
YOUNG-SHANNON GOLD MINES, LIMITED
(A Development Stage Entity)

INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2007

(UNAUDITED)

Responsibility for Interim Financial Statements

The accompanying interim financial statements for Young-Shannon Gold Mines, Limited have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2006 audited financial statements. Only changes in accounting information have been disclosed in these interim financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim financial statements, management is satisfied that these interim financial statements have been fairly presented.

Auditors' Involvement

The auditors of Young-Shannon Gold Mines, Limited have not performed a review of the unaudited interim financial statements for the three and nine months ended September 30, 2007 and September 30, 2006.

**Young-Shannon Gold Mines, Limited
(A Development Stage Entity)**

BALANCE SHEETS

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	September 30, 2007	December 31, 2006
ASSETS		
Current		
Cash	\$ 155,917	\$ 521,135
Sundry receivables	7,262	10,458
Prepaid expenses and sundry assets	10,455	19,883
	173,634	551,476
Equipment	1,972	2,471
Other assets		
Deferred mineral property expenditures (Note 3)	3,236,396	3,134,252
Mineral property acquisitions	699,902	688,147
Amount received for earn-in percentage	(125,000)	(125,000)
	3,811,298	3,697,399
	\$ 3,986,904	\$ 4,251,346
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 17,074	\$ 169,348
Future income tax liability	368,500	368,500
	385,574	537,848
SHAREHOLDERS' EQUITY		
Capital stock (Note 4)	4,733,449	4,679,580
Warrants (Note 5)	183,975	206,475
Stock options (Note 7)	136,444	125,726
Contributed surplus	95,150	72,650
Deficit	(1,547,688)	(1,370,933)
	3,601,330	3,713,498
	\$ 3,986,904	\$ 4,251,346

Basis of Presentation and Going Concern (Note 1)

Subsequent Events (Note 10)

Approved on Behalf of the Board:

"Greg Lipton"
Director

"Kevin Bullock"
Director

The accompanying notes are an integral part of these interim financial statements

Young-Shannon Gold Mines, Limited
(A Development Stage Entity)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
REVENUE	\$ -	\$ -	\$ -	\$ -
EXPENSES				
Consulting fees	\$ 23,250	\$ 20,250	\$ 68,750	\$ 69,994
Stock-based compensation (Note 7)	24,101	6,058	30,762	33,308
Stock maintenance and exchange fees	3,947	2,952	18,716	17,792
Professional fees	7,650	7,573	28,192	18,329
Office and administration	1,576	833	6,307	7,841
Insurance	1,998	2,700	7,419	8,100
Rent	2,250	2,250	6,750	6,750
Conference	2,000	2,000	3,163	4,483
Travel	-	-	4,264	1,715
Advertising and promotion	-	-	1,941	275
Amortization	166	231	499	693
	66,938	44,847	176,763	169,280
Less: interest income	-	(1)	(8)	(25)
NET LOSS AND COMPREHENSIVE LOSS	\$ (66,938)	\$ (44,846)	\$ (176,755)	\$ (169,255)
Basic and diluted loss per share (Note 6)	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Weighted average number of shares outstanding	31,429,078	25,198,828	31,283,411	24,970,335

The accompanying notes are an integral part of these interim financial statements

Young-Shannon Gold Mines, Limited
(A Development Stage Entity)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Capital Stock				
Balance at beginning of period	\$ 4,702,432	\$ 4,247,426	\$ 4,679,580	\$ 4,163,408
Exercise of warrants	-	-	-	36,000
Exercise of warrants - valuation	-	-	-	16,560
Exercise of stock options -cash	20,150	-	33,825	-
Exercise of stock options - valuation	10,867	-	20,044	-
Issued on settlement of financial obligation	-	-	-	31,458
Balance at end of period	\$ 4,733,449	\$ 4,247,426	\$ 4,733,449	\$ 4,247,426
Warrants				
Balance at beginning of period	\$ 183,975	\$ 22,500	\$ 206,475	\$ 75,910
Warrants expired	-	-	(22,500)	(36,850)
Exercise of warrants - valuation	-	-	-	(16,560)
Balance at end of period	\$ 183,975	\$ 22,500	\$ 183,975	\$ 22,500
Shares to be Issued				
Balance at beginning of period	\$ -	\$ -	\$ -	\$ -
Shares to be issued	-	541,732	-	541,732
Balance at end of period	\$ -	\$ 541,732	\$ -	\$ 541,732
Stock Options				
Balance at beginning of period	\$ 123,209	\$ 114,150	\$ 125,726	\$ 86,900
Stock options granted	24,102	6,058	30,762	33,308
Stock options exercised	(10,867)	-	(20,044)	-
Balance at end of period	\$ 136,444	\$ 120,208	\$ 136,444	\$ 120,208
Contributed Surplus				
Balance at beginning of period	\$ 95,150	\$ 72,650	\$ 72,650	\$ 35,800
Warrants expired	-	-	22,500	36,850
Balance at end of period	\$ 95,150	\$ 72,650	\$ 95,150	\$ 72,650

The accompanying notes are an integral part of these interim financial statements

Young-Shannon Gold Mines, Limited
(A Development Stage Entity)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Deficit				
Balance at beginning of period	\$ (1,480,750)	\$ (1,182,433)	\$ (1,370,933)	\$ (1,058,024)
Net loss for the period	(66,938)	(44,846)	(176,755)	(169,255)
Balance at end of period	\$ (1,547,688)	\$ (1,227,279)	\$ (1,547,688)	\$ (1,227,279)
Total Shareholder Equity, End of Period	\$ 3,601,330	\$ 3,777,237	\$ 3,601,330	\$ 3,777,237

The accompanying notes are an integral part of these interim financial statements

Young-Shannon Gold Mines, Limited
(A Development Stage Entity)

STATEMENTS OF CASH FLOWS

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Net loss for the period	\$ (66,938)	\$ (44,846)	\$ (176,755)	\$ (169,255)
Amortization	166	231	499	693
Stock-based compensation (Note 7)	24,101	6,058	30,762	33,308
Settlement of financial obligation through issuance of common shares	-	-	-	31,458
Net change in non-cash working capital:				
Sundry receivables	(2,529)	5,478	3,196	5,261
Prepaid expenses and sundry assets	1,998	2,700	9,428	8,100
Accounts payable and accrued liabilities	(14,643)	(10,958)	(152,274)	(119,308)
	(57,845)	(41,337)	(285,144)	(209,743)
INVESTING ACTIVITIES				
Deferred mineral property expenditures	(2,250)	(2,250)	(102,144)	(32,625)
Mineral property acquisitions	-	-	(11,755)	-
Non-refundable deposit on property	-	-	-	25,000
	(2,250)	(2,250)	(113,899)	(7,625)
FINANCING ACTIVITIES				
Issuance of common shares	20,150	-	33,825	36,000
Shares to be issued	-	541,732	-	541,732
	20,150	541,732	33,825	577,732
(DECREASE) INCREASE IN CASH	(39,945)	498,145	(365,218)	360,364
CASH, beginning of period	195,862	104,744	521,135	242,525
CASH, end of period	\$ 155,917	\$ 602,889	\$ 155,917	\$ 602,889
SUPPLEMENTARY CASH FLOW INFORMATION				
Common shares issued on settlement of financial obligation	\$ -	\$ -	\$ -	\$ 31,458

The accompanying notes are an integral part of these interim financial statements

Young-Shannon Gold Mines, Limited
(A Development Stage Entity)

STATEMENTS OF DEFERRED MINERAL PROPERTY EXPENDITURES

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Chester Township				
Balance, beginning of period	\$ 2,565,094	\$ 2,564,287	\$ 2,566,537	\$ 2,586,057
Engineering and consulting	1,125	1,125	3,375	3,375
Travel	-	-	309	-
Non refundable deposit (Note 3(i))	-	-	(5,000)	(25,000)
Other	-	-	998	980
	1,125	1,125	(318)	(20,645)
Balance, end of period	\$ 2,566,219	\$ 2,565,412	\$ 2,566,219	\$ 2,565,412
McMillan Property				
Balance, beginning of period	\$ 661,091	\$ 400,300	\$ 567,715	\$ 373,155
Drilling	-	-	73,986	19,634
Engineering and consulting	1,125	1,125	19,371	6,527
Other	-	-	1,144	2,109
	1,125	1,125	94,501	28,270
Balance, end of period	\$ 662,216	\$ 401,425	\$ 662,216	\$ 401,425
M-18 Property (Note 3(ii))				
Balance, beginning of period	\$ 7,961	\$ -	\$ -	\$ -
Acquisition costs	-	-	-	-
Professional and consulting	-	-	5,793	-
Travel	-	-	2,168	-
	-	-	7,961	-
Balance, end of period	\$ 7,961	\$ -	\$ 7,961	\$ -
Total Deferred Mineral Property Expenditures	\$ 3,236,396	\$ 2,966,837	\$ 3,236,396	\$ 2,966,837

Descriptions of the above noted properties may be found in note 5 of the December 31, 2006 audited financial statements.

The accompanying notes are an integral part of these interim financial statements

Young-Shannon Gold Mines, Limited (A Development Stage Entity)

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

1. BASIS OF PRESENTATION AND GOING CONCERN

Young-Shannon Gold Mines, Limited (the "Company" or "Young-Shannon") carries on business involving the acquisition, exploration and development of properties for the mining of precious and base metals in Canada. The Company holds a group of 11 patented and 18 unpatented claims within Chester Township located west of Highway 144 midway between Sudbury and Timmins, Ontario. It also has an option to earn a 60% interest in the McMillan Gold Mine property, located 75 kilometres southwest of the Greater City of Sudbury, and an option to earn a 70% interest in a gold and silver property in the province of Chubut, Argentina. To date, the Company has not earned significant revenue and is considered to be in the development stage.

The accompanying unaudited financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

2. ACCOUNTING POLICIES

The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2007 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2007.

The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended December 31, 2006. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended December 31, 2006.

Young-Shannon Gold Mines, Limited (A Development Stage Entity)

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

2. ACCOUNTING POLICIES (Continued)

Financial Instruments

Financial Instruments, Comprehensive Income (Loss), and Hedges

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated. The Corporation has adopted these new standards effective January 1, 2007.

(a) Financial Instruments - Recognition and Measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

(b) Comprehensive Income (Loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

(c) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

(d) Impact Upon Adoption of Sections 1530, 3855, and 3865

The Corporation has evaluated the impact of sections 1530, 3855, and 3865 on its financial statements and determined that no adjustments are currently required.

Young-Shannon Gold Mines, Limited (A Development Stage Entity)

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

2. ACCOUNTING POLICIES (Continued)

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments- Recognition and Measurement. The Company has evaluated the impact of EIC-166 and determined that no adjustments are currently required.

Accounting Changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

Future Accounting Changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual financial statements for the Corporation's reporting period beginning on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Corporation is currently assessing the impact of these new accounting standards on its financial statements.

Young-Shannon Gold Mines, Limited (A Development Stage Entity)

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

3. DEFERRED MINERAL PROPERTY EXPENDITURES

- (i) On January 11, 2007, the Company signed a Letter of Intent with a private Canadian company, whereby the private company can earn a 46.25% interest in the Company's gold property in Chester Township, Ontario. The private company has paid Young-Shannon a non refundable deposit of \$5,000. The terms of the Letter of Intent are not binding on either party, and the full terms of the binding agreement will be set out in a definitive option and joint venture agreement, ("Agreement"). When the Agreement is executed, the private company will pay Young-Shannon an additional \$10,000.

Under the terms of the Agreement, the private company will be required to spend a total of \$2,250,000 in exploration costs to earn the 46.25% interest in the property, including \$250,000 by March 31, 2008, and \$500,000 in each twelve month period ending on March 31, until March 31, 2012. Also, cash payments of \$15,000 will be made by the private company to Young-Shannon on the first four anniversaries of the effective date of the Agreement.

The private company will undertake to go public and be listed on the TSX Venture Exchange, or other equivalent stock exchange, by a merger or other transaction within nine months following the execution date of the Agreement. Upon completion of a public transaction, the private company will cause the resulting issuer, subject to regulatory approval, to issue the following shares to Young-Shannon or its shareholders:

- (a) shares of the resulting issuer on closing of the public transaction having value of \$100,000; and
- (b) 50% of the number of shares issued under (i) above on each anniversary of the closing of the public transaction for each year that the Agreement is in force.

Upon satisfying the above obligations the private company will then have the option to acquire an additional 28.75% interest in the property by paying Young-Shannon \$300,000 and issuing five times the number of shares in the resulting issuer which were issued in (a), above.

Completion of the transactions shall be subject to a comprehensive due diligence period. Also, the private company will require delivery of an updated National Instrument 43-101 report for the Chester property, which will be paid for by the private company.

Subsequent to period end, the Company signed a definitive Joint Venture Agreement pursuant to the above noted letter of intent. See note 10(b) for further details.

**Young-Shannon Gold Mines, Limited
(A Development Stage Entity)**

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

3. DEFERRED MINERAL PROPERTY EXPENDITURES (Continued)

- (ii) On June 4, 2007, the Company signed an Option and Joint Venture Agreement (the "Agreement") to earn a 70% interest in the M-18 gold and silver property in the province of Chubut in Argentina from Silver Standard Resources Inc. ("Silver Standard"). The M-18 Property comprises 6,300 hectares measuring 9 km. east-west by 7 km. north-south.

The Company is required to spend \$US 1,000,000 over four years on exploration on M-18 to earn its 70% interest. Exploration expenditures on each anniversary date of June 04 will be \$US 250,000 by the first anniversary, \$US 500,000 by the second anniversary, \$US 750,000 by the third anniversary, and \$US 1,000,000 by the fourth anniversary. Likewise, cumulative option payments for the property will occur as follows: \$US 15,000 on the first anniversary date, \$US 25,000 on the second anniversary date, \$35,000 on the third anniversary date, and \$50,000 on the fourth anniversary date.

If a NI 43-101 compliant resource estimate shows that the property is silver dominant, that is, greater than 50% of the value of the resource estimate, Silver Standard will have the option to back-in for a 51% interest in the property by incurring \$US 1,000,000 in exploration costs.

All proposed exploration on the property will be through a management committee comprised of equal representation of the Company and Silver Standard until the Company exercises its option. However, the Company will determine how exploration funds will be spent on the property. If the Company does exercise its option it will then have the majority voting regarding operations on the property unless Silver Standard exercises its back-in right, in which event Silver Standard shall be entitled to majority voting.

**Young-Shannon Gold Mines, Limited
(A Development Stage Entity)**

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

4. CAPITAL STOCK

(a) AUTHORIZED - Unlimited number of common shares

(b) ISSUED

	SHARES		AMOUNT
Balance - December 31, 2006	31,170,078	\$	4,679,580
Exercise of options - cash	290,000		33,825
Exercise of options - valuation	-		20,044
Balance - September 30, 2007	31,460,078	\$	4,733,449

5. WARRANTS

The following table reflects the continuity of warrants for the period:

	NUMBER OF WARRANTS		AMOUNT
Balance - December 31, 2006	4,287,500	\$	206,475
Expired	(1,500,000)		(22,500)
Balance - September 30, 2007	2,787,500	\$	183,975

The following table reflects the actual warrants outstanding as of September 30, 2007:

Expiry Date	Exercise Price	Warrants Outstanding	Black-Scholes Value
April 12, 2008	\$0.15	2,787,500	\$ 183,975

6. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the period ended. The conversion of warrants and stock options to calculate diluted loss per share was not done, because the conversion was anti-dilutive.

**Young-Shannon Gold Mines, Limited
(A Development Stage Entity)**

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

7. STOCK OPTIONS

The following table reflects the continuity of stock options for the period:

	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance - December 31, 2006	1,770,000	\$0.12
Granted	250,000	\$0.12
Exercised	(290,000)	\$0.12
Balance - September 30, 2007	1,730,000	\$0.12

The following table reflects the stock options outstanding as at September 30, 2007:

Expiry Date	Exercise Price (\$)	Average Life Remaining	Options Outstanding	Black-Scholes Value
February 27, 2008	0.13	0.42 years	735,000	\$ 51,533
November 16, 2009	0.10	2.13 years	250,000	13,999
February 24, 2010	0.105	2.4 years	175,000	9,886
March 16, 2010	0.105	2.46 years	25,000	1,225
April 1, 2010	0.10	2.5 years	295,000	21,240
February 20, 2012	0.135	4.4 years	100,000	9,351
July 27, 2012	0.117	4.83 years	150,000	21,411
		1.86 years	1,730,000	128,645
Add: expired stock options				7,799
			1,730,000	\$ 136,444

At September 30, 2007 1,668,889 of the 1,730,000 outstanding stock options were fully vested and exercisable.

Young-Shannon Gold Mines, Limited **(A Development Stage Entity)**

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

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(UNAUDITED)

7. STOCK OPTIONS (Continued)

On February 20, 2007, the Company granted 100,000 stock options to an officer of the Company at an exercise price of \$0.13. These options expire on February 20, 2012 and are subject to vesting equally over a period of 18 months from the date of grant. A fair value of \$0.13, or \$13,000 in aggregate assigned to these options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 181.7%, risk-free rate of return 4.01% and expected maturity of 5 years. Accordingly, the Company has recorded a charge of \$9,351 in relation to the fair value of the options vesting during the period.

On July 27, 2007, the Company granted 150,000 stock options to a director of the Company at an exercise price of \$0.117. These options are subject to immediate vesting and expire on July 27, 2012. A fair value of \$0.1427, or \$21,411 in aggregate assigned to these options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 167.1%, risk-free rate of return 4.53% and expected maturity of 5 years. Accordingly, the Company has recorded a charge of \$21,411 in relation to the fair value of these options.

9. COMPARATIVE INFORMATION

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

10. SUBSEQUENT EVENTS

- a) In November 2007, the Company announced it had arranged a non-brokered private placement of up to 22 million units at a price of \$0.10 per unit for gross proceeds of up to \$2,200,000.00. Each unit will consist of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$0.15 per share for a period of 24 months following the closing date of the private placement.

Completion of the private placement is subject to receipt of all applicable Board and regulatory approvals and consents, including the approval of the TSX Venture Exchange. All securities issued in connection with the private placement shall be subject to a four month statutory hold period.

Proceeds of the financing will be used to fund geological mapping, geochemical sampling, geophysical surveying, and a diamond drilling program on its recently acquired M-18 gold property option in Argentina as well as to fund a diamond drilling program to further evaluate the gold zone that is being defined on the Company's McMillan Gold Mine property near Espanola, Ontario.

Young-Shannon Gold Mines, Limited (A Development Stage Entity)

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2007

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

10. SUBSEQUENT EVENTS (Continued)

- b) October 23, 2007, the Company announced that the Company had signed a definitive Option and Joint Venture Agreement (the "Agreement") with a private Canadian company, whereby the private company can earn a 46.25% interest in the Company's gold property in Chester Township, Ontario. Pursuant to the signing of the Agreement, the private company has paid the Company \$10,000. A previous non-refundable cash payment of \$5,000 was paid to the Company upon signing of the Letter of Intent for this Agreement, earlier this year.

The private company will be required to spend a total of \$2,250,000 in exploration costs to earn its 46.25% interest including \$100,000 by December 31, 2007, \$150,000 by March 31, 2008, and \$500,000 in each twelve month period ending on March 31, until March 31, 2012. Also, cash payments of \$15,000 will be made by the private company to the Company on each of the first four anniversaries of the effective date of the Agreement.

The private company will undertake a strategy to go public and become listed on the TSX Venture Exchange, or other equivalent stock exchange, by Initial Public Offering, merger, or other financial transaction ("Public Transaction") within nine months following the execution date of the Agreement. Upon completing a Public Transaction, the private company will cause the resulting issuer, subject to regulatory approval, to issue the following shares to the Company:

- (i) shares of the resulting issuer on closing of the Public Transaction having a value of \$100,000; and
- (ii) 50% of the number of shares issued under (i) above on each anniversary of the closing of the Public Transaction for each year that the Agreement is in force until exercise of the option.

Upon satisfying these obligations the private company will then have the option to acquire an additional 28.75% interest in the property by paying the Company \$300,000 cash and issuing the Company five times the number of shares in the resulting issuer which were issued per (i), above.

- c) Subsequent to period end, the Company requested a six month extension to the third anniversary date of the Mcmillan Gold property Option and Joint Venture Agreement with Garson Resources of October 25, 2007 in consideration of its interest in continuing with the evaluation of the gold potential of the property. Cumulative exploration expenditures required by the third anniversary date by the Company was \$900,000, however, expenditures to date are \$662,216. Garson Resources granted the six month extension to Young-Shannon in return for an additional \$50,000 to be spent on exploration on the property. The Company anticipates expenditures of approximately \$300,000 to be utilized on a diamond drilling program on the McMillan Gold Property over the next few months to further evaluate the gold zone that it has defined on previous drilling campaigns. Upon fulfillment of the cumulative \$900,000 in exploration expenditures the Company will have completed its work commitment on the property to exercise its option on the property and to have earned its 50% carried interest in the property.