

Shore Gold Inc. Announces First Quarter 2011 Results

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SASKATOON, June 3, 2011 - [Shore Gold Inc.](#) ("Shore" or the "Company") reports that the unaudited results of Shore's operations for the quarter ended March 31, 2011 will be filed today on SEDAR and may be viewed at www.sedar.com once posted. The financial statements for the period ended March 31, 2011 are the Company's first interim condensed consolidated interim financial statements prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. A summary of key financial and operating results for the quarter is as follows:

Highlights

- Announced the completion of an updated valuation of the diamond parcels from the Star and Orion South Kimberlites which showed increases between 28 and 130 percent above March 2008 average prices
- Announced a construction agreement with the Saskatchewan Power Corporation ("SaskPower") to design and construct a 230 kilovolt power line to the Company's Star - Orion South Diamond Project
- Announced information gathering agreements and Memoranda of Understanding with certain Aboriginal groups
- Working capital of \$13.1 million at March 31, 2011
- Issued and outstanding shares of 224,454,242 at March 31, 2011

Overview

During the first quarter of 2011, the Company's main focus was working towards the completion of a final feasibility study on the Star - Orion South Diamond Project ("Final Feasibility Study"). The Star - Orion South Diamond Project is situated in the Fort à la Corne kimberlite field in central Saskatchewan. The Star - Orion South Diamond Project includes the 100 percent Shore owned Star Diamond Project, as well as Star West and the Orion South Kimberlite, which fall within the adjacent Fort à la Corne Joint Venture ("FALC-JV"). Shore has a 66 percent interest in the FALC-JV and Newmont Mining Corporation of Canada Limited ("Newmont") has a 34 percent interest. The Final Feasibility Study will incorporate the updated diamond valuations as announced in March 2011 (See SGF News Release dated March 2, 2011). The average parcel prices from this valuation showed increases between 28 and 130 percent above the March 2008 average prices that were used in the combined pre-feasibility study ("PFS") and Mineral Reserve estimate on the Star - Orion South Diamond Project ("Combined PFS"). The updated valuation will be used in the Final Feasibility Study for resource estimation, pit optimization and associated financial model.

The Company also entered into various agreements to both assist in maintaining the project schedule as contemplated by the timelines of the Combined PFS as well as to ensure the environmental assessment process continues forward. The Company announced that a construction agreement with SaskPower had been entered into to design and construct a 230 kilovolt power line of some 21 kilometres, to the Company's Star - Orion South Diamond Project by mid to late 2013 (See SGF News Release dated March 31, 2011). The agreement ensures SaskPower will have the generation capacity required for the Project's anticipated power requirements. This agreement with SaskPower maintains the Project development schedule proposed by the Combined PFS released last year, which anticipates diamond production in 2016.

An agreement was also reached to gather information on traditional Aboriginal land use and traditional knowledge in the Fort à la Corne forest (See SGF News Release April 21, 2011). The information gathered as a result of this agreement will be incorporated into the Environmental Impact Assessment ("EIA"). This agreement follows similar agreements concluded last year with other Aboriginal parties. Environmental assessment and approval of the open pit mining envisaged for the project is required prior to development. The review by both federal and provincial governments will run concurrently and will include notification to,

and dialogue with, the public as well as consultation with Aboriginal groups. The EIS review process is anticipated to continue throughout 2011 and into 2012. The Company also announced a Memorandum of Understanding ("MOU") with an Aboriginal group (See SGF News Release dated January 19, 2011). This MOU commits the parties to hold discussions pertaining to potential education, training, employment and business opportunities that may result from the potential development of the Star - Orion South Diamond Project.

Year to Date Results

For the quarter ended March 31, 2011, the Company recorded a comprehensive loss of \$0.8 million or \$0.00 per share compared to a comprehensive loss of \$6.5 million or \$0.03 per share for the same period in 2010. The losses during these quarters were due to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments. The comprehensive loss during the quarter ended March 31, 2011 was lower than the same period in 2010 primarily due to lower exploration and evaluation expenditures incurred during the period (\$1.3 million compared to \$3.9 million during the same period in 2010). A \$1.3 million increase to the fair value of investments as well as a \$0.4 million increase to available-for-sale financial instruments compared to a \$0.8 million decrease in the carrying value of Wescan Goldfields Inc. also contributed to the reduced comprehensive loss for March 31, 2011 as compared to the prior period.

Selected financial highlights include:

Consolidated Balance Sheets	As at March 31, 2011	As at Dec 31, 2010
Current assets	\$ 14.5 M	\$ 19.3 M
Capital and other assets	226.5 M	224.7 M
Current liabilities	1.4 M	3.7 M
Long-term liabilities	1.4 M	1.4 M
Shareholders' equity	238.2 M	238.9 M

Consolidated Statements of Loss and Comprehensive Loss	For the Quarter Ended March 31, 2011	For the Quarter Ended March 31, 2010
Interest and other income	\$ - M	\$ - M
Expenses	2.5 M	5.8 M
Loss for the period before other items	(2.5) M	(5.8) M
Change in fair value of investments	1.3 M	0.1 M
Change in available-for-sale financial instruments and equity investments	0.4 M	(0.8) M
Comprehensive loss for the period	(0.8) M	(6.5) M
Comprehensive loss per share (basic and diluted)	0.00	(0.03)

Consolidated Statements of Cash Flows	For the Quarter Ended March 31, 2011	For the Quarter Ended March 31, 2010
Cash flows from operating activities	\$ (5.7) M	\$ (4.1) M
Cash flows from investing activities	4.7 M	6.0 M
Net increase (decrease) in cash	(1.0) M	1.9 M
Cash - beginning of period	2.8 M	2.6 M
Cash - end of period	1.8 M	4.5 M

Outlook

The Company is focused on the completion of a Final Feasibility Study for the Star - Orion South Diamond Project, which is anticipated to be completed in the second quarter of 2011. The rising price for rough

diamonds is being driven by increasing demand and shrinking supply, which may become more pronounced in the future as old mines decline in production and close, and limited new projects are developed to take their place. The potential of future diamond prices to increase at a significant pace over the next several years will benefit the long-term nature of this proposed project and future prospects from the Fort à la Corne area.

As of June 2, 2011, the Company had approximately \$20.8 million in cash and cash equivalents and short-term investments (excluding the \$2.6 million in restricted cash). A portion of the Company's cash and cash equivalents and short-term investments will be used for the completion of the Final Feasibility Study, the continuation of the EIA process, the funding of certain site power design and engineering costs, carrying out on-going administration and environmental rehabilitation of exploration and evaluation properties as well as for general corporate matters. Cash and cash equivalents and short-term investments may also be used to fund various other exploration and evaluation activities, to purchase certain assets or to acquire and explore additional properties as opportunities warrant.

Caution Regarding Forward-looking Statements

This news release contains forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. 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, and, in particular, statements regarding Shore's future operations, future exploration and development activities or other development plans contain forward-looking statements. Forward-looking statements in this news release include, but are not limited to, forecasts related to future diamond supply and demand, and the impact on diamond prices, the use of funds to fund exploration activities, the purchase of assets and the acquisition and exploration of additional properties, the anticipated timing of the environmental impact review process and related project approval, and the proposed development schedule.

These forward-looking statements are based on Shore's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but 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, news releases and technical reports. Shore's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although management considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to Shore, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities law, Shore does not undertake to update any forward-looking statement that may be made.

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