

Shore Gold Inc.: Announces First Quarter 2014 Results

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SASKATOON, May 7, 2014 - [Shore Gold Inc.](#) ("Shore" or the "Company") reports that the unaudited results of Shore's operations for the quarter ended March 31, 2014 will be filed today on SEDAR and may be viewed at www.sedar.com once posted. A summary of key financial and operating results for the quarter is as follows:

Highlights

- Announced the completion of the technical review of the proposed Star - Orion South Diamond Project ("Project") by the Canadian Environmental Assessment Agency ("CEAA" or the "Agency")
- Announced the signing of a Memorandum of Understanding ("MOU") by the Company and James Smith First Nation, Peter Chapman Cree Nation and Chakastaypasin Cree Nation
- Continued to seek opportunities for Project development capital
- Working capital of \$3.4 million at March 31, 2014
- Issued and outstanding shares of 224,739,242 at March 31, 2014

Overview

During the first quarter of 2014, the Company's main focus was work relating to the environmental assessment process for the Project and continuing to seek opportunities for development capital for the Project. The Project is situated in the Fort à la Corne kimberlite field in central Saskatchewan. The 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 68 percent interest in the FALC-JV and Newmont Canada FN Holdings ULC ("Newmont") has a 32 percent interest.

The Company has completed a National Instrument ("NI") 43-101 compliant Technical Report ("Feasibility Technical Report") documenting the Feasibility Study and Mineral Reserve for the Project ("Feasibility Study"), the results of which were announced in July 2011 (See SGF News Release dated July 14, 2011). The Feasibility Study includes a cash flow model Base Case net present value ("NPV") of \$2.1 billion (using a 7 percent discount rate) for an Internal Rate of Return ("IRR") of 16 percent before taxes and royalties and an after-taxes and royalties NPV of \$1.3 billion with an IRR of 14 percent. The full details of the Feasibility Technical Report can be viewed on the Company's website (www.shoregold.com) or on SEDAR (www.sedar.com).

The Company recently announced that the CEAA has completed their technical review of the proposed Project and is in the process of finalizing the Comprehensive Study Report ("CSR"), which will be made available for public review and comment (See SGF News Release dated April 15, 2014). CEAA is the lead agency for the Federal government and Saskatchewan Ministry of Environment ("Ministry") is the lead agency on behalf of the Province, which are jointly conducting the environmental assessment of the proposed Project. The CSR is based on information presented in Shore's Revised Environmental Impact Statement and on supplemental information submitted to the Agency in September 2012, April, June, August and December 2013 and April 2014.

The Agency will invite the public to comment on the potential environmental effects of the Project and the proposed measures to prevent or mitigate those effects as described in the CSR. The preparation of the CSR and public comment period are part of the Federal Comprehensive study type environmental assessment of the Project. The CSR will outline the Agency's conclusions regarding the potential environmental effects of the project, the proposed mitigation measures and the significance of the remaining adverse environmental effects. The CSR will also be made available for public comment, after which the Minister of Environment will take into consideration the CSR and all comments received and will issue the environmental assessment decision statement, stating whether the Project is likely to cause significant environmental effects, and if those effects are justified, accounting for the mitigation measures and follow-up program as presented in the CSR.

The Company also recently announced that a MOU has been signed by the Company and James Smith First Nation, Peter Chapman Cree Nation and Chakastaypasin Cree Nation, collectively referred to as the James Smith Cree Nation ("JSCN") (See SGF News Release dated May 5, 2014). The terms of the MOU provide that the parties will engage in discussions concerning potential education and training, job, business and participation opportunities for members of JSCN. These discussions aim to establish mutually agreeable terms for a participation agreement in anticipation of the proposed Project.

During the quarter the Company also announced an estimate of the Target For Further Exploration ("TFFE", formerly known as "Potential Mineral Deposit") for five partially evaluated kimberlites and the portions of the Star and Orion South Kimberlites which fall outside the Indicated and Inferred Resources previously estimated (See SGF News Release dated March 6, 2014).

Results

For the quarter ended March 31, 2014, the Company recorded a net loss of \$1.0 million or \$0.00 per share compared to a net loss of \$1.5 million or \$0.01 per share for the same period in 2013. The losses during these quarters were due to operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments. Losses during the three months ended March 31, 2014 were lower than the same period in the previous year primarily due to lower exploration and evaluation expenditures incurred. A portion of this decrease was the result of efforts to reduce ongoing site care and maintenance costs.

Selected financial highlights include:

	As at March 31, 2014	As at December 31, 2013
Condensed Consolidated Statements of Financial Position		
Current assets	\$ 3.6 M	\$ 4.6 M
Capital and other assets	2.5 M	2.5 M
Current liabilities	0.2 M	0.4 M
Long-term liabilities	0.9 M	0.9 M
Shareholders' equity	5.0 M	5.8 M
Consolidated Statements of Loss and Comprehensive Loss	For the Quarter Ended March 31, 2014	For the Quarter Ended March 31, 2013
Interest and other income	\$ 0.0 M	\$ 0.0 M
Expenses	1.0 M	1.5 M
Net and comprehensive loss for the period	(1.0) M	(1.5) M
Net loss per share for the period (basic and diluted)	(0.00)	(0.01)
Condensed Consolidated Statements of Cash Flows	For the Quarter Ended March 31, 2014	For the Quarter Ended March 31, 2013
Cash flows from operating activities	\$ (0.7) M	\$ (1.7) M
Cash flows from investing activities	0.3 M	1.0 M
Net decrease in cash	(0.4) M	(0.7) M
Cash - beginning of period	0.8 M	1.7 M
Cash - end of period	0.4 M	1.0 M

Outlook

The Company is proceeding with the completion of the environmental permitting process and continuing to seek opportunities for development capital through participation in the Project by a third party or a syndicate of investors. Measures taken since early 2012 will help enable the Company to conserve its cash position and provide an extended operating window in which Shore can complete the environmental permitting process and continue to seek opportunities for development capital. In addition, Shore aims to undertake additional microdiamond studies on the Orion South Kimberlite with the objective of potentially upgrading

Inferred to Indicated Resources on Orion South. This microdiamond work on Orion South may provide statistically sound models for future calibration of certain other kimberlites not included in the current TFFE estimate, from which TFFE level macrodiamond grade and contained carats may be estimated.

As of May 7, 2014, the Company had approximately \$3.2 million in cash and cash equivalents and short-term investments (excluding \$1.1 million in restricted cash). A portion of the Company's cash and cash equivalents and short-term investments will be used to advance certain aspects of the project, including the EIA and related permitting. The Company continues to evaluate opportunities for development capital.

Diamond prices increased rapidly in 2011, reaching a peak in early August of that year, when the price of rough softened as a result of world financial uncertainties, particularly in Europe. Rough prices rose during the first quarter of 2012 but the world financial situation once again caused the price of rough to decrease during the second and third quarters of 2012. Rough prices have, however, increased since the end of the third quarter of 2012 with overall rough diamond prices at the end of 2012 increasing slightly from rough diamond prices at the end of 2011. Rough prices have been increasing since the beginning of 2014 and presently show a 6 percent year-on-year increase. Current rough prices are estimated to be close to the price used in the 2011 Feasibility Study.

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, statements related to the Feasibility Study; statements relating to mineral resources and/or reserves; statements related to the approval of the development of the Star - Orion South Diamond Project; statements relating to future development of the Star - Orion South Diamond Project and associated timelines; the environmental assessment and permitting process; the Company's intention to seek developmental capital through participation by a third party or syndicate of investors; and the Company's intention to undertake additional microdiamond studies and other exploration and development activities.

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 contractual 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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