

**LAKE SHORE GOLD CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS**

Three and nine months ended September 30, 2009 and 2008

General

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of Lake Shore Gold Corp. (the "Company" or "Lake Shore Gold"). This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company, including the notes thereto, for the three and nine months ended September 30, 2009 and 2008 (the "financial statements"), which are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements, and the annual audited consolidated financial statements and MD&A for the year ended December 31, 2008. This MD&A has taken into account information available up to and including November 11, 2009. All dollar amounts in this MD&A are expressed in Canadian dollars unless otherwise stated.

Lake Shore Gold is a mining company with a goal to become a North American mid-tier gold producer through property acquisition, exploration, new mine development and construction, and production from its Timmins, Ontario properties. The Company is currently conducting advanced underground exploration work at its 100% owned Timmins Mine project ("Timmins Mine" or "Timmins project"). The Timmins Mine project is located 18 kilometres west of the City of Timmins, one of the world's most productive gold mining camps. The Company processes ore at its wholly-owned Bell Creek Mill, located just east of the City of Timmins. The Bell Creek Mill was refurbished to a capacity of 800 tonnes per day as of the end of 2008 and to its current full capacity of 1,500 tonnes per day near the end of the third quarter of 2009. The Company is also carrying out an advanced underground exploration program at its Bell Creek Complex, including the Bell Creek Mine, Schumacher and Vogel properties, which have the potential to become the Company's second mining project in the Timmins camp. Lake Shore Gold is also pursuing a number of other prospective exploration properties in the Timmins area and in other parts of Northern Ontario and Quebec. Lake Shore Gold is well financed with \$65.9 million of cash and cash equivalents as at September 30, 2009. The Company is a reporting issuer in British Columbia, Alberta, Manitoba, Ontario and Quebec, and trades on the Toronto Stock Exchange ("TSX") under the symbol LSG.

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

HIGHLIGHTS

Business Combination Agreement with West Timmins Mining Inc.

On November 6, 2009, Lake Shore Gold and West Timmins Mining Inc. ("West Timmins") completed a business combination originally announced on August 27, 2009. Under terms of the Business Combination Agreement, the Company acquired all of the outstanding common shares of West Timmins with shareholders of West Timmins receiving 0.73 of a Lake Shore Gold common share for each common share of West Timmins they held. Lake Shore Gold issued approximately 104 million common shares pursuant to the transaction. West Timmins Mining is now a wholly-owned subsidiary of Lake Shore Gold.

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As a result of the business combination, Lake Shore Gold has established a new gold mining complex in the Timmins Camp. The Timmins West Gold Mine Complex ("Timmins West Complex") includes the Company's wholly owned Timmins Mine, the consolidated Thunder Creek project and an extensive land package surrounding these assets. In total, the Timmins West Complex includes approximately 130 square kilometers of prospective land along the Timmins mine trend west of the Mattagami River fault. The business combination has also provided the Company with an extensive package of Mexican exploration properties with considerable upside potential.

Agreement with Goldcorp for the acquisition of the Bell Creek West block of properties

On October 23, 2009, the Company entered into an agreement with Goldcorp Canada Ltd. , manager of the Porcupine Gold Mines Joint Venture ("PJV") and Goldcorp Inc., for the purchase of approximately 28 square kilometers of prospective exploration property in the surrounding vicinity of Lake Shore Gold's 100% owned Bell Creek Complex for consideration of \$20 million (\$15 million in cash and the remainder in shares of Lake Shore Gold). Areas included in the transaction range from a project with historic resources, Marlhill Mine, to early stage exploration targets, all located along the New Mine Trend, host to the PJV's Hoyle Pond Mine and Pamour operation.

Updated National Instrument 43-101 Report for the Timmins Mine

On October 7, 2009, the Company issued a National Instrument 43-101 ("NI 43-101") technical report (the "Report") for the Timmins Mine as an update to the NI 43-101 technical report filed in October 2007 (the "2007 Report"). The Report was completed for incorporation by reference in a circular mailed to shareholders of West Timmins in connection with the shareholder vote on the business combination between the two companies held on November 4, 2009. The Report is available on www.sedar.com.

The Timmins Mine project updated reserve estimate (probable category) totals 3.4 million tonnes at 7.52 grams per tonne containing 812,000 ounces on a cut basis (826,000 ounces on the 2007 Report). Cutting factors of 50 grams and 30 grams were applied and the updated reserve was determined based on historic drilling with no exploration progress since 2007 included. Other highlights of the Report include: peak annual production of 120,000 ounces of gold, cash operating costs, at peak output, of US\$322 per ounce, an additional capital requirement in 2010 to bring the project to commercial production of \$33 million with \$29 million of sustaining capital expected over the remaining project life, and an internal rate of return, assuming a gold price of US\$950 per ounce and based on the \$62 million of capital expected from the end of 2009, of 240%.

Advanced Exploration Program at Timmins Mine continues on schedule and on budget

On May 13, 2009, the Timmins Mine shaft reached the 650 Level, the level from which bulk sampling and testing of the ore is now being carried out. The 650 Level shaft station was completed on June 2, 2009 with initial development on the Ultramafic Zone mineralization commencing in September to access and expose ore within the Zone.

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Work on the Timmins Mine shaft during the third quarter of 2009 included development on the 650 Level, diamond drilling, chip and muck sampling of development faces and geologic mapping. Approximately 10,000 tonnes of material has been extracted from the Ultramafic Zone resource area at the 650 Level and stockpiled on surface, with limited processing to date. Results from diamond drilling, sampling, mapping and development are still ongoing, but suggest that the overall trend for grades and widths of the mineralization in this area are similar to those predicted by the Resource and Reserve model that supports the most recent NI 43-101 Technical Report.

In addition, recent block modeling and resource estimation for the 50 metre horizontal slice of the Ultramafic Zone surrounding the 650 Level, incorporating results of recent underground diamond drilling and using inverse distance squared and a 50 grams per tonne gold top capping, have been completed and indicate that tonnage and ounces for the Ultramafic Zone resource could be expanded from the most recent 43-101 resource calculation at similar grades.

The Company is continuing to carry out advanced exploration work along the 650 Level resource/reserve areas. This includes development along all of the mineralized ore zones, sampling, mapping and diamond drilling at this elevation, and sublevels at intervals both above and below the level. This work will be ongoing throughout the fourth quarter of 2009 and will carry on into the first half of 2010.

The Timmins Mine ramp reached 1,370 metres of advance by the end of the third quarter of 2009, representing a vertical depth of approximately 200 metres, in line with the Company's target for the year. Work in the ramp during the third quarter continued to focus largely on development and advanced exploration work to define and expose the vein systems in the vein zones. The vein systems have shown weaker continuity and greater complexity than predicted in the original surface drilling. As a result, the reserve in the upper portion of the deposit was downgraded by approximately 14,000 ounces in the NI 43-101 Technical Report filed on October 6, 2009.

Bell Creek Mill capacity increased to 1,500 tonnes per day

Near the end of the second quarter of 2009, the Company commenced work to refurbish the secondary ball mill circuit at the Bell Creek Mill in order to increase the Mill's capacity to 1,500 tonnes per day. This work was completed late in the third quarter of 2009. The Company has continued to operate the Mill at approximately 800 tonnes per day and plans to increase output closer to the 1,500 tonnes per day as ore deliveries increase. As of November 9, 2009, the Company had poured approximately 4,000 ounces of gold.

Commencing advanced exploration program at the Bell Creek Complex

In May 2009, the Company commenced an advanced exploration program at its 100% owned Bell Creek Complex following approval of the Closure Plan and the signing of an Exploration Agreement with four First Nations. The Bell Creek Complex advanced exploration program includes de-watering and rehabilitating the existing Bell Creek Mine shaft and workings and collaring a ramp at Bell Creek to be connected to the Bell Creek Mine workings and then to be driven across the Bell Creek property to the contiguous Schumacher and Vogel properties in order to access known mineralization at Vogel. As at November 9, 2009 the Bell Creek shaft had been de-watered to a depth of approximately 250 metres and the ramp at Bell Creek had advanced a total of 880 metres, with an additional 110 metres of advance towards the Vogel property.

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Exploration success in support of future production growth

During the nine months ended September 30, 2009, the Company announced results from the drilling (16 holes and three wedge holes, for a total of 13,592 metres) on the now 100% owned Thunder Creek property, which is located immediately adjacent to the Timmins Mine project (refer to the press releases dated March 31, May 5, June 24 and August 25, 2009 on the Company's website at www.lsgold.com). The drilling is part of the Company's ongoing 22,000 metre diamond drill program commenced in August 2008.

Results announced on August 25, 2009 included 12.17 grams per tonne gold over 9.00 metres within an overall drill intersection of 3.73 grams per tonne gold over 80.30 metres. In addition, TC09-73 successfully extended the main Porphyry structure, with gold mineralization, to a 1,125 metre vertical depth with potential for additional high-grade zones at this depth and below considered excellent. The August 25th results followed the most encouraging results from Thunder Creek to date, released on June 24, 2009, which included TC09-68b which intersected 12.75 grams per tonne gold over 83.40 metres.

Encouraging exploration results were also reported from the Company's 100% owned Bell Creek Complex (including the Bell Creek, Vogel and Schumacher properties). To date in 2009, the Company has announced results from 79 holes, 18 wedge holes and one hole extension (46,760 metres). Included in the results were 12.67 grams per tonne gold over 14.5 meters, including 16.73 grams per tonne gold over 10.0 metres, on October 1, 2009 and 12.63 grams per tonne gold over 11.65 metres on July 21, 2009. Subsequent to the end of the third quarter, on November 5, 2009, the Company released additional results at Bell Creek, including 5.13 grams per tonne gold over 26.40 metres, including higher grade zones of 9.75 grams per tonne gold over 5.60 metres and 12.80 grams per tonne gold over 1.5 metres. The November 5th results extended the mineralization at Bell Creek to a total plunge length of approximately 1,250 metres and defined a continuous high-grade mineralized system from the 500 metre level to 1,000 metres with the system remaining open at depth and along strike.

On August 24, 2009, the Company announced results from four underground holes (906.5 m) from the 525 m and 650 m levels of Timmins Mine. All four holes intersected zones of mineralization consistent in grade and width with intersections from previous surface drilling. In addition, 650-012 and 525-006 intersected high-grade mineralization in areas outside the existing resource and 650-001 and 650-002 intersected mineralization on the edge of existing resource blocks for the Footwall Zone, demonstrating the potential to add new resources on the property.

On October 29, 2009, results from an additional 21 underground holes from the 525 and 650 Levels of the Timmins Mine (4,417 m) were released. The results confirmed previous drilling, identified high-grade lenses outside the existing resource, and suggest that the overall size and shape of the main Ultramafic Zone is similar to the existing resource model.

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Building a balance sheet to fund the Company's growth plans

Project spending in the first nine months of 2009, including exploration expenditures of \$11.9 million, was on budget and totaled \$66.0 million (excluding non-cash charges and changes in working capital). The Company expects its expenditures in 2009 to be in line with the previously announced forecast of \$89 million.

At September 30, 2009, Lake Shore Gold had cash and cash equivalents of \$65.9 million excluding \$5.1 million posted in reclamation bonds.

OUTLOOK

Lake Shore Gold is progressing towards commercial gold production at its Timmins Mine, expected during the fourth quarter of 2010, and advancing towards its objective of becoming a mid-tier gold producer. The West Timmins transaction has enabled Lake Shore Gold to consolidate the Thunder Creek property with the opportunity to leverage the investment the Company has made in the Timmins Mine infrastructure to accelerate development of Thunder Creek. The Company has commenced an aggressive advanced exploration program at Thunder Creek with two drifts from the Timmins Mine at the 650 Level and the 200 Level targeting high grade intercepts at Thunder Creek at 295 and 680 metre elevations. The Company expects to reach mineralization at Thunder Creek by the third quarter of 2010.

Prioritizing development at Thunder Creek as part of the overall Timmins West Mine Gold Complex is intended to accelerate growth in the Company's production capacity. The Company's goal for Thunder Creek is by the end of 2010 to have completed a National Instrument 43-101 resource estimate for the property and to have commenced processing ore from the Thunder Creek advanced exploration program, in addition to having achieved commercial production at Timmins Mine.

Given the near-term prioritizing of drifting from Timmins Mine to Thunder Creek, focusing work at the 650 Level at Timmins Mine on drilling and on accessing and expanding resources in the Ultramafic and Footwall zones and the complexity and continuity of near-surface vein systems in the ramp, the Company has revised its target for 2009 to 7,500 ounces. The targets for 2010 and 2011 of 100,000 ounces and 200,000 ounces, respectively, remain unchanged and will be updated as progress is made underground at Thunder Creek, Bell Creek and the other Bell Creek Complex properties.

Project spending in 2009 is forecasted to be in line with the Company's budget of \$89 million related to advanced exploration work at Timmins Mine, Thunder Creek and the Bell Creek Complex, refurbishing and improvements at the Bell Creek Mill and a continued aggressive exploration program. Based on its September 30, 2009 cash position of \$65.9 million and the proceeds from planned gold sales in 2009 and 2010, Lake Shore Gold is positioned to finance its core operating, development and exploration expenditures in 2010. Going forward, the Company may pursue opportunities to raise additional capital through equity and/or debt markets to finance its aggressive growth plans.

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PROPERTY DEVELOPMENTS

Project and Exploration Spending (\$'000)	Nine months ended September 30, 2009*
Resource property and deferred exploration	
Timmins Mine	\$37,130
Bell Creek Mill	13,196
Bell Creek mine and exploration properties	8,796
Thunder Creek Joint Venture (Company's share)	1,963
Casa Berardi net	920
Other projects	253
	<u>\$62,258</u>
Property, plant and equipment	
Timmins Mine	2,047
Bell Creek Mill	397
Bell Creek Mine	1,287
	<u>\$3,731</u>
Total Project and Exploration Spending	\$65,989

*Project and Exploration Spending reported above for the nine months ended September 30, 2009 exclude noncash charges of \$2.8 million for resource property and deferred exploration, \$8.3 million for property, plant and equipment and changes in working capital.

DEFERRED EXPLORATION EXPENDITURES

Exploration spending for the nine months ended September 30, 2009 totaled \$11.9 million (representing 93,610 metres of drilling) and included \$3.4 million at the Timmins Mine project, \$2.0 million at Thunder Creek, \$5.3 million at the Bell Creek Complex, and \$0.9 million at Casa Berardi, with the remainder at other projects.

BELL CREEK MILL

The Bell Creek Mill, acquired in 2007 together with the Bell Creek Mine, was made operational in December 2008 at a capacity of 800 tonnes per day. Processing of low-grade material from development and advanced exploration work in the Timmins Mine ramp commenced at the Bell Creek Mill near the end of the first quarter of 2009. The Mill was initially running in campaigns processing material as stockpiles were established. The Mill is running on a more continuous basis as deliveries from the Timmins Mine increase, both from the ramp and shaft. In addition, work to refurbish the secondary ball mill circuit at the Bell Creek Mill was completed near the end of the third quarter of 2009 which increased the Mill's capacity to 1,500 tonnes per day. To date in the fourth quarter of 2009, the Mill has continued to operate at approximately 800 tonnes per day with the secondary circuit expected to come on stream as production volumes increase. As of November 9, 2009, the Company had poured approximately 4,000 ounces of gold.

Spending at the Bell Creek Mill in the nine months ended September 30, 2009 totaled \$13.2 million including processing costs as well as new surface buildings, the construction of a cyanide destruction plant and other mill improvements and repairs.

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TIMMINS MINE PROJECT

During the nine months ended September 30, 2009, the Company spent \$39.2 million on the Timmins Mine project (including advanced exploration, ramp development and exploration drilling expenditures as well as \$2.0 million on property, plant and equipment).

ADVANCED EXPLORATION PROGRAM

The Company is carrying out an advanced exploration program for delineation of bulk sampling of the Footwall, Ultramafic and Main Zones of the property, along with supporting an underground diamond drilling program to both expand the currently identified probable reserve and identify new resources. During the nine months ended September 30, 2009, the Company's spending on advanced exploration at Timmins totaled \$17.5 million.

On May 13, 2009, the Timmins shaft reached the 650 Level. The 650 Level shaft station was completed as of June 2, 2009 and development from the 650 Level towards the ore in the Ultramafic Zone, representing approximately 60% of the Timmins Mine deposit, commenced in July.

Work on the Timmins Mine shaft during the third quarter of 2009 included development on the 650 Level, diamond drilling, chip and muck sampling of development faces and geologic mapping. Approximately 10,000 tonnes of material has been extracted from the Ultramafic Zone resource area at the 650 Level and stockpiled on surface, with limited processing to date. Results from diamond drilling, sampling, mapping and development are still ongoing, but suggest that the overall trend for grades and widths of the mineralization in this area is similar to that predicted by the Resource and Reserve model that supports the most recent National Instrument 43-101 report.

In addition, recent block modeling and resource estimation for the 50 metre horizontal slice of the Ultramafic Zone surrounding the 650 Level, incorporating results of recent underground diamond drilling and using inverse distance squared and a 50 grams per tonne top capping, have been completed and indicate that tonnage and ounces for the Ultramafic Zone resource could be expanded from the most recent 43-101 resource calculation at similar grades.

The Company is continuing to carry out advanced exploration work along the 650 Level resource/reserve areas. This includes development along all of the mineralized ore zones, sampling, mapping and diamond drilling at this elevation, and sublevels at intervals both above and below the level. This work will be ongoing throughout the fourth quarter of 2009 and will carry on into the first half of 2010.

SURFACE RAMP TO THE 400 LEVEL

To date, the Timmins ramp has advanced approximately 1,370 metres to a vertical depth of approximately 200 metres, in line with the Company's target for the year to date. Work in the ramp during the third quarter continued to focus largely on development and advanced exploration work to define and expose the vein systems in the vein zones. Project spending related to the ramp during the nine months ended September 30, 2009 was \$18.3 million (including \$2.0 million for property, plant and equipment).

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EXPLORATION

Gold mineralization at the Timmins Mine project has now been delineated to a depth of 1,200 metres below surface, with alteration, veining and mineralization within the Footwall Deposit and Ultramafic Deposit remaining open at depth. This is highlighted by the deepest drill intercepts including 65.65 grams per tonne gold over 4.0 metres within the Ultramafic Zone and 7.62 grams per tonne gold over 5.8 metres on the Footwall Zone. The hoist and headframe are designed to a depth of at least 1,200 metres.

During the nine months ended September 2009 the company completed 31,613 metres of diamond drilling from both surface and underground locations. The year to date total for underground drilling includes 26,651 metres from holes collared on the 525, 650 and several other levels located between surface and the 170 metre level. Drilling on the 525 and 650 levels was designed to test the Ultramafic and Footwall Zones near these levels and initial results were announced on August 24, 2009. The results included zones of mineralization consistent in grades and widths with intersections from past surface drilling and included highlights such as 12.87 grams per tonne gold over 19.70 metres in hole 650-012 and 5.81 grams per tonne gold over 6.35 metres in hole 650-001 and 6.13 grams per tonne gold over 8.40 metres in hole 525-006.

Drilling completed between surface and the 170 metre level focused on testing the Vein 1, Vein 2 and Main zones and indicates overall shapes for the zones which are not as continuous as indicated in the original surface drilling resulting in lower tonnes and grades. These results resulted in a reduction in the reserve in the upper portion of the deposit of approximately 14,000 ounces in the NI 43-101 Technical Report filed on October 6, 2009.

Drilling from surface included 4,962 metres directed towards testing the north-east extension of the geological contact hosting the Thunder Creek Rusk Zone as well as the westerly and down plunge extension of the Ultramafic Zone from the 1,200 metre level. Drilling to test the area northeast of the Rusk zone included two holes and 1,836 metres and indicated local shearing and alteration but low gold values. Drilling to test down plunge of the Ultramafic Zone includes 1 hole and 4 wedge holes (3,126 metres) to the end of September. These holes are in various stages of drilling, logging and sampling.

Subsequent to the end of the third quarter, on October 29, 2009, results from an additional 21 underground holes from the 525 and 650 Levels of the Timmins Mine (4,417 metres) were released. The results continued to confirm previous drilling and to expand the resource potential of the project. New high-grade intercepts included 16.41 grams per tonne gold over 14.20 metres, 13.26 grams per tonne gold over 12.70 metres and 52.89 grams per tonne gold over 5.75 metres. High-grade lenses were identified outside the existing resource between the Ultramafic and Footwall zones on the 650 Level, including 10.70 grams per tonne gold over 4.10 metres and 14.67 grams per tonne gold over 3.75 metres. The results indicated that the overall size and shape of the main Ultramafic Zone is similar to the existing resource model.

BELL CREEK MINE AND VOGEL/SCHUMACHER

The Company's project spending at the 100% owned Bell Creek Mine and contiguous Vogel and Schumacher properties for the nine months ended September 30, 2009 were \$10.1 million, of which \$4.8 million related to the Bell Creek Complex advanced exploration program (including \$1.3 million for property, plant and equipment) and \$5.3 million to exploration.

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In May 2009, the Company commenced an advanced exploration program at the Bell Creek Complex (Bell Creek, Vogel and Schumacher) following approval of the Closure Plan and the completion of an Exploration Agreement with four First Nations. The Bell Creek Complex advanced exploration program includes de-watering and rehabilitating the existing Bell Creek Mine shaft and workings and collaring a ramp at Bell Creek to be connected to the Bell Creek Mine workings and then to be driven across the Bell Creek property to the contiguous Schumacher and Vogel properties in order to access known mineralization at Vogel. As at November 9, 2009 the Bell Creek shaft had been de-watered to a depth of approximately 250 metres and the ramp at Bell Creek having advanced a total of 880 metres, with an additional 110 metres of advance towards the Vogel property.

Since the beginning of the third quarter of 2009, the Company has issued four press releases announcing drill results at the Bell Creek Complex, on July 7th, July 21st, October 1st and November 5th. The July 7th release included encouraging results from 16 holes and 7 wedge holes (12,593 metres) from the Bell Creek and Vogel properties, including holes at Bell Creek which encountered attractive grades and widths of gold mineralization below and to the east of the known mineralization. In addition, results at Vogel included intersecting visible gold with assays of 22.50 grams per tonne gold over 1.00 metre, 8.39 grams per tonne gold over 1.60 metres and 7.06 grams per tonne gold over 1.95 metres. The historic area of mineralization at Vogel has been extended by 300 metres, to a total depth of 650 metres.

Results announced on July 21st, included 12.63 grams per tonne gold over 11.65 metres within a broader intercept of 11.09 grams per tonne gold over 13.75 metres. These results added a significant new dimension to the Bell Creek project identifying a large gold system at depth with attractive grades and widths.

On October 1, 2009, the Company announced results from 25 new holes, 6 wedge holes and one hole extension (12,085 metres) on the Bell Creek property. Results included 12.67 grams per tonne gold over 14.40 metres, including higher grade zones of 16.73 grams per tonne gold over 10.0 metres. BC-09-53 intersected mineralization at a vertical depth of 985 metres below surface and approximately 60 metres west of previously released hole BC-09-24B.

On November 5, 2009, the Company announced results from 14 new holes and 3 wedge holes (6,181 metres) at the 100% owned Bell Creek property. The most significant results being reported are from BC-09-053A, which intersected 5.13 grams per tonne gold over 26.40 metres, including higher grade zones of 9.75 grams per tonne gold over 5.60 metres and 12.80 grams per tonne gold over 1.5 metres. The November 5th results extended the mineralization at Bell Creek to a total plunge length of approximately 1,250 metres and defined a continuous high-grade mineralized system from the 500 metre level to 1,000 metres with the system remaining open at depth and along strike.

Drilling at Bell Creek is ongoing, with six drills active on the property.

THUNDER CREEK

On November 6, 2009, Lake Shore Gold and West Timmins Mining Inc. completed a business combination announced August 27, 2009. Under the terms of the Business Combination Agreement, the Company acquired all of the outstanding common shares of West Timmins with shareholders of West Timmins receiving 0.73 of a Lake Shore Gold common share for each

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common share of West Timmins they held. Lake Shore Gold issued approximately 104 million common shares pursuant to the transaction. West Timmins Mining is now a wholly-owned subsidiary of Lake Shore Gold.

During the nine months ended September 30, 2009, the Company incurred, on behalf of the joint venture, \$3.3 million of expenditures on the Thunder Creek property (the Company's share was \$2.0 million). During the nine months ended September 30, 2009, the Company announced results from 16 holes and three wedge holes, for a total of 13,592 metres, on the now 100% owned Thunder Creek property, which is located immediately adjacent to the Timmins Mine project (refer to the press releases dated March 31, May 5, June 24 and August 25, 2009 on the Company's website at www.lsgold.com). The drilling is part of the Company's ongoing 22,000 metre diamond drill program commenced in August 2008.

The results announced on June 24, 2009 included TC09-68b with intercepts of 12.75 grams per tonne gold over 83.40 metres (13.73 grams per tonne gold over 77.50 metres). The broad intercept in TC09-68b spanned the full width of the Porphyry unit and also intersected mineralization in the Rusk Zone as well as in a new, second Porphyry unit discovered near the bottom of the hole.

Results released on August 25, 2009 included TC09-68d, which intersected 12.17 grams per tonne gold over 9.00 metres within an overall drill intersection of 3.73 grams per tonne over 80.3 metres. TC09-68c intersected 21.86 grams per tonne over 1.70 metres within a broad intercept of 2.34 grams per tonne over 100.25 metres. When TC09-68d and TC09-68c are considered in combination with previously reported TC08-54 and TC09-68, these intersections define a thick mineralization envelope over a minimum 250 m vertical height incorporating the entire porphyry and portions of the Rusk Zone, thus adding a prospective new target with bulk and/or high grade potential for the project. TC09-73 was a major "step-out" hole which successfully extended the main Porphyry structure, with gold mineralization, to a vertical depth of 1,125 metres, with the potential for additional high-grade zones at this depth and below considered excellent. Due to technical problems, Hole TC09-73 had to be abandoned before crossing through the entire Porphyry unit.

Three drills are now active on the property.

BLAKELOCK

All results have now been received for the drill program completed near Porphyry Creek portion of the property just before the end of 2008 and a final report for this is now being completed. The drilling was designed to test for expansion potential of anomalous gold assays obtained from past programs on the north side of the Casa Berardi trend. The drilling obtained interesting alteration but mostly low grade assay values. Future plans for exploration on the property are still being reviewed.

CASA BERARDI

The Company has a 50% earn-in right on the Casa Berardi property, as provided in an agreement with Aurizon Mines Ltd. ("Aurizon"), entered into during the third quarter of 2007. The Company can earn its 50% interest by spending \$5.0 million over five years. At December 31, 2008, the Company had fulfilled the earn-in expenditure commitments to the end of 2009. The Company is the operator during the earn-in period.

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Lake Shore Gold has spent a total of \$3.3 million on the Casa Berardi property as at September 30, 2009, of which \$1.5 million were spent during the nine months ended September 30, 2009. Exploration expenditures in Quebec result in a 40% refundable tax credit to the Company. and to date, the total amount of the Company's eligible Quebec refundable tax credits is \$1.3 million, including \$0.6 million in 2009.

Work completed in the nine months ended September 30, 2009 included drilling 6,670 metres in 14 holes and 1 extension hole on the east block of claims. A total of 3,656 metres in 8 holes and 1 extension hole were drilled on the east block to follow up on favorable drill results from 2008 including a value of 8.54 gpt over 10.4 metres in Hole CE-08-10. Work on the West block of claims is still ongoing and includes drilling 3,016 metres in 6 holes to date designed to test the west extension of the Casa Berardi fault from the Aurizon Casa Berardi Mine between 1 and 4 kms west of the Aurizon Mine.

Logging, assaying and sampling of drill core from both programs is still ongoing.

TI-PA-HAA-KAA-NING

Lake Shore Gold has a 50% interest in the Ti-pa-haa-kaa-ning project in Northwestern Ontario, with the other 50% owned by Northern Superior Resources Inc. ("Northern Superior"), a related party to the Company by virtue of certain common directors and officers. Northern Superior is the operator of the project.

On January 6, 2009, Northern Superior announced the results of drilling in the summer and fall of 2008, including the discovery of a new gold showing and several gold-bearing ductile shear zones at the head of the gold grain-in-till dispersal apron in the Big Dam area of the Ti-pa-haa-kaa-ning property.

Work to date in 2009 has included completion of an airborne magnetic survey over the southeast portion of the property, planning for a winter drill program, re-logging and sampling of selected drill core from past drilling and advancing a new NI 43-101 report.

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RESULTS OF OPERATIONS

(in \$'000)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Corporate costs	\$1,729	\$914	\$4,557	\$3,107
Consulting fees	156	369	308	802
General exploration	124	346	502	872
Shareholder information	132	118	341	470
Travel	200	222	455	496
Legal and accounting	67	164	253	309
Write-off of resource properties and deferred exploration	40	-	210	-
Depreciation of property, plant and equipment	50	36	170	69
Accretion of asset retirement obligations	37	31	110	92
Loss before interest and other income and income taxes	(\$2,536)	(\$2,200)	(\$6,906)	(\$6,217)
Interest and other income, net	56	892	238	1,620
Recovery of income taxes	594	231	1,602	1,395
Net loss for the period	(\$1,886)	(\$1,077)	(\$5,066)	(\$3,202)
Net loss per share - basic and diluted	\$0.01	\$0.01	\$0.02	\$0.02

The net loss in the third quarter of 2009 increased compared to the same period in 2008 mainly due to higher corporate costs and lower interest income earned, partially offset by higher recovery of income taxes. The higher net loss in the first nine months of 2009 compared to the same period in 2008, resulted mainly from increased corporate costs in support of capital programs and growth plans, lower interest income, higher depreciation and accretion expense and the write off of certain non core projects (none in 2008). These factors were partially offset by decreased consulting fees, general exploration and shareholder information costs and slightly higher income tax recovery.

The Company reports stock-based compensation by expensing the amount on the consolidated statements of loss and deficit (allocating it to (i) corporate costs for corporate employees, (ii) consulting fees, (iii) general exploration for individuals involved in work of a general reconnaissance nature), or capitalizing the amount in resource properties and deferred exploration for individuals involved in specific projects.

The Company capitalized \$0.5 million of stock-based compensation during the first nine months of 2009. The allocation on the consolidated statements of loss and deficit for the three and nine months ended September 30, 2009 and 2008, was as follows (\$'000):

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Corporate costs	\$270	\$236	\$756	\$539
Consulting fees	54	59	172	213
General exploration	15	102	11	330
Total stock-based compensation	\$339	\$397	\$939	\$1,082

The value of the stock-based compensation was determined using the Black-Scholes option pricing model. A weighted average grant-date fair value for the nine months of 2009 of \$1.47 (2008 – \$0.83) for options granted was estimated using the following assumptions: no dividends are to be paid; volatility of 69% (2008 – 62.55% to 66%); risk free interest rate of 1.63% to 2.44% (2008 – 2.88% to 3.35%); and expected life of 3.5 years (2008 – 3.5 years).

Stock-based compensation expense for the three and nine months ended September 30, 2009 is comparable to the same periods in 2008.

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Corporate costs in the three and nine months ended September 30, 2009, increased by \$0.8 million and \$1.5 million, respectively, compared to the same periods in 2008 (or \$0.8 million and \$1.2 million, respectively, excluding the impact of stock-based compensation expense). The increase is due mainly to increased costs in support of capital programs and growth plans initiated in the second quarter of 2008 supporting the Company's transition from an exploration company to a gold producer. The increase in corporate costs is partially offset by a decrease in consulting fees.

General exploration expenditures, which include expenditures of a general reconnaissance nature that are not project specific or do not result in the acquisition of resource properties, decreased by \$0.1 million and a nominal amount respectively for the three and nine months ended September 30, 2009 compared to the same periods in 2008 (excluding the impact of stock-based compensation expenses).

Shareholder information costs in the three and nine months ended September 30, 2009 decreased by a nominal amount and \$0.1 million respectively compared to the same periods in 2008, reflecting lower expenditures related to investor relations activities.

Travel expenses and legal and accounting fees in the three and nine months ended September, 2009 were comparable to the same periods in 2008.

During the nine months ended September 30, 2009, the Company wrote off \$0.2 million (same period in 2008, \$Nil) of its resource properties and deferred exploration, representing the carrying value of certain non core properties.

As a result of the tax benefits of deductible expenses and share issue costs incurred, future income tax liabilities decreased by \$2.4 million during the nine month period ended September 30, 2009 (during the nine months ended September 30, 2008 the liability increased by \$3.0 million), of which \$1.6 million (nine months ended September 30, 2008 - \$1.4 million) was recorded as a recovery of income tax in the consolidated statement of loss and deficit with the remainder recorded on the balance sheet.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data has been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's interim consolidated financial statements (\$000's, other than "per share" amounts):

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<i>Fiscal quarter ended</i>	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Interest and other income, net	56	\$50	\$132	\$600
Net loss	(\$1,886)	(\$1,449)	(\$1,731)	(\$2,297)
Net loss per share* - basic and diluted	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)

<i>Fiscal quarter ended</i>	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Interest and other income, net	\$892	\$412	\$316	\$94
Net income (loss)	(\$1,078)	(\$1,579)	(\$546)	\$270
Net income (loss) per share* - basic and diluted	(\$0.01)	(\$0.01)	(\$0.00)	\$0.00

*Net (loss) income per share is calculated based on the weighted average number of shares outstanding.

The Company's operating expenses increased starting in the second quarter of 2008 mainly due to higher corporate and other costs in support of capital programs and growth plans as the Company transitions from an exploration company to a gold producer.

The last quarter of 2007 generated net income compared to net losses during the first two quarters of the same year, primarily due to higher future income tax recovery, mainly a result of reductions in substantially enacted future income tax rates and higher deductible expenditures incurred.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Lake Shore Gold is not in commercial production and accordingly it does not generate cash from operations. Financing for the Company has come from raising capital through equity issues. At September 30, 2009, the Company had cash and cash equivalents of \$65.9 million.

Cash used in operating activities during the nine months ended September 30, 2009 increased to \$7.6 million as compared to \$3.5 million in the same period in 2008 due mainly to higher net loss and movements in working capital. Cash used in operating activities during the third quarter of 2009 was \$8.0 million compared to \$0.5 million cash provided by operating activities in the third quarter of 2008, with the difference mainly due to working capital movements and higher net loss. Changes in non-cash working capital items, recovery of income taxes and stock-based compensation expense make up the principal amounts that reconcile the consolidated statements of loss to the consolidated statements of cash flows from operating activities.

The increase in exploration advances and other receivables (\$4.6 million at September 30, 2009, compared to \$3.9 million at December 31, 2008) is mainly due to expenditures incurred for the business combination with West Timmins, partially offset by lower receivable for sales taxes. The decrease in accounts payable and accrued liabilities (\$14.9 million at September 30, 2009, compared to \$17.1 million at December 31, 2008) is mainly due to the timing of payments.

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Cash used in investing activities in the nine months ended September 30, 2009, totaled \$67.2 million, including a \$0.5 million reduction in working capital (same period 2008 – \$50.8 million including a \$3.2 million reduction in working capital). Cash used in investing activities in the third quarter of 2009 totaled \$18.0 million including a \$9.0 million increase in working capital (same period in 2008 – \$17.9 million including a \$6.7 million reduction in working capital). The Company's principal investing activity is the acquisition, exploration and advanced exploration of its resource properties. During 2009, the Company incurred the majority of its resource property expenditures (including changes in working capital related to resource properties and deferred exploration at September 30, 2009) on advanced exploration and field equipment for the Timmins project, refurbishing work on the Bell Creek Mill, advanced exploration and field equipment for the Bell Creek Mine, and drilling at its various exploration properties (for details, refer to the "Property Developments" section of this MD&A). Included in investing activities for the nine months ended September 30, 2009 is \$0.2 million (same period in 2008 - \$1.1 million) for irrevocable letters of credit posted by the Company, related to different activities at the Timmins Mine.

On March 5, 2009, the Company completed a bought deal financing and received \$57.0 million net of share issue costs. In management's view, and based on approved budgets, the Company is positioned to finance its core operating, development and exploration expenditures until such time as the Company generates positive cash flows. Longer term, the Company may pursue opportunities to raise additional capital through equity and/or debt markets to finance its growth strategy, however, there can be no assurance it will be able to raise funds in the future. As at the date of this report, the Company's liquidity did not include any holding of asset-backed commercial paper.

OUTSTANDING SHARE CAPITAL

As at November 10, 2009, there were 319,692,096 common shares issued and outstanding, as well as the following options and warrants:

OPTIONS:

Number of Options Outstanding	Exercise Price Range
5,425,958	\$0.00 - \$0.99
4,927,153	\$1.00 - \$2.00
1,007,190	\$2.00 - \$3.00
36,500	\$3.00 - \$3.50
<u>11,396,801</u>	

WARRANTS:

Date issued	Number of warrants	Exercise price	Expiry date
December 17, 2007	2,000,000	\$2.41	December 17, 2009
January 30, 2009	1,771,799	\$0.89	July 30, 2010
February 5, 2009	282,705	\$0.89	August 5, 2010
June 4, 2009	2,118,164	\$1.30	December 4, 2010
	<u>6,172,668</u>		

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The warrants issued from January 30, 2009 to June 4, 2009, are warrants of West Timmins Mining which were transferred to Lake Shore Gold upon completion of the business combination.

RECENT ACCOUNTING PRONOUNCEMENTS

MINING EXPLORATION COSTS

On March 27, 2009, the Canadian Institute of Chartered Accountants approved EIC 174, "Mining Exploration Costs". The EIC provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract at the date of issuance resulting in no impact on its consolidated financial statements.

AMENDMENTS TO SECTION 3862, FINANCIAL INSTRUMENTS - DISCLOSURES

In July, 2009, the CICA approved amendments to section 3862, *Financial Instruments – Disclosures*. The amendments require additional fair value disclosure for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making fair value assessments. The amendments to Section 3862 apply for financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter of 2011, will contain IFRS-compliant information on a comparative basis, as well as reconciliations for that quarter and as at January 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

The Company has developed a detailed plan for IFRS convergence comprised of three related phases:

- phase 1 review and assessment, which involved a detailed review of all relevant IFRS standards to identify differences with our current accounting policies and practices; the separate consideration of one - time accounting policy alternatives that must be addressed at the changeover date (IFRS 1 considerations), and those accounting policy choices that will be applied on an ongoing basis in periods subsequent to the changeover to IFRS; the prioritization of those differences that could have a significant impact on our financial statements, business processes and IT;
- phase 2, design, which includes the evaluation of accounting policy alternatives and the investigation, development and documentation of solutions to resolve difference identified in phase 1, reflecting changes to existing accounting policies and practices, business processes, IT and internal controls

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- phase 3, implementation, which involves implementing the changes to affected accounting policies and practices, business processes, systems and internal controls. The changes will be tested prior to the formal reporting requirements under IFRS to ensure all significant differences are properly addressed in time for the changeover.

We have completed phase 1 and identified the differences between IFRS and Canadian GAAP that impact our financial statements. The detailed analysis has identified a number of accounting differences and policy alternatives, including one-time accounting alternatives under IFRS 1. Phase 2 work has commenced and we have begun assessing the impact and designing solutions, focusing on those differences that may have a significant impact on our financial statements, business processes and internal controls or that are more complex or time consuming to resolve. We have ensured we have allocated the necessary resources to complete the changeover plan according to our plan milestones. We have ensured training needs are met and will continue to be addressed throughout the changeover period. Due to anticipated changes in IFRS prior to transition, it is currently not possible to fully determine the impact on the consolidated results.

RELATED PARTY TRANSACTIONS

The following are related party transactions for the three and nine months ended September 30, 2009 and 2008:

No fees were paid during the three and nine months ended September 30, 2009 (same periods in 2008 – a nominal amount and \$0.6 million respectively) for consulting services provided by directors. The fees paid during 2008 included \$0.5 million paid to a director as a finder's fee related to a financing completed during that period.

During the three and nine months ended September 30, 2009, the Company charged \$Nil and \$0.1 million respectively (same periods in 2008 – a nominal amount and \$0.1 million respectively) to Northern Superior Resources Inc. ("Northern Superior"), a related party by virtue of certain common directors and, from June 1, 2008 to April 30, 2009, by virtue of certain common officers as well. The charges were for certain corporate governance, finance, investor relations and accounting and administrative services the Company provided to Northern Superior under an administrative service agreement entered into in June 2008 and terminated on April 30, 2009.

During the three and nine months ended September 30, 2009, Northern Superior, the joint venture operator for the Ti-pa-ha-kaa-ning property, charged the Company a nominal amount and \$0.1 million respectively (same periods in 2008 – \$1.2 million and \$3.4 million respectively), for the Company's share of the property expenditures. As at September 30, 2009, there is a nominal amount (December 31, 2008, net \$0.8 million) due to Northern Superior included in accounts payable (December 31, 2008 - \$1.1 million included in accounts payable and \$0.3 million included in exploration advances and other receivable).

Related party transactions are measured at the exchange amount which is the consideration agreed to between the parties.

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RISKS AND UNCERTAINTIES

The most significant risks and uncertainties faced by the Company are: the inherent risk associated with mineral exploration and development activities; the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licenses.

For a detailed description of Risks and Uncertainties refer to the Company's Annual Information Form for the year ended December 31, 2008.

CORPORATE GOVERNANCE

The Company's Board of Directors follows widely accepted corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three independent directors, meets with management and the external auditors of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters. The Company has also adopted the practice of engaging its external auditors to perform quarterly reviews of its interim financial statements.

CONTROLS AND PROCEDURES

In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the operating effectiveness of the Company's internal control over financial reporting. Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. Based on this assessment, management believes that, as of December 31, 2008, the Company's internal control over financial reporting is operating effectively. Management determined that there were no material weaknesses in the Company's internal control over financial reporting as of December 31, 2008. There were no material changes in the internal controls over financial reporting during the nine months ended September 30, 2009.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding annual and interim financial statement disclosure. An evaluation of the effectiveness of the design and operation of disclosure controls and procedures was conducted as of December 31, 2008, by the Company's

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management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures as defined in *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*, are effective. There were no material changes in the design and operation of disclosure controls and procedures during the nine months ended September 30, 2009.

SUBSEQUENT EVENTS

On November 6, 2009, Lake Shore Gold and West Timmins Mining Inc. ("West Timmins") completed a business combination originally announced on August 27, 2009. Under terms of the Business Combination Agreement, the Company acquired all of the outstanding common shares of West Timmins with shareholders of West Timmins receiving 0.73 of a Lake Shore Gold common share for each common share of West Timmins they held. Lake Shore Gold issued approximately 104 million common shares pursuant to the transaction. West Timmins Mining is now a wholly-owned subsidiary of Lake Shore Gold.

On October 23, 2009, the Company entered into an agreement with Goldcorp Canada Ltd. ("Goldcorp"), manager of the Porcupine Gold Mines Joint Venture ("PJV") and Goldcorp Inc., for the purchase of approximately 28 square kilometers of prospective exploration property in the surrounding vicinity of Lake Shore Gold's 100% owned Bell Creek Complex for consideration of \$20 million (\$15 million in cash and the remainder in shares of Lake Shore Gold). Areas included in the transaction range from a project with historic resources, Marlhill Mine, to early stage exploration targets, all located along the New Mine Trend, host to the PJV's Hoyle Pond Mine and Pamour operation.

FORWARD-LOOKING STATEMENTS

Some of the statements in this MD&A constitute "forward-looking statements" within the meaning of securities legislation, including the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this MD&A or, in the case of documents incorporated by reference herein, as of the date of such documents, and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. These forward-looking statements represent management's best judgment based on facts and assumptions that management considers reasonable, including that actual mineralization corresponds with predictions from exploration activities, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts, labour disturbances, interruption in transportation or utilities, or adverse weather conditions, that there are no material unanticipated variations in budgeted costs, and that contractors will complete projects according to schedule. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, timing of completion of pre-feasibility studies, success of exploration and development activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of exploration operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, completion of acquisitions and their potential impact on the Company and its operations, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or

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"does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to: the inherent uncertainties in mineral exploration and development activities; fluctuations in the price of gold or in currency markets; the uncertainty of mineral resource and reserve estimates; the uncertainty of financing being available when needed; the uncertainty of mining licences or governmental approvals being granted in a timely manner; changes in regulatory requirements; hiring and retaining personnel with the necessary expertise; the failure of plant, equipment or processes to operate as anticipated; material unanticipated variations in budgeted costs; contractors not completing projects according to schedule; actual mineralization on properties being less than identified mineral reserves; accidents, labour disputes and other risks of the mining industry; delays in the completion of development or construction activities; as well as other factors discussed in the section entitled "Risk Factors" in the Company's AIF. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

QUALITY CONTROL

Lake Shore Gold has a quality control program to ensure best practices in the sampling and analysis of drill core. Routine assays have been completed using a standard fire assay with a 30-gram aliquot. For samples that return a value greater than three grams per tonne gold, another pulp is taken and fire assayed with a gravimetric finish. Zones with visible gold are typically tested by pulp metallic analysis. NQ size drill core is saw cut and half the drill core is sampled in standard intervals. The remaining half of the core is stored in a secure location. The drill core is transported in security-sealed bags for preparation at ALS Chemex Prep Lab located in Timmins, Ontario, and the pulps shipped to ALS Chemex Assay Laboratory in Vancouver, B.C. ALS Chemex is an ISO 9001-2000 registered laboratory preparing for ISO 17025 certification.

QUALIFIED PERSON

The Company's Qualified Persons ("QPs") (as defined in National Instrument 43-101, "Standards of Disclosure for Mineral Projects") for diamond drilling projects at the Timmins Mine surface and Thunder Creek properties; Bell Creek, Schumacher and Vogel properties; and Casa Berardi optioned property are Jacques Samson, P. Geo., Richard Labine, P. Geo., Stephen Conquer, P. Geo., and Don Boucher, P. Geo., respectively. Heather Miree, P. Geo. is the QP for the Timmins Mine underground drilling project and Bob Kusins, P. Geo. is the QP for resource estimation at all of the Company's properties. As QPs, Messrs. Samson, Labine, Conquer, Boucher and Kusins and Ms Miree have prepared or supervised the preparation of the scientific or technical information for their respective properties as reviewed in this MD&A.

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ADDITIONAL INFORMATION

Additional information relating to the Company is provided in the Company's audited consolidated financial statements for the year ended December 31, 2008, its Annual Information Form for the year ended December 31, 2008, and its most recently filed Information Circular. These and other documents relating to the Company are available on SEDAR at www.sedar.com.