



NEWS RELEASE

Stock Symbol: SGF: TSX

June 27, 2007

Saskatoon, Saskatchewan

**STAR DIAMOND PROJECT: PHASE 3 CANTUAR DIAMOND RESULTS
TWO LARGEST DIAMONDS RECOVERED IN SASKATCHEWAN
49.50, 22.56, 5.45 AND 5.34 CARAT DIAMONDS IN 205.37 CARAT PARCEL**

George H. Read, P. Geo., Senior Vice President Exploration and Development, is pleased to announce the sixth set of diamond results from Phase 3 of the underground bulk sampling of the Star Kimberlite (Phase 1 being the original 25,000 tonne bulk sample and Phase 2 being the 18,000 tonne bulk sample). These results include the two largest diamonds (49.50 and 22.56 carats) recovered in Saskatchewan to date (See images and map available on www.shoregold.com). The diamond recoveries total 205.37 carats from 987.26 dry tonnes processed. Included in this release are results for three kimberlite batches of a total of approximately 50 kimberlite batches that will be processed as part of the Phase 3 bulk sampling program. A total of 689 commercial sized diamonds (greater than 1.18 millimetre square mesh screen), collectively weighing 205.20 carats, has been recovered from the three batches. Thirty-three diamonds greater than one carat have been recovered and the four largest stones are: 49.50, 22.56, 5.45 and 5.34 carats, respectively. In addition, 8 diamonds (0.17 carats) were recovered down to 0.85 millimetre square mesh. The colour of 71 percent of the diamonds has been classified as white, with a further 17 percent classified as off-white.

These kimberlite batches were recovered from the Cantuar Kimberlite, which was mined at the southwest end of the South 7 drive, some 200 metres southwest of the shaft, within Star West - the portion of Star within the claims of the Fort a la Corne Joint Venture (FALC-JV: Shore 60 percent, Newmont 40 percent). Diamond results are still awaited from a total of 1,400 tonnes of Cantuar Kimberlite, of which some 900 tonnes has been processed through the on-site plant and 500 tonnes remains to be processed. The processing of this Cantuar Kimberlite is currently underway.

Table 1: Kimberlite processed and diamond results for the three sample batches are listed in the table below. Grades are expressed in carats per hundred tonnes (cpht).

Batch #	Location	Dry Tonnes	Diamonds Number of Stones	Total (carats)	Grade (cpht)	Largest Stone (carats)
219	South 7 P (Star West FALC-JV)	306.67	201	48.07	15.67	5.45
220	South 7 O (Star West FALC-JV)	347.88	252	44.48	12.79	3.62
225	South 7 N (Star West FALC-JV)	332.71	244	112.82	33.91	49.50
Total		987.26	697	205.37	20.80	

Examination of the size frequency statistics for the Star Early Joli Fou (EJF) and Cantuar diamond populations shows that the Cantuar population has an even greater proportion of plus one carat goods than the EJF diamond population. Typically the bulk of the diamond value lies in the stones that are greater than one carat in size. Forty-four percent of the carats recovered from the Cantuar are greater than one carat in size, while 31 percent of the EJF carats are greater than one carat. The data used to generate these numbers are listed in Table 2.

Table 2: Proportion of Carats greater than 1 Carat for EJF and Cantuar Kimberlites at Star

Kimberlite Lithology	Total Carats	Carats greater than 1 Carat	Percentage Carats greater than 1 Carat
Early Joli Fou	6,776.06	2,113.16	31.19%
Cantuar	1,428.85	622.95	43.60%

The four largest stones are: 49.50 (Batch 225, Brown), 22.56 (Batch 225, White with a slight yellow tint), 5.45 (Batch 219, Grey) and 5.34 (Batch 219, White) carats respectively. Ten diamonds exceed two carats and 33 diamonds exceed one carat, of which 18 are white, 6 are off-white, 7 are grey and 2 are brown. A total of 56 diamonds exceed 0.5 carats. Seventy-one percent of this diamond parcel is classified white in colour, with a further 17 percent classified as off-white. Ninety-nine percent of the carat weight of this parcel occurs in diamonds greater than 1.18 millimetre square mesh.

Senior Vice President Exploration and Development, George Read, states: "The 49.50 carat stone is a fragment of a considerably larger stone and the crystal shape suggests that less than 50 percent of the original stone has been recovered. There are multiple breakage surfaces on this stone and the freshest breakage, probably incurred in the processing plant, only accounts for a small loss of carat weight. Fragments comprising 3 carats that are most likely broken from the 49.50 carat stone were found in Batch 225. This large stone confirms the statistical modeling by Shore geologists (SGF News Release May 12, 2005) that diamonds in excess of 100 carats occur in the Star diamond population. The high proportion of plus one carat diamonds and the resultant coarse size frequency distribution for the Cantuar diamond population will have a positive effect on the economics of this kimberlite lithology. The two largest stones (49.50 and 22.56 carats) were both recovered from a coarse breccia unit within the Cantuar. Present estimates suggest that Star contains some 20 to 23 million tonnes of Cantuar Kimberlite. This is a geological estimate based on pattern drilling and is conceptual in nature. This estimate is not a Mineral Resource and additional work may not lead to the definition of a Mineral Resource for the Cantuar Kimberlite. The collection of data which will be used to determine the presence of a National Instrument 43-101 compliant Mineral Resource is proceeding on schedule with the potential definition of a Mineral Resource on Star in early 2008."

The diamond recovery procedure includes on-site processing of kimberlite through the modular Dense Media Separator (DMS), after which DMS concentrates are batch fed through an X-ray Flow-sort. In order to ensure the recovery of low luminosity diamonds, the Flow-sort tailings are processed over a grease table. Flow-sort and grease table concentrates are transported by a secure carrier to SGS Lakefield Research for final diamond recovery. The SGS Lakefield Research process includes drying, screening, magnetic separation, manual sorting and diamond weighing and description. SGS Lakefield Research is accredited to the ISO/IEC 17025 standard by the Standards Council of Canada as a testing laboratory for specific tests.

The Star Kimberlite is currently being evaluated using a combination of pattern core drilling, underground bulk sampling and large diameter drilling. This evaluation program, with a budget of some \$60 million, will determine the presence of a National Instrument 43-101 compliant Mineral Reserve for the Star Kimberlite. Senior Vice President Exploration and Development, George Read, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, is the Qualified Person responsible for the verification and quality assurance of analytical results. Shore is a Canadian based corporation engaged in the acquisition, exploration and development of mineral properties. Shares of the Company trade on the TSX Exchange under the trading symbol "SGF".

Caution Regarding Forward-Looking Statements

From time to time, Shore makes written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Ontario Securities Act and the United States Private Securities Litigation Reform Act of 1995. Shore may make such statements in 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 import are intended to identify forward-looking statements. In particular, statements regarding Shore's future operations, future exploration and development activities or other development plans contain forward-looking statements.

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, developments in world diamond markets, changes in diamond valuations, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Shore or its joint venture partners; the effects of competition in the markets in which Shore operates; the impact of changes in the laws and regulations

regulating mining exploration and development; judicial or regulatory judgments and legal proceedings; operational and infrastructure risks and the additional risks described in Shore's most recently filed Annual Information Form, annual and interim MD&A and short form prospectus, and Shore's anticipation of and success in managing the foregoing risks.

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

For further information please contact:

Adam Buchanan, Manager, Investor and Community Relations at (306) 667-3503.

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