



**NEWS RELEASE**

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

**January 17, 2008  
Saskatoon, Saskatchewan**

**SHORE APPROVES \$106.8 MILLION BUDGET FOR 2008**

George H. Read, P. Geo., Senior Vice President Exploration and Development, is pleased to announce that a budget of \$106.8 million has been approved for the continued exploration and evaluation of Shore's diamond projects as well as for general working capital purposes. This budget includes exploration project budgets totalling \$98.2 million and capital and general working capital budgets totalling \$8.6 million. Amounts budgeted for the Company's principal three projects are: Star Diamond Project \$7.9 million (100 percent Shore), Fort a la Corne Joint Venture \$86.8 million (of which \$35.3 million will be funded by joint venture partner Newmont Mining Corporation of Canada Limited ("Newmont")) and Buffalo Hills Joint Venture \$3.5 million (representing Shore's 50% cost share). The proceeds of the \$30 million flow-through financing completed in November 2007 combined with Shore's existing cash position (\$51.9 million Q3 2007) ensure that Shore has adequate funds to finance all programs included in the 2008 budget. The details of the work programs defined for each of these projects are described below.

**STAR DIAMOND PROJECT**

The Star Diamond Project has moved from a capital intensive data gathering exercise (underground bulk sampling, core drilling and large diameter drilling) to lower cost, desk-top engineering studies and data analysis, which are scheduled to integrate kimberlite tonnes and diamond data to define a National Instrument 43-101 compliant Mineral Resource within the first quarter of 2008. This resource estimate is scheduled to be upgraded to a NI43-101 Mineral Reserve by the middle of 2008 and upon the successful completion of a prefeasibility study to be followed by a bankable feasibility study, scheduled to be completed by year end. The 2008 budget of \$7.9 million includes all costs up to and including the delivery of the Star bankable feasibility study, in addition to geotechnical drilling (8 holes, 1,250 metres), condemnation drilling (5 holes, 1,200 metres), exploration drilling of the Birchbark kimberlite (4 holes, 1,000 metres) and exploration drilling of geophysical targets (6 holes, 1,500 metres).

**FORT A LA CORNE JOINT VENTURE**

The Management Committee meeting for the Fort a la Corne Joint Venture (FALC-JV) has taken place and Shore and Newmont have reached unanimous agreement on a budget of \$86.8 million for the 2008 exploration programs and this budget will be funded 60 percent by Shore through Kensington Resources Ltd. (the Operator) and 40 percent by Newmont. The technical teams from each of Shore and Newmont have thoroughly examined all available FALC-JV information and as a result, an aggressive work program has been defined that focuses on the Orion Kimberlite Cluster, particularly Orion South where shaft sinking is currently underway from which an underground bulk sample is planned to be collected in 2008. Significant additional work will also be completed on Orion North (120) as a follow up to prospective geology defined by core drilling

and the results returned from the initial five large diameter holes drilled in K120 in 2007. Results to date suggest that K120 is a homogeneous (single lithology) kimberlite with significant depth extension (LDD-120-07-005 intersected kimberlite from 10 to 294 metres below surface). Work is also scheduled for Kimberlites 118, 122 and 150 in what is now referred to as the Taurus Kimberlite Cluster (Kimberlites 150, 118, 152, 218, 154, 155, 122 and 156). The Taurus Kimberlite Cluster is situated slightly north and west of the Orion Cluster and, due to the significant potential accumulation of kimberlites and previous results, is considered to be the next target area of interest within the FALC-JV program lands after Star West and the Orion Cluster. A map showing the location of the Taurus Cluster is available on the Shore website: [www.shoregold.com](http://www.shoregold.com).

### **FALC-JV: Shaft Sinking and Underground Bulk Sampling**

Shaft sinking currently underway on Orion South intersected kimberlite at 102.6 metres below surface on December 29, 2007 and is currently at a current depth of some 130 metres below surface. Shaft sinking is planned to continue to a depth of 210 metres below surface from which it is anticipated that approximately 5,000 tonnes of kimberlite can be recovered. The 2008 budget includes a plan for major bulk sampling of Orion South to recover approximately 22,500 tonnes of EJF1, 22,500 tonnes of EJF2 and 15,750 tonnes of Pense Kimberlite. These kimberlite bulk samples will be batch processed through Shore's DMS plant and the diamond results of these samples will be released as they become available.

### **FALC-JV: Large Diameter Drilling (LDD)**

The 2008 FALC-JV LDD program is scheduled to proceed in two phases: Phase 1 includes 52 holes (11,675 metres) that are scheduled to be drilled between January and August, and Phase 2 which includes 35 holes (8,515 metres) scheduled for drilling between August and December. Phase 1 drilling will focus on Orion South (27 holes, 6,050 metres) and Orion North (11 holes, 2,475 metres) in addition to new targets within the Taurus Kimberlite Cluster where 5 holes totalling 1,125 metres are planned for each of Kimberlites 118, 122 and 150. The Phase 2 LDD program has a total budget of \$14.0 million. The details of the Phase 2 program will be based on results generated in the first six months of 2008. The LDD programs will be completed using two Bauer BG36 rigs that have the capability to drill 1.2 metre diameter holes to a depth of 300 metres below surface and each metre of advance produces some 2.5 to 3 tonnes of kimberlite chips from which macrodiamonds are recovered.

### **FALC-JV: Core Drilling**

The 2008 core drilling (PQ core, 75 millimetre) program aims to recover core from Orion South (16 holes, 4,000 metres) and Star West (5 holes, 1,250 metres) that will be logged in detail and used to refine the geological models of both of these kimberlites.

### **FALC-JV Programs**

In addition to the bulk sampling, LDD and core drilling programs outlined above, the FALC-JV budget includes significant amounts for site administration, site services, safety and security, environmental impact assessments and related costs.

## **BUFFALO HILLS PROJECT**

Shore and Diamondex Resources Ltd. ("Diamondex", the operator) have agreed to spend a total of \$7 million on the continued exploration of the kimberlites situated on the Buffalo Hills Joint Venture in Alberta. Shore is responsible for funding \$3.5 million of the 2008 program, which includes 14,000 metres of PQ (75 millimetre) core drilling on the kimberlites (K91, BH225, K14, K252, K6 and K5) of the central corridor of the Buffalo Hills property. The details of the 2008 budget and program were announced in a Diamondex news release dated December 6, 2007.

Senior Vice President Exploration and Development, George Read, states: "The 2008 budget of \$106.8 million is the largest budget approved by Shore to date. This ambitious budget enables Shore to move the Star Diamond Project from Resource and Reserve definition to full bankable feasibility by year end, with simultaneous underground bulk sampling and LD and core drilling on the FALC-JV. The initial underground bulk sample from Orion South is anticipated as a significant milestone for the FALC-JV. The scheduled exploration of the Taurus Kimberlite Cluster will add a new dimension to the FALC-JV, beyond the Orion Kimberlite Cluster. The drilling program of the Buffalo Hills kimberlites aims to accurately define the internal geology of these kimberlites. We look forward to another year of successful cooperation with our respective JV partners, Newmont and Diamondex, in the evaluation of these highly prospective kimberlite fields."

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:

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