



**Stock Symbol: SGF: TSX  
SHORE GOLD INC.**

**August 9, 2007  
Saskatoon, Saskatchewan**

## **SHORE GOLD INC. ANNOUNCES SECOND QUARTER RESULTS**

Shore Gold Inc. (“Shore” or the “Company”) reports that the unaudited results of Shore’s operations for the quarter ended June 30, 2007 will be filed today on SEDAR and may be viewed at [www.sedar.com](http://www.sedar.com) once posted. A summary of key financial and operating results for the quarter are as follows:

### ***Highlights***

- Expenditures of \$9.0 million on the Star Kimberlite advanced exploration program and \$4.0 million on the Company’s share of the Fort à la Corne Joint Venture (“FALC-JV”) exploration program during the second quarter
- Recovery of the two largest diamonds in Saskatchewan to date, at 49.50 and 22.56 carats, from the Star West portion of the Star Kimberlite bulk sampling
- Recommencement of LD drilling program on the Star Kimberlite
- Commencement of drilling for the freeze wall on Orion South, in preparation for potential shaft sinking
- Acquisition of a 22.5% interest in the Buffalo Hills Joint Venture for \$8.75 million
- Working capital of \$92.9 million at June 30, 2007
- Issued and outstanding shares of 177,335,460 at June 30, 2007

### **Overview of Second Quarter**

#### ***Star Diamond Property Advanced Exploration Program***

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

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

Included in this set of results were the two largest diamonds recovered in Saskatchewan to date, at 49.50 and 22.56 carats, respectively. The 49.50 carat diamond appears to be a

fragment of a considerably larger stone, whose crystal shape and fresh breakages at the surface suggest that less than 50 percent of the original stone was recovered. The recovery of these large diamonds confirms the statistical modeling by Shore geologists that diamonds in excess of 100 carats occur in the Star diamond population.

During the second quarter, the two LD drill rigs returned to the Star Diamond Project for the remaining LD holes required to estimate a Mineral Resource as defined by National Instrument 43-101. Many of these LD holes will be located in close proximity to the recently decommissioned Star underground workings, an area that could not be sampled, due to safety reasons, while the underground bulk sampling was still in progress.

According to the current schedule, and assuming the results from the remaining samples are positive, management anticipates that a Mineral Resource estimate may be available for the Star Kimberlite in early to mid 2008 and that the work required for converting the Mineral Resource to a Mineral Reserve is expected to be achieved by mid to late 2008.

### ***FALC-JV Exploration Programs***

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

In July of 2007, the final diamond results from a four-hole LD program drilled at Orion South were announced. A total of 78.22 carats were recovered from the processing of 1,448.05 dry tonnes of kimberlite from this LD drilling. Kimberlite with elevated grades (7.00 to 28.50 cpht) was encountered at various depths in all four holes. This four-hole program targeted the Pense lithology (estimated to be 112-124 million tonnes), since previous drill programs had targeted the Early Joli Fou lithology (estimated to be 176-196 million tonnes). The total Orion South Complex is estimated to contain some 360-400 million tonnes of which the Pense and EJV lithologies make up approximately 80 percent. The elevated grades found in the Pense lithology, along with the significant estimated volumes of EJV and Pense diamond bearing kimberlite, justify the next phase of exploration on Orion South. As such, in July of 2007 the Company announced that the drilling of the holes for the freeze wall, in preparation for potential shaft sinking, had commenced on Orion South.

The final diamond results from the twenty-hole LD program drilled at Orion North between October 2006 and March of 2007 were announced in June. Diamonds totaling 318.98 carats were recovered from the processing of 7,301.36 tonnes of kimberlite from the twenty LD holes drilled. Five of these twenty holes were centred around Kimberlite 120 in the northwestern part of Orion North, with the remaining fifteen holes targeting deep intersections of kimberlite within the 147-148 Kimberlite Complex that forms the eastern part of Orion North. The LD drilling results have indicated that Kimberlite 120 and the central part of the 147-148 Kimberlite Complex are two areas of high interest within Orion North. The diamond size frequency distributions from Kimberlite 120 and from the 147-148 Kimberlite Complex appear to be similar to the diamond size frequency

distribution of the Star Kimberlite. Based on this and previously gathered data, additional exploration programs for 2008 are currently being contemplated for Orion North.

### ***Buffalo Hills Diamond Property***

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

Shore and Diamondex have the option to increase their combined interest in the joint venture to 72.5 percent by funding the next \$15 million of exploration expenditures before April 30, 2010. Following a review of all geological data by a technical team from Shore and Diamondex, an exploration program and budget will be announced.

### **Quarterly Results**

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

### **Year to Date Results**

For the six-month period ended June 30, 2007, the Company recorded a net loss of \$2.5 million or \$0.01 per share compared to net income of \$46.0 million or \$0.27 per share for the same period in 2006. The net loss is primarily due to the fair value of stock-based compensation expensed during the six-month period ended June 30, 2007 (\$4.4 million). Without the fair value of stock-based compensation, the Company would have incurred net income of \$1.9 million for the six-month period ended June 30, 2007. This net income is primarily due to an income tax recovery as a result of the federal government enacting a reduction in corporate income tax rates during the second quarter of 2007. The net income from 2006 was predominately related to the \$44.9 million future income tax recovery resulting from federal and provincial governments enacting a decrease in

corporate income tax rates during the second quarter of 2006. The Company generated lower interest income for the six-month period of 2007 compared to the same period in 2006 which was the result of having less cash on hand after incurring on-going exploration expenditures on the Fort à la Corne projects as well as the 17.755% acquisition of the FALC-JV.

**Selected financial highlights include:**

<b>Consolidated Balance Sheets</b>	<b>As at June 30, 2007</b>	<b>As at Dec 31, 2006</b>
Current assets	\$ 98.0 M	\$ 130.0 M
Capital and other assets	685.5 M	657.5 M
Current liabilities	5.1 M	11.9 M
Future income tax and other long-term liabilities	116.2 M	117.5 M
Share capital	736.9 M	733.5 M
Contributed surplus	22.4 M	19.2 M
Deficit	97.1 M	94.6 M

<b>Consolidated Statements of Income</b>	<b>Three months Ended June 30, 2007</b>	<b>Three months Ended June 30, 2006</b>	<b>Six months Ended June 30, 2007</b>	<b>Six months Ended June 30, 2006</b>
Interest and other income	\$ 1.2 M	\$ 2.6 M	\$ 2.5 M	\$ 4.8 M
Operating expenses	1.4 M	1.4 M	6.7 M	2.9 M
Income (loss) for the period before other items	(0.2) M	1.2 M	(4.2) M	1.9 M
Loss from Wescan Goldfields Inc.	(0.1) M	0.0 M	(0.2) M	0.0 M
Income tax recovery	2.0 M	44.4 M	1.9 M	44.1 M
Net and comprehensive income (loss) for the period	1.7 M	45.6 M	(2.5) M	46.0 M
Income (loss) per share	0.01	0.26	(0.01)	0.27

<b>Consolidated Statements of Cash Flows</b>	<b>Three months Ended June 30, 2007</b>	<b>Three months Ended June 30, 2006</b>	<b>Six months Ended June 30, 2007</b>	<b>Six months Ended June 30, 2006</b>
Cash flows from operating activities	\$ 0.2 M	\$ 0.9 M	\$ 0.0 M	\$ 2.1 M
Cash flows from investing activities	(45.1) M	(21.2) M	(37.7) M	(41.3) M
Cash flows from financing activities	0.2 M	13.1 M	1.2 M	17.8 M
Net decrease in cash	(44.7) M	(7.2) M	(36.5) M	(21.4) M
Cash – beginning of period	72.9 M	247.5 M	64.7 M	261.7 M
Cash – end of period	28.2 M	240.3 M	28.2 M	240.3 M

**Outlook**

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

programs a Mineral Resource estimate would not likely be available until approximately 2010 or later.

### ***Caution Regarding Forward-looking Information***

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

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

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

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

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