

Shore Gold Inc. Announces Second Quarter 2017 Results

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SASKATOON, Aug. 10, 2017 - [Shore Gold Inc.](#) ("Shore" or the "Company") (Stock Symbol: SGF: TSX) reports that the unaudited results of Shore's operations for the quarter ended June 30, 2017 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 consolidation of the Fort à la Corne mineral properties (including the Star - Orion South Diamond Project), resulting in Shore holding a 100% interest with Newmont Canada FN Holdings ULC ("Newmont") increasing its interest to a 19.9% shareholder of the Company;
- Announced the concurrent Option to Joint Venture Agreement with Rio Tinto Exploration Canada Inc. ("RTEC") for the Fort à la Corne mineral properties (including the Star - Orion South Diamond Project);
- Announced the related closing of a subscription by RTEC for 5.6 million Common Shares and 5.6 million Common Share purchase warrants for aggregate gross proceeds of \$1.0 million;
- Working capital of \$1.4 million at June 30, 2017;
- Issued and outstanding shares of 356,365,557 at June 30, 2017

Overview

[Shore Gold Inc.](#) is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. The Company, as a result of the recent mineral property consolidation and earn-in agreement (as discussed below), is now in an enhanced position to advance its 100% held Star - Orion South Diamond Project ("Project"), which is situated in the Fort à la Corne kimberlite field in central Saskatchewan. Indicated Mineral Resources for the Project are 55.4 million carats (see SGF News Release dated November 9, 2015 and Technical Report filed December 21, 2015). In addition to the Indicated Mineral Resource Estimate, the Star and Orion South Kimberlites include Inferred Resources containing 11.5 million carats.

Consolidation of the Fort à la Corne mineral properties and Option to Joint Venture

During the quarter ended June 30, 2017, Shore Gold announced that it has acquired (the "Newmont Acquisition") all of Newmont's participating interest in the Fort à la Corne joint venture (the "FaC JV"), resulting in Shore owning 100% of the Fort à la Corne mineral properties (including the Project), and has concurrently entered into an Option to Joint Venture Agreement (the "Option Agreement") with RTEC pursuant to which the Company has granted RTEC an option to earn up to a 60% interest in the Fort à la Corne mineral properties (including the Project) on the terms and conditions contained in the Option Agreement (see SGF News Release dated June 23, 2017). Immediately after the closing of the Newmont Acquisition and issuance of common shares, Newmont held approximately 19.9% of the common shares issued and outstanding on a non-diluted basis.

Activities relating to the Star - Orion South Diamond Project

During the six months ended June 30, 2017, the Company performed geotechnical investigations, assessments and test work required for an updated feasibility study on the Project. The work completed included: X-ray Transmission ("XRT") recovery of diamonds from Star pyroclastic kimberlite, ore processing data review, diamond parcel characterization, kimberlite particle size analysis and overburden removal investigations (See SGF News Release dated March 6, 2017). These programs investigate the use of new technology for the efficient excavation of the open pit and improvements to the flow-sheet of the diamond processing plant, while simultaneously reducing pre-production capital costs and the time to initial diamond production.

In January 2017, the Company was informed by the Saskatchewan Minister of Environment that additional consultation is required between the government and First Nation and Métis communities for the government to meet its legal obligation with respect to duty to consult and accommodate process (See SGF News Release dated January 26, 2017). Since that time, the government proceeded with a work plan that they

anticipate will enable them to complete this required consultation process during the third quarter of 2017. The Ministry has indicated to Shore that once consultations with potentially impacted First Nation and Métis communities are completed, all pertinent information will be reviewed before a decision is made under The Environmental Assessment Act.

Quarterly Results

For the quarter ended June 30, 2017, the Company recorded net income of \$43.0 million or \$0.14 per share compared to a net loss of \$1.9 million or \$0.01 per share for the same period in 2016. Net income during the quarter ended June 30, 2017 was due to the partial reversal of previously recorded impairments relating to exploration and evaluation assets (\$44.5 million). As a result of the Newmont Acquisition, the Company performed an assessment of the carrying value of exploration and evaluation assets at June 30, 2017. Based on this assessment, the carrying value of exploration and evaluation assets (which includes the Fort à la Corne mineral properties) was determined to be \$66.3 million, resulting in a partial reversal of previously recorded impairments. Exploration and evaluation expenditures incurred during the quarter ended June 30, 2017 were primarily related to work relating to geotechnical investigations and test work for the Project. The loss during the quarter ended June 30, 2016 was due to operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest income earned on cash and cash equivalents and short-term investments.

Year to Date Results

For the six months ended June 30, 2017, the Company recorded net income of \$42.2 million or \$0.14 per share compared to a net loss of \$3.3 million or \$0.01 per share for the same period in 2016. Net income during the quarter ended June 30, 2017 was due to the partial reversal of previously recorded impairments relating to exploration and evaluation assets (\$44.5 million). Exploration and evaluation expenditures incurred during the six months ended June 30, 2017 primarily related to work relating to geotechnical investigations and test work for the Project. The loss during the quarter ended June 30, 2016 was primarily due to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest income earned on cash and cash equivalents and short-term investments.

In connection with the Option Agreement, RTEC subscribed for 5.6 million units, for a gross subscription amount of \$1.0 million, with each unit consisting of one common share and one common share purchase warrant. In addition, options and broker warrants were also exercised during the quarter ended June 30, 2017 for total cash proceeds of \$0.4 million. In connection to the Newmont Acquisition, 53.8 million common shares and 1.1 million common share purchase warrants were issued to Newmont. The Company also agreed that Newmont will receive a contingent payment in the aggregate amount of \$3.2 million if a positive decision is made to develop a mine on the Project. Shore, in its sole discretion (subject to regulatory approvals), may satisfy the contingent payment due to Newmont through a cash payment or the issuance of common shares. The estimated discounted present value of this contingent consideration at June 30, 2017 was determined to be \$0.7 million.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position

	As at June 30, 2017	As Dec 201
Current assets	\$ 3.2 M	\$ 1
Exploration and evaluation, capital and other assets	67.5 M	1.6
Current liabilities	1.8 M	0.3
Premium on flow-through shares	0.1 M	0.2
Long-term liabilities	1.3 M	0.6
Shareholders' equity	67.5 M	2.2

Consolidated Statements of Loss and Comprehensive Loss

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six End 20
Interest and other income	\$ 0.0 M	\$ 0.0 M	\$ 0.0 M	\$
Expenses	1.5 M	2.0 M	2.4 M	3.6
Flow-through premium recognized in income	0.0 M	0.1 M	0.1 M	0.3
Reversal of prior impairments to exploration and evaluation assets	44.5 M	0.0 M	44.5 M	0.0
Net and comprehensive income (loss) for the period	43.0 M	(1.9) M	42.2 M	(3.3)
Net income (loss) per share for the period (basic and diluted)	0.14	(0.01)	0.14	(0.0)

Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30, 2017	Six End 201
Cash flows from operating activities	\$ (0.4) M	\$ (
Cash flows from investing activities	(1.0) M	0.0
Cash flows from financing activities	1.3 M	0.0
Net decrease in cash	(0.1) M	(2.7
Cash – beginning of period	2.8 M	4.0
Cash – end of period	2.7 M	1.3

Outlook

The successful completion of the recently announced consolidation of the Company's Fort à la Corne mineral properties (including the Star - Orion South Project) and the concurrent earn-in arrangement with Rio Tinto Exploration Canada sets the stage for a new phase for the Company. It is the Company's view that Rio Tinto is one of the few companies in the world with the resources and expertise to move forward with a project of the magnitude of the Star - Orion South Diamond Project. The Company is also very pleased to have acquired the remaining portion of the Project from Newmont and having Newmont as a significant

shareholder.

As of August 10, 2017, the Company had approximately \$2.4 million in cash and cash equivalents and short-term investments (excluding \$0.8 million in restricted cash). A portion of the Company's cash and cash equivalents and short-term investments will be used to complete the 2017 programs as well as advance certain aspects of the Project, including the environmental assessment process and assessment and test work programs required for an updated feasibility study, as well as for general corporate matters.

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 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; Shore's objectives for the ensuing year, including the drill and geotechnical programs and the re-optimisation of the open pit, the optimisation of the Feasibility Study and the anticipated positive change in the economic model for the Project.

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.

SOURCE [Shore Gold Inc.](#)

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