensation, administration costs remained relatively unchanged during the period at $0.7 million.

Investing

Additions to mineral properties totaled $13.1 million this quarter compared to $18.7 million for the quarter ended June 30, 2006. The additions represent $9.0 million on the Star Diamond Property, $4.0 million on the FALC-JV Property and $0.1 million on other properties. The expenditures on the Star Property related to components of the advanced exploration study; predominantly the decommissioning of the underground bulk sampling shaft, the LD drilling program and the ongoing sample processing. The expenditures on the FALC-JV Property primarily related to LD drilling, the completion of bulk sampling on Star West, sample processing and hydrogeological investigations.

Financing

The exercise of 0.1 million options during the quarter resulted in additional cash flow from financing activities of $0.2 million.

Year to Date
Results of Operations

For the six-month period ended June 30, 2007, the Company recorded a net loss of $2.5 million or $0.01 per share compared to net income of $46.0 million or $0.27 per share for the same period in 2006. The net loss is primarily due to the fair value of stock-based compensation expensed during the six-month period ended June 30, 2007 ($4.4 million). Without the fair value of stock-based compensation, the Company would have incurred net income of $1.9 million for the six-month period ended June 30, 2007. This net income is primarily due to an income tax recovery as a result of the federal government enacting a reduction in corporate income tax rates during the second quarter of 2007. The net income from 2006 was predominately related to the $44.9 million future income tax recovery resulting from federal and provincial governments enacting a decrease in corporate income tax rates during the second quarter of 2006. The Company generated lower interest income for the six-month period of 2007 compared to the same period in 2006 which was the result of having less cash on hand after incurring on-going exploration expenditures on the Fort à la Corne projects as well as the 17.755% acquisition of the FALC-JV.

Revenues

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 Star Diamond Property and FALC-JV Property. For the six-month period ended June 30, 2007 the Company reported interest revenue of $2.5 million compared to $4.8 million for the six-month period ended June 30, 2006. The decrease in interest income is the result of a reduced cash position after the acquisition of a portion of the FALC-JV in the fall of 2006 and significant exploration spending since the period ended June 30, 2006.

Expenses

Total operating costs for the six-month period ended June 30, 2007 equaled $6.7 million compared to $2.9 million for the six-month period ended June 30, 2006. This $3.8 million increase 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 2006 ($0.1 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. Consulting and professional fees decreased by approximately $0.4 million to $0.6 million primarily as a result of the legal fees incurred in 2006 associated with defending the claim filed against the Company, and its wholly owned subsidiary, Kensington, by De Beers Canada Inc. Administration and corporate development costs remained virtually unchanged at $1.3 million and $0.3 million for both periods, respectively.

Investing

Mineral properties additions totaled $26.6 million for the six-month period ended June 30, 2007 compared to $36.2 million for the six-month period ended June 30, 2006. The 2007 additions represent approximately $12.5 million on the Star Diamond Property, $14.0 million on the FALC-JV Property and $0.1 million on other properties. The expenditures on the Star Property related to components of the advanced exploration study; predominantly LD drilling, the completion of the underground bulk sampling and the ongoing sample processing. The expenditures on the FALC-JV Property primarily related to LD drilling, the completion of the underground bulk sampling on Star West, sample processing and hydrogeological investigations.

Financing

The exercise of 0.6 million options for the six-month period ended June 30, 2007 resulted in additional cash flow from financing activities of $1.2 million.

Summary of Quarterly Results

	2007		2006				2005	
	Qtr 2 $	Qtr 1 $	Qtr 4 $	Qtr 3 $	Qtr 2 $	Qtr 1 $	Qtr 4 $	Qtr 3 $
Revenues (1) (millions)	1.2	1.3	1.7	3.1	2.6	2.1	1.5	0.8
Net income (loss) (2) (millions)	1.7	(4.2)	(0.8)	(122.7)	45.6	0.4	(5.6)	(1.1)
Net income (loss)/share (3)	0.01	(0.02)	0.00	(0.70)	0.26	0.00	(0.05)	(0.01)
Shares outstanding (4) (millions)	177.3	177.3	176.8	176.4	176.1	172.6	170.5	101.0

(1) *The increasing trend in revenue from the third quarter of 2005 to the third quarter of 2006 is the result of having increased cash balances from the closing of equity financings in the 1st and 4th quarters of 2005. The decline in interest revenue in the 4th quarter of 2006 and 1st and 2nd quarters of 2007 resulted from a reduction in the Company's investment base after completing the 17.755% FALC-JV acquisition for $77.1 million and incurring on-going exploration expenditures throughout 2006 and 2007.*

(2) *The 2nd quarter of 2007 had net income of $1.7 million as a result of a future income tax recovery after the federal government enacted reduced corporate income tax rates. The 3rd and 4th quarters of 2005 and the 1st quarter of 2007 saw increases in operating costs primarily associated with the fair value of stock-based compensation granted during the respective quarters. Interest revenue from cash reserves generated earnings from operations in the 1st and 2nd quarters of 2006. In addition, the 2nd quarter of 2006 had significant income as a result of a future income tax recovery after the federal and provincial governments enacted reduced corporate income tax rates. In the 3rd quarter of 2006, the Company disposed of a 40% interest in a mineral property which resulted in a loss of $124.5 million net of a $55.9 million income tax recovery.*

(3) *Basic and diluted.*

(4) *To culminate the merger between the Company and Kensington, the Company issued an aggregate of 51.7 million common shares, representing 0.64 common shares for each issued and outstanding common share of Kensington to the former shareholders of Kensington as at October 28, 2005. The Company completed its second public offering of 2005 by issuing 17.2 million common shares on November 29, 2005. Newmont participated in this financing to retain their 9.9% interest in the Company. Other changes in the number of shares outstanding are the result of warrant and option exercises.*

Related Party Transactions

During the six-month period ended June 30, 2007, management and consulting fees of $564 thousand (2006 – $875 thousand) were paid to directors, officers and companies controlled by common directors; $83 thousand (2006 - $225 thousand) of these fees was capitalized as additions to mineral properties; $231 thousand (2006 - $367 thousand) was included as administration expense and $249 thousand (2006 - $283 thousand) was included as consulting and professional fees expense. The fair value of stock-based compensation related to directors and officers of the Company was $4.4 million (2006 - $0).

During the six-month period, the Company charged $226 thousand (2006 - $210 thousand) to Wescan Goldfields Inc. for rent of office space, administration services, and rental of equipment.

Accounts receivable includes $29 thousand due from Wescan Goldfields Inc. (2006 - $167 thousand).

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

Liquidity

The Company does not currently operate any producing properties and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and advance its exploration properties. Until the Company's surplus cash is required to fund exploration or development activities it is being invested in relatively risk-free, short-term instruments. The Company currently has the financial resources to complete a bankable feasibility study of the Star Kimberlite Property by the end of 2008. If a bankable feasibility study were to be successful, additional capital resources would be required to begin construction and development of a commercial diamond mine.

Capital Resources and Outstanding Share Data

As at June 30, 2007, the Company had working capital of $92.9 million as compared to $118.1 million at December 31, 2006 and $235.4 million at June 30, 2006. At June 30, 2007 the Company had 177,335,460 shares issued and outstanding compared to 176,287,860 at June 30, 2006.

As at August 3, 2007, the Company had a total of 177.4 million common shares issued and outstanding and a further 6.7 million options outstanding at a weighted average exercise price of $4.82. Approximately 2.7 million of these options are currently in-the-money and would add an additional $6.8 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, 2007, the Company has not yet determined whether any of its mineral properties contain economically recoverable reserves.

Disclosure Controls and Procedures

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

Outlook

As at August 3, 2007, the Company had approximately $80.4 million in cash and cash equivalents and short-term investments. These funds will be used to complete the advanced exploration program on the Star Kimberlite Property, to fund the Company's portion of the FALC-JV exploration programs and to finance the proposed Buffalo Hills exploration programs. The advanced exploration program of the Star Kimberlite Property will be conducted in order to determine the project's viability under current economic conditions. This will entail the collection of additional exploration information, such as geological, geotechnical, geometallurgical, geochemical, assaying and other relevant information to delineate and define the Star Kimberlite, with a sufficient level of confidence, to estimate a Mineral Resource conforming to National Instrument 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. Based on current timelines the Company anticipates a Mineral Resource estimate to be defined by early to mid 2008, followed by a Mineral Reserve and a bankable feasibility study.

The FALC-JV has similar objectives; however, based on the stage of current exploration programs a Mineral Resource estimate would not likely be available until approximately 2010 or later.

Caution regarding Forward-looking Information

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

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

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

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

Additional Information

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

SHORE GOLD INC.
Unaudited Interim Consolidated Financial Statements

For the Six-Month Period Ended
June 30, 2007

Notice to Reader

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

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

	June 30, 2007 (in thousands)	December 31, 2006 (in thousands)
Assets		
Current assets:		
Cash and cash equivalents	$ 28,192	$ 64,683
Short-term investments	63,940	56,827
Receivables	5,516	8,324
Prepaids	328	153
	97,976	129,987
Mineral properties (note 3)	681,710	653,538
Investment in Wescan Goldfields Inc. (note 4)	2,405	2,537
Property and equipment	1,432	1,478
	$ 783,523	$ 787,540
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,889	$ 11,713
Current portion of asset retirement obligations	202	158
	5,091	11,871
Asset retirement obligations	826	293
Future income tax liability (note 5)	115,419	117,309
Shareholders' equity:		
Share capital (note 6)	736,889	733,467
Contributed surplus (note 6)	22,372	19,209
Deficit	(97,074)	(94,609)
	662,187	658,067
	$ 783,523	$ 787,540

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

	Three Months Ended June 30, 2007 (in thousands)	Three Months Ended June 30, 2006 (in thousands)	Six Months Ended June 30, 2007 (in thousands)	Six Months Ended June 30, 2006 (in thousands)
Revenue				
Interest and other income	$ 1,182	$ 2,641	$ 2,487	$ 4,761
Expenses				
Administration	905	739	4,389	1,418
Consulting & professional fees	264	503	1,908	1,052
Corporate development	134	131	300	299
Amortization and accretion	68	76	122	141
	1,371	1,449	6,719	2,910
Income (loss) before the undernoted item	(189)	1,192	(4,232)	1,851
Income (loss) from Wescan Goldfields Inc.	(93)	(12)	(132)	53
Net income (loss) before income taxes	(282)	1,180	(4,364)	1,904
Income tax recovery	(1,985)	(44,380)	(1,899)	(44,060)
Net and comprehensive income (loss)	1,703	45,560	(2,465)	45,964
Deficit, beginning of period	(98,777)	(16,741)	(94,609)	(17,145)
(Deficit) earnings, end of period	$ (97,074)	$ 28,819	$ (97,074)	$ 28,819
Net income (loss) per share				
Basic and diluted	0.01	0.26	(0.01)	0.27
Weighted average number of shares outstanding (000's)	177,282	174,785	177,167	173,165

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

	Three Months Ended June 30, 2007 (in thousands)	Three Months Ended June 30, 2006 (in thousands)	Six Months Ended June 30, 2007 (in thousands)	Six Months Ended June 30, 2006 (in thousands)
Cash provided by (used in):				
Operations:				
Net income (loss)	$ 1,703	$ 45,560	$ (2,465)	$ 45,964
Non-cash items:				
Amortiziation and accretion	68	76	122	141
Share of loss (income) in Wescan Goldfields Inc.	93	12	132	(53)
Fair value of stock options expensed (note 6)	184	17	4,396	107
Future income tax recovery (note 5)	(1,975)	(44,375)	(1,890)	(44,055)
Net change in non-cash operating working capital items:				
Prepaids	70	(72)	(175)	214
Receivables	79	-	433	-
Accounts payable and accrued liabilities	49	(273)	(488)	(158)
	271	945	65	2,160
Investing:				
Mineral properties	(13,058)	(18,670)	(26,587)	(36,203)
Property and equipment	7	(612)	(55)	(704)
Purchase of short-term investments	(31,986)	-	(7,113)	-
Net change in non-cash investing working capital items:				
Receivables	2,147	(1,060)	2,375	1,530
Accounts payable and accrued liabilities	(2,236)	(925)	(6,336)	(5,957)
	(45,126)	(21,267)	(37,716)	(41,334)
Financing:				
Issue of common shares (net of issue costs)	157	13,105	1,160	17,800
	157	13,105	1,160	17,800
Decrease in cash and cash equivalents	(44,698)	(7,217)	(36,491)	(21,374)
Cash and cash equivalents, beginning of period	72,890	247,520	64,683	261,677
Cash and cash equivalents, end of year	$ 28,192	$ 240,303	$ 28,192	$ 240,303

SHORE GOLD INC.
(A Development Stage Entity)

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

1. Nature of operations

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

2. General

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

On January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants ("CICA") handbook sections relating to Financial Instruments – Recognition and Measurement and Comprehensive Income. The adoption of these sections had no impact on the Company's financial statements. The fair market value of the Company's financial assets and liabilities approximates the carrying amount as a result of the short-term nature of the instruments. The Company has not entered into any hedging relationships and does not hold any available for sale securities that would result in the recognition of other comprehensive income or loss.

3. Mineral properties

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

	Star Property	Fort à la Corne Property	Other Diamond Properties	Total
Balance – December 31, 2006	$ 131,391	$ 521,602	$ 545	$ 653,538
Expenditures during 2007				
Acquisition and staking	(30)	-	24	(6)
Exploration	13,703	14,407	68	28,178
Balance – June 30, 2007	$145,064	$536,009	$ 637	$681,710

4. Investment in Wescan Goldfields Inc.

The Company accounts for its 19.4% investment in Wescan Goldfields Inc. ("Wescan") on an equity basis. Wescan is publicly traded on the TSX Venture exchange.

At June 30, 2007, Shore and its wholly owned subsidiaries held 11,474,086 (2006 – 8,474,086) shares and 1.5 million share purchase warrants of Wescan. Each full warrant is exercisable at $0.45 per warrant and will expire on December 19, 2007. The market value of the Company's equity interest in Wescan at June 30, 2007 is $3,700,000 (2006 – $3,800,000).

5. Future income tax liability

During the six-month period ended June 30, 2007, the federal government enacted amendments to current tax legislation which provided for a reduction in corporate tax rates. The cumulative effect of the change on the Company's future income tax liability was a reduction of $1,890,000.

6. Share capital

Authorized

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

Issued and outstanding (in thousands)

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

a) Share option plan

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

The fair value of stock options issued in the six-month period ended June 30, 2007 was estimated using the Black-Scholes option-pricing model with the following assumptions: 5 year weighted average expected option life, no expected forfeiture rate, dividend yield of 0.0%, a volatility factor ranging from 56.7% to 59.3% (2006 – 54.9% to 63.1%) and a risk free rate ranging from 3.94% to 4.68% (2006 – 4.23% to 4.50%). During the quarter ended June 30, 2007, the Company granted 100,000 (2006 – 152,000) options to officers, directors, employees or service providers at an average strike price of $5.40 (2006 – $6.17). The fair value in respect of stock options granted for the quarter ended June 30, 2007 was $293,625 (2006 – $448,328). The amount that vested from this issue and previous issues during the quarter was $517,442 (2006 – $67,625). Of this amount $333,482 (2006 – $51,017) was capitalized as an addition to mineral properties and $183,960 (2006 – $16,608) was expensed. During the six-month period ended June 30, 2007, the Company granted 1,770,000 (2006 – 172,000) options to officers, directors, employees or service providers at an average strike price of $6.16 (2006 - $6.37). The fair value in respect of stock options granted for the six-month period ended June 30, 2007 was $5,749,174 (2006 – $538,800). The amount that vested from these issues and previous issues during the six-month period was $5,424,875 (2006 – $158,097). Of this amount $1,029,256 (2006 – $51,017) was capitalized as an addition to mineral properties and $4,395,619 (2006 – $107,080) was expensed. The fair-value of stock-based compensation related to options that will vest over the next 12 months is $845,331.

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

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

The options expire between the dates of July 2007 to June 2012.

b) Contributed surplus

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

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

7. Related party transactions

During the six-month period ended June 30, 2007, management and consulting fees of $563,500 (2006 – $874,918) were paid to directors, officers and companies controlled by common directors; $83,000 (2006 – $224,900) of these fees was capitalized as additions to mineral properties; $231,250 (2006 – $367,068) was included as administration expense and $249,250 (2006 – $282,950) was included as consulting and professional fees expense. The fair value of stock-based compensation related to directors and officers of the Company for the six-month period ended June 30, 2007 was $4,391,010 (2006 – $0).

During the six-month period ended June 30, 2007, the Company charged $225,793 (2006 – $210,043) to Wescan Goldfields Inc. for rent of office space, administration services, and rental of equipment. Accounts receivable includes $29,100 (2006 – $167,338) due from Wescan Goldfields Inc.

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

8. Subsequent event

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

SHORE GOLD INC.
CORPORATE INFORMATION

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Harvey J. Bay – C.O.O., C.F.O.
Garnet M. Schulhauser – Corporate Secretary
George H. Read – Senior Vice President Exploration and Development
Pieter I. Du Plessis – Vice President Exploration

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Calgary, Alberta

Auditors
KPMG LLP
Saskatoon, Saskatchewan

Bank
Canadian Western Bank
Saskatoon, Saskatchewan

Exchange Listing
TSX
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