



NEWS RELEASE

Stock Symbol: SGF: TSX

February 6, 2007
Saskatoon, Saskatchewan

STAR DIAMOND PROJECT: ADVANCED EXPLORATION UPDATE

George H. Read, P. Geo., Senior Vice President Exploration and Development, is pleased to provide an update of the drilling and underground bulk sampling completed as part of the advanced exploration underway on the Star Diamond Project. Shore geologists have developed and tested exploration methods specifically applicable to the large kimberlites of the Fort a la Corne region based on work on Shore's 100 percent owned Star Diamond Project. These exploration methods include: 1. Pattern core drilling combined with detailed quantitative logging, whole rock geochemistry, density measurements and downhole geophysics to define the size and shape as well as map the internal structure of the kimberlite; 2. Large diameter (LD) drilling which recovers mini-bulk samples (approximately 2.5 tonnes of kimberlite per metre of drilling) for diamond grade and value modeling purposes across the kimberlite in three dimensions; and 3. Underground bulk sampling of major kimberlite phases for accurate diamond grade and value estimates on diamond parcels greater than 1,000 carats. These three kimberlite exploration and evaluation methods, core drilling, LD drilling and underground bulk sampling, are essential procedures required to determine the kimberlite tonnage and diamond grade and value in order to accurately define an initial Mineral Resource estimate and, subsequently, a Mineral Reserve estimate for a kimberlite of the magnitude of Star. Shore is pursuing a rigorous and aggressive program for the Star Kimberlite and is presently collecting diamond grade and value data, from underground bulk samples and LD drill mini-bulk samples, that will be incorporated into the geological model to define a NI 43-101 Mineral Resource.

Core Drilling

A total of 69,783 metres of core drilling has been completed on the Star kimberlite from three different drill programs. The details of each of these drill programs are summarized in the following table:

Drill Program	Number of Holes	Metres of Kimberlite	Total Metres
Exploration Drilling	40	3,202	9,640
Pattern Drilling	183	10,486	43,109
Underground Drilling	218	16,182	17,034
Total	441	29,870	69,783

The exploration drilling gave an early indication of the size and shape of the Star Kimberlite. The pattern drilling has mostly been completed on a 100 metre grid and forms the framework of the geological model. Vertical and horizontal fans of underground drilling were completed prior to most of the underground drift development. The results of the exploration, pattern and underground drilling programs have been integrated into the geological model for Star. The core drilling on the Star Diamond Project is nearing completion.

Large Diameter Drilling

While the core drilling program enables the internal structure of the kimberlite to be mapped in detail, the goal of the LD drilling program is the recovery of sufficiently large, accurately located samples for diamond grade and value modeling purposes. The LD drillholes are always paired with core holes so that the kimberlite geology is known prior to drilling. The 1.2 metre diameter LD holes are drilled with two Bauer BG36 rigs operated by Nuna Logistics. These specialized rigs use Kelly bar drilling for the overburden and reverse circulation drilling techniques once kimberlite is intersected. When drilling kimberlite, all plus one millimetre material is collected in cubic metre bulk bags, using a de-sanding unit to remove the fines. The +1.0 millimetre kimberlite chips are processed through the

on-site dense media separation (DMS) plant, x-ray Flow-sort and grease table in the same way as the underground bulk samples. To date, a total of 8,899 metres of LD drilling has been completed in 46 holes in the Star Kimberlite. The LD drilling program on Star has been interrupted while the two LD rigs drill a twenty-hole program on the Orion North kimberlites within the Fort a la Corne Joint Venture (Shore 60 percent, Newmont 40 percent). This Orion North LD drilling program is scheduled to be completed in March 2007, when both LD rigs will return to Star to drill the remaining 24 holes in the second and third quarters of 2007.

Underground Bulk Sampling

The goal of the underground bulk sampling on Star is to recover significantly large (+1,000 carats) macrodiamond (+1.0 millimetre) samples from the significant kimberlite lithologies within Star for diamond grade and price determination. Two phases of underground bulk sampling have been completed on Star and Phase 3 is well advanced and is scheduled for completion in March 2007, at which time the shaft and underground workings will be decommissioned. The kimberlite tonnage sampled and the diamonds recovered from each phase of sampling are listed in the following table.

Phase of Underground Bulk Sampling	Kimberlite Sampled (Dry tonnes)	Diamonds Recovered (Carats)
Phase 1	25,253	4,049
Phase 2	18,272	3,016
Phase 3 (reported to date)	10,426	1,563
Total (reported to date)	53,951	8,628

Phase 1 of the underground bulk sample program sampled Late (LJF), Mid (MJF) and Early Joli Fou (EJF) Kimberlite at various levels in the shaft down to 250 metres below surface, in addition to significant tonnages of EJF in lateral drifts on the 235 metre level. The US\$135 per carat valuation of the initial 3,000 carat parcel of diamonds from Phase 1 gave Shore the incentive to recover a larger diamond sample and more accurately define the grade and value of the kimberlite breccia (EJF-KB) and pyroclastic kimberlite (EJF-PK), cyclical sequences seen throughout the EJF. The additional underground bulk sampling of Phase 2 indicated that the highest average grades are associated with the EJF-KB. Simultaneous to the underground sampling of Phase 2, surface pattern core drilling intersected significant volumes (greater than 20 million tonnes) of Cantuar and Pense Kimberlite, to the southwest and east of the shaft, respectively. Phase 3 of the underground bulk sample program has targeted the Cantuar and Pense Kimberlites with the aim of recovering diamond parcels in excess of 1,000 carats from each of these kimberlite phases. Underground sampling of the Cantuar has been completed while Pense sampling is currently underway and is scheduled for completion in March 2007.

Resources and Reserves

A Mineral Resource has not yet been defined for the Star Kimberlite. The complete datasets of kimberlite tonnage and diamond grade and value generated by the three exploration methods outlined above will be integrated to determine the size of the Mineral Resource available at Star. This will only be done once the results are available for Phase 3 of the underground bulk sampling and the LD drilling has been completed and analyzed (Q2 and Q3 2007). According to the present schedule, it is anticipated that a Mineral Resource can be available for Star in early 2008 and that the work required to upgrade the Mineral Resource to a Mineral Reserve is expected to be achieved by mid-2008. On this timeline, and assuming that a Mineral Reserve is successfully defined for Star, the completion of a full bankable feasibility study is possible by the end of 2008.

Senior Vice President Exploration and Development, George Read, states: "Work completed to date has shown that Star contains a significant volume of kimberlite which occurs in five dominant lithologies as defined by the geological model (SGF News Release October 17, 2006). In addition, underground bulk sampling has shown that attractive, high value diamond populations occur within the Cantuar and EJF Kimberlite phases. Pense grade information is expected in Q1 of 2007. An extensive program of LD drilling, which is 65 percent complete, will enable Shore geologists to relate diamond grade and value information seen in the underground, to the kimberlite included in the geological model but beyond the underground workings. The magnitude of the Star Kimberlite necessitates that significant work in various programs, is required to be completed prior to the definition of a Mineral Resource for Star. Work programs which aim to define a Mineral Resource on Star are proceeding at an aggressive pace."

The Star Diamond Project is currently at an advanced stage of exploration. Additional work (including core drilling, underground bulk sampling and large diameter drilling) is currently underway to determine the presence of a NI 43-101 compliant Mineral Resource. This advanced exploration program has a budget of some \$60 million, and George Read, Senior Vice President Exploration and Development, who is a 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 the anticipated results of Shore's pre-feasibility 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 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.

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