



NEWS RELEASE

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Saskatoon, Saskatchewan**

SHORE GOLD INC. ANNOUNCES THIRD QUARTER RESULTS

Shore Gold Inc. (“Shore”) reports that the unaudited results of Shore’s operations for the quarter ended September 30, 2006 have been filed and may be viewed at www.sedar.com. A summary of key financial and operating results for the quarter are as follows:

Highlights

- Shore acquired the remaining interests in the Fort à la Corne Joint Venture (“FALC-JV”) and on-sold 40 percent to Newmont Mining Corporation of Canada Limited.
- An accounting loss of \$124.5 million, net of a future income tax recovery of \$55.8 million, was recognized on the above transaction.
- The Company’s pre-feasibility and exploration spending for the nine-month period ended September 30, 2006 on the Star Diamond Property and FALC-JV totaled \$50.2 million and \$12.3 million, respectively.
- Star Kimberlite geological model of 275.8 million tonnes was announced.
- Six new feeder vents were discovered on the Orion Kimberlite Cluster on the FALC-JV.
- Working capital of \$134.9 million at September 30, 2006.
- Issued and outstanding shares of 176,410,860 at September 30, 2006.

Accounting Changes

Shore’s consolidated financial statements for the year ended December 31, 2005 and the first two quarters of 2006 have been revised to include a \$170.1 million increase to mineral properties, a \$69.2 million increase to future income tax liability and \$100.9 million increase to shareholders equity. These non-cash adjustments reflect a change in the accounting for the merger between the Company and Kensington Resources Ltd. (“Kensington”). The original accounting treatment afforded the merger with Kensington valued the transaction using the average share price of the Company’s shares commencing two days prior to and ending two days subsequent to August 15, 2005, the date the merger was agreed to and announced between Shore and Kensington. This average price was used to value the common shares, options and warrants issued by Shore, to the shareholders of Kensington, on October 28, 2005, the closing date of the transaction. During the preparation of the 2006 third quarter interim financial statements, the accounting treatment of this transaction was reassessed and it was concluded that the original treatment of accounting for the transaction was incorrect and, based on the definitions of a business by the Canadian Institute of Chartered Accountants, it was determined that Kensington did not constitute a business as it was a development stage

entity. As such, the merger between Shore and Kensington should have been treated as a purchase of an asset versus the purchase of a business. The result of this interpretation was that the transaction should have been valued using the price of the Company's shares on the closing date of \$7.02 per share versus the \$5.25 per share originally used.

In addition, Shore's consolidated financial statements for the period ended June 30, 2006 have been revised to include a \$44.9 million future income tax recovery. The non-cash adjustment is the result of the federal and provincial governments substantially reducing corporate income tax rates during the second quarter of 2006.

The accounting changes have been applied retroactively to the dates of the events and transactions. As a result, Shore has reissued its consolidated financial statements for the year ended December 31, 2005 and for the periods ended March 31, 2006 and June 30, 2006. Details of these accounting changes can be found in the notes to the reissued financial statements and can be viewed at www.sedar.com.

Overview of Third Quarter

The Company concluded a significant initiative during the third quarter 2006 regarding the ownership of the Fort à la Corne Joint Venture ("FALC-JV"). Effective September 29, 2006, Shore acquired the remaining interests in the FALC-JV and sold a portion of its interest to Newmont Mining Corporation of Canada Limited ("Newmont"). As a result of the various transactions, Kensington, a wholly owned subsidiary of Shore, retained a 60% interest in the FALC-JV as well as became operator.

Subsequent to these changes regarding the FALC-JV, technical teams from each of Shore and Newmont met to re-evaluate all available FALC-JV data to re-assess the balance of the 2006 exploration program as well as to establish a program and budget for 2007. On November 8, 2006, Shore announced a \$20.3 million dollar budget for the remainder of 2006 and a \$46.2 million budget for the 2007 exploration program. The primary focus of these programs will be the Orion North group of kimberlites. During the quarter ended September 30, 2006, the formerly approved 2006 exploration program moved ahead as planned. During this time 5 core drill rigs had been working on the FALC-JV property to delineate the Orion Kimberlite Cluster to assist with the placement of future large diameter drill hole (1.2 metre) programs. As of the end of October 2006 218 core holes had been completed, resulting in 6 new feeder vents being discovered in the Orion Cluster, bringing the total number of feeder vents discovered on the FALC-JV to ten (See SGF News Release October 30, 2006).

Considerable advancement was also achieved on Shore's 100% owned Star Kimberlite Property's pre-feasibility study resulting in the Company announcing that a geological model had been constructed of the Star Kimberlite; including the portion referred to as Star West, which contained approximately 275.8 million tonnes of kimberlite (see SGF News Release October 17, 2006). This tonnage estimate will continue to be refined as Phase III bulk sampling continues and as results of grade and value estimates from bulk sampling and large diameter drilling are incorporated into the model. By October 23, 2006, approximately 10,000 tonnes of Phase III bulk sampling had been processed through the on-site processing plant. Thus far, the majority of the tonnes have come from drifting to access the Pense and Cantuar Kimberlite types; however two batches of Pense

Kimberlite have been shipped to a third party for concentrate processing (See SGF News Release October 23, 2006). Underground bulk-sampling also commenced during the quarter on Star-West in order to obtain a representative sample of the Cantuar Kimberlite type. Large diameter drilling continues to produce samples and by the end of the quarter 43 holes of the 60-hole program had been completed. The collected samples are at various stages of processing. The results of the first 15 holes were released in August (see SGF press release August 14, 2006) and those results confirm lateral continuity of grade and stone size within the Early Joli Fou (“EJF”) Kimberlite. By mid October the large diameter drills had moved to Orion North on the FALC-JV property in order to expedite results from this highly prospective area. Once the first phase of large diameter drilling has been completed in early 2007, the drills will return to the Star Kimberlite to complete the remaining holes on the Star Kimberlite Property. The relocation of the large diameter drill rigs is expected to result in only a minimal disruption to Star’s pre-feasibility program.

Quarterly results

For the quarter ended September 30, 2006, the Company recorded a net loss of \$122.7 million or \$0.70 per share compared to a net loss of \$1.2 million or \$0.01 per share for the same period in 2005. The increase in loss from September 30, 2005 compared to September 30, 2006 is related to the loss on the sale of a property interest of \$124.1 million net of a \$55.8 million future income tax recovery. The Company generated positive cash flows from operations for the third straight quarter as a result of earning better than expected return on its investment portfolio. Once the effect of the loss on the property interest (net of the income tax recovery) is removed from the quarterly results, the Company generated net income of \$1.4 million.

Year to Date Results

For the nine-month period ended September 30, 2006, the Company recorded a net loss of \$76.7 million or \$0.44 per share compared to a net loss of \$2.9 million or \$0.03 per share for the same period in 2005. The increased loss for the nine-month period ended September 30, 2006 compared to the same period ended September 30, 2005 relates to the loss on the sale of a property interest of \$124.1 million net of a \$55.8 million future income tax recovery. This loss was offset by the \$44.9 million future income tax recovery that was recorded during the second quarter of 2006 resulting from the federal and provincial governments substantially enacting a decrease in corporate income tax rates. Furthermore, an approximate \$6.0 million increase in interest and other income was offset by a \$1.9 million increase in operating expenditures. Non-cash expenses in 2005 of approximately \$2.8 million, relating to the fair value of stock-based compensation were twice that of the non-cash expense in 2006 and were the result of the non-cash future income tax expense of \$1.4 million. The future income tax expense is from the approximate \$3.9 million of taxable income that will utilize certain tax pools of the Company.

Loss on sale of property interest

On September 29, 2006, Shore, through its 100% owned subsidiary Kensington, completed a series of transactions to affect the purchase of the remaining participating

interest in the Fort à la Corne Property from the other joint venture participants. Concurrent with these transactions, the Company sold a 40% interest in the property. The disposal of the 40% property interest resulted in a loss for accounting purposes since the pro rata share of the carrying value of the mineral property exceeded the cash proceeds by approximately \$179.9 million. After the future income tax recovery of \$55.8 million was applied, the net loss on the sale equaled \$124.1 million. The loss is attributable to the build up of costs on the FALC-JV mineral property. When Shore merged with Kensington in October of 2005, the transaction was accounted for using fair values of the shares, options and warrants given up to Kensington shareholders on October 28, 2005. Additionally, because shares were acquired with virtually no tax base an additional increase to the fair value had to be determined to factor in the future income tax expense associated with these fair values. The series of transactions in late September 2006 leading to the acquisition of a 100% interest in the FALC-JV were done through a purchase of assets, resulting in an accounting and tax base of equal values. The combination of the two accounting methods for the specific circumstances has resulted in a carrying value on a pro rata basis in excess of the 40% interest that was sold. Management is of the belief that the resulting loss on this transaction is the result of the accounting treatments for the various steps in the acquisitions as opposed to a reflection of the true economic value of the project.

Selected financial highlights include:

	As at September 30, 2006	As at December 31, 2005 Restated
Consolidated Balance Sheets		
Current assets	\$ 152.8 M	\$ 267.4 M
Capital and other assets	639.8 M	679.5 M
Current liabilities	17.9 M	14.8 M
Future income tax liability	117.5 M	216.8 M
Share capital	731.4 M	693.0 M
Contributed surplus	19.7 M	39.5 M
Deficit	93.9 M	17.1 M

	Three months Ended September 30, 2006	Three months Ended September 30, 2005	Nine months Ended September 30, 2006	Nine months Ended September 30, 2005
Consolidated Statements of Loss				
Interest Income	\$ 3.1 M	\$ 0.8 M	\$ 7.8 M	\$ 1.9 M
Operating Expenses	1.0 M	1.9 M	3.9 M	4.7 M
Income (loss) for the period before other items	2.1 M	(1.1) M	3.9 M	(2.8) M
Loss on sale of property interests	179.9 M	-	179.9 M	-
Income tax recovery (expense)	55.2 M	(0.1) M	99.3 M	(0.2) M
Net income (loss) for the period	(122.7) M	(1.2) M	(76.7) M	(2.9) M
Income (loss) per share	(0.70)	(0.01)	(0.44)	(0.03)

	Three months Ended September 30, 2006	Three months Ended September 30, 2005	Nine months Ended September 30, 2006	Nine months Ended September 30, 2005
Consolidated Statements of Cash Flows				
Cash flows from operating activities	\$ 2.3 M	\$ 0.3 M	\$ 4.5 M	\$ 0.1 M
Cash flows from investing activities	(93.7) M	(11.0) M	(135.0) M	(20.6) M
Cash flows from financing activities	0.5 M	17.4 M	18.3 M	138.9 M
Net increase (decrease) in cash	(90.9) M	6.7 M	(112.3) M	118.4 M
Cash – beginning of period	240.3 M	140.3 M	261.7 M	28.7 M
Cash – end of period	149.4 M	147.0 M	149.4 M	147.0 M

Outlook

As at November 14, 2006, the Company had approximately \$140 million in cash and cash equivalents. This will be used to complete certain aspects of the Phase II as well as Phase III of the Star Diamond Property pre-feasibility study and to fund the Company's share of the 2006 exploration program on the FALC-JV Property and the recently announced \$46.2 million 2007 FALC-JV exploration program, of which Shore, through its wholly owned subsidiary, will fund approximately \$27.7 million. The exploration projects on the Star Diamond Property and the FALC-JV Property will be conducted in order to assist in determining both projects' 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 properties 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.

The balance of cash and cash equivalents will be used to fund various other exploration activities, acquisition and exploration of additional diamond properties (as opportunities warrant), and for general corporate matters.

Caution Regarding Forward-looking Information

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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