

SHIELD GOLD INC.
INTERIM FINANCIAL STATEMENTS
April 30, 2007
Unaudited

Shield Gold Inc.
Interim Financial Statements
For the six months ended April 30, 2007
Unaudited

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SHIELD GOLD INC.

April 30, 2007

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these financial statements.

SHIELD GOLD INC
 Balance Sheets
 (Prepared by Management)

	(Unaudited) April 30, 2007	Audited October 31, 2006
Assets		
Current		
Cash	\$ 109,376	\$ 136,218
Accounts receivable	\$ 7,747	\$ 8,967
Prepaid finance fees (Note 5(a, b))	\$ 25,000	\$ 25,000
	\$ 142,123	\$ 170,185
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 58,770	\$ 49,125
Shareholders' Equity		
Capital stock (Note 3)	\$ 270,647	\$ 270,647
Deficit	(187,294)	(149,587)
	83,353	121,060
	\$ 142,123	\$ 170,185

See accompanying notes to financial statements.

On behalf of the Board:

"Paul Anckorn"

 Paul Anckorn

"John Siriunas"

 John Siriunas

SHIELD GOLD INC.
Statements of Operations and Deficit
(Prepared by Management - Unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2007	2006	2007	2006
Revenues:				
Interest income	\$ -	\$ 643	\$ -	\$ 1,286
General and administrative expenses:				
Professional fees	\$ 15,630	\$ 39,357	\$ 24,446	\$ 58,710
Registration and transfer agent fees	13,159	1,595	13,159	6,695
Office and general	72	13	72	13
Travel	-	-	-	502
Bank charges	15	76	30	95
Loss for the period	\$ (28,876)	\$ (40,398)	\$ (37,707)	\$ (64,729)
Deficit, beginning of period	\$ (158,418)	\$ (56,089)	\$ (149,587)	\$ (31,758)
Deficit, end of period	\$ (187,294)	\$ (96,487)	\$ (187,294)	\$ (96,487)
Loss per share, basic and diluted (Note 2(iii))	(0.01)	(0.02)	(0.02)	(0.03)
Weighted average number of shares	2,222,603	2,200,000	2,222,603	2,200,000

See accompanying notes to financial statements.

SHIELD GOLD INC.
Statements of Cash Flows
(Prepared by Management - Unaudited)

	Three months ended, April 30,		Six months ended April 30,	
	2007	2006	2007	2006
Cash provided by (used in):				
Operations				
Loss for the period	\$ (28,876)	\$ (40,398)	\$ (37,707)	\$ (64,729)
Change in non-cash working capital				
Decrease(increase) in accounts receivable	(1,362)	(3,511)	1,220	(5,184)
Increase in accounts payable and accrued liabilities	299	43,832	9,645	43,832
Cash provided in operating activities	\$ (29,939)	\$ (77)	\$ (26,842)	\$ (26,081)
Increase (decrease) in cash	\$ (29,939)	\$ (77)	\$ (26,842)	\$ (26,081)
Cash - beginning of period	\$ 139,315	\$ 136,135	\$ 136,218	\$ 162,139
Cash - end of period	\$ 109,376	\$ 136,058	\$ 109,376	\$ 136,058
Supplemental cash flow information:				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	-	-	-	-
	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

SHIELD GOLD INC.
Notes to Financial Statements
For the Six Months Ended April 30, 2007
(Unaudited)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of business

Shield Gold Inc. (the “Company”) was incorporated under the laws of the Province of Ontario, by Articles of Incorporation dated February 4, 2004. The Company is proposing to file its preliminary prospectus with one or more securities commissions in order to be classified as a Capital Pool Company (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The Company proposes to identify potential businesses or assets with a view to completing a Qualifying Transaction.

Basis of presentation

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with the Canadian Generally Accepted Accounting Principles. Outlined below are those policies considered particularly significant.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

(ii) Cash and cash equivalents

Cash and cash equivalents consist of cash and short term deposits with original maturity of ninety days or less and is recorded at cost, which approximate the market.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Loss per share

Basic and diluted earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares outstanding. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact for the six-months ending April 30, 2007 and April 30, 2006.

(iv) Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the Company's price to the customer is fixed or determinable and collection of the resulting receivable is reasonably assured.

(v) Financial instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, prepaid finance fees, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(vi) Income Taxes

The Company uses the liability method of accounting for income taxes. Under the liability method of tax allocation, future income taxes are determined based on the difference between the financial reporting and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the substantially enacted tax rates in which the income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

SHIELD GOLD INC.
Notes to Financial Statements
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(Unaudited)

3. CAPITAL STOCK

(i) Authorized

Unlimited number of common, preferred and special shares

Outstanding	Common shares	
	Number of shares	Amount
Balance at February 4, 2004	—	—
Issued for cash-units (note a)	2,200,000	\$ 219,551
Share issue costs	—	(3,904)
<hr/>		
Balance at October 31, 2004	2,200,000	215,647
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Balance at October 31, 2005	2,200,000	215,647
Issued for cash-units (note b)	550,000	55,000
Balance at October 31, 2006	2,750,000	270,647
Issued in 2007	—	—
Balance at April 30, 2007	2,750,000	\$ 270,647

- a) On November 30, 2004, the company completed a private placement of 2,200,000 common shares of the Company at a price \$0.10 per share for the total proceeds of \$220,000. Officers and directors acquired 1,000,000 common shares.
- b) On October 16, 2006 the company completed a private placement of an additional 550,000 common shares of the Company at a price of \$0.10 per share for the total proceeds of \$55,000. Officers and directors acquired 450,000 common shares.

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3. CAPITAL STOCK (CONTINUED)

(ii) Escrow Agreement

The Company is in process of filing prospectus with various regulatory authorities in Canada in respect of an initial public offering by the Company for a minimum of 2,500,000 to a maximum of 3,500,000 of its common shares for a minimum of \$500,000 to a maximum of \$700,000 respectively of gross proceeds.

Currently 2,750,000 Common Shares are issued and outstanding as fully paid and non-assessable and no other shares are outstanding.

Under the Escrow Agreement all of the 2,750,000 Common Shares issued prior to this initial public offering will be deposited with the Trustee.

The Surplus Security Escrow Agreement provides for a three-year escrow release mechanism with:

- a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin and
- b) 15% of the escrowed securities being releasable in 6 month intervals on each of 6, 12, 18, 24, 30 and 36 months after the Final Exchange Bulletin.

4. RELATED PARTY TRANSACTIONS

An aggregate of 1,450,000 common shares were issued to directors and officers of the Company for gross proceeds of \$145,000 as part of the issuance of the common shares described in Note 3. The above transaction was in the normal course of operations and was measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

SHIELD GOLD INC.
Notes to Financial Statements
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(Unaudited)

5. FINANCING

In December 2005, the Company filed a preliminary CPC prospectus with Northern Securities Corporation acting as agent on the offering. The Company incurred legal and other professional fees associated with this prospectus of approximately \$66,320. In March of 2006 the Company was forced to terminate its relationship with its then current solicitor on account of previous regulatory decisions rendered against him. The prospectus was subsequently discontinued on April 20, 2006, when Northern Securities Corporation terminated its relationship with the Company.

On September 19, 2006 the Company entered into an engagement letter with Global Securities Corporation (“Global”) to appoint them as lead agent. Global is to provide the following services:

- Act as lead agent on the CPC Offering by the Company;
- Complete an appropriate due diligence review in accordance with the policies of the Exchange; and
- Provide general corporate finance advice.

In exchange for the above services, the Company agreed to the following fees:

- (a) The Company agreed to pay Global a non-refundable corporate finance fee of \$15,000 plus GST, \$10,000 of which was payable upon execution of said Agreement. The due diligence fee will not be credited against the commission payable noted in (b) below.
- (b) The Company agrees to pay Global a commission of 10% of the gross proceeds of the CPC Offering at closing. In addition, the Company will issue to Global at closing, broker warrants equal to 10% of the number of common shares of the Company sold pursuant to the CPC Offering. Each broker warrant will entitle Global to purchase one common share of the Company at the issue price at any time prior to the date that is 24 months from closing.

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5. FINANCING (CONTINUED)

(c) Whether or not the CPC Offering is completed, subject to Global's duty to mitigate, the Company will reimburse Global for reasonable out-of-pocket costs incurred in connection with the performance of its services including legal fees. The Company has paid a \$15,000 retainer to Global in respect of such expenses. All fees and expenses are subject to GST where applicable.

6. ACCOUNTS PAYABLE

Accounts payable is comprised of amounts owing for legal fees pertaining to the previous prospectus.

7. SUBSEQUENT EVENTS

Prospectus Filing

The Company filed a prospectus with the securities regulatory authorities on June 27, 2007 in order to qualify for distribution of the securities referred to in Note 3. The offering is subject to approval by regulatory authorities.

Share Cancellation

Due to the prior expenses incurred by the Company, the Company has exceeded the Restricted Expense Limit. Accordingly, the Company has applied, concurrently to the filing of this Prospectus, for a waiver of the spending limit. Following discussion with the exchange regarding the basis on which the Exchange would be prepared to grant a waiver of the Restricted Expense Limit, the directors of the Company agreed to cancel seed capital shares registered in their own name (at \$0.10 per share) equal to the amount by which the Company has exceeded its expense limit. Accordingly, in June 2007, 109,791 Common Shares registered in the names of the directors were cancelled on a pro rata basis. Subsequently, in June 2007, the Exchange granted a waiver of the Restricted Expense Limit the Company. See – "Restrictions on Use of Proceeds" in the Prospectus.

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7. SUBSEQUENT EVENTS (CONTINUED)

Accounts Payable

Subsequent to period end, in June 2007, the Company entered into an agreement with its former lawyer to reduce the legal fees owing by \$25,000, which is included in accounts payable. This reduction has not been reflected in the April 30, 2007 financial statements.