NEWS RELEASE **February 10, 2010**
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COMBINED STAR - ORION SOUTH PREFEASIBILITY STUDY NPV OF $1.3 BILLION AND IRR OF 16 PERCENT 279 MILLION TONNE, 35 MILLION CARAT MINERAL RESERVE

George H. Read, P. Geo., Senior Vice President Exploration and Development of Shore Gold Inc. ("Shore"), is very pleased to announce the positive results of the combined Prefeasibility Study ("PFS") on the Star - Orion South Kimberlites, which 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 a la Corne Joint Venture (FALC-JV: 60 percent Shore and 40 percent Newmont Mining Corporation of Canada Limited ("Newmont")). The combined PFS was led by P&E Mining Consultants Inc. ("P&E"), an independent and internationally recognized geological and mining consulting firm. A number of other independent consulting firms also provided their study results to Shore and P&E for use in developing the combined PFS. All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

President and CEO, Kenneth MacNeill, states: "Shore is very pleased with the positive results of the combined PFS. These robust prefeasibility numbers confirm that a world class diamond mine is feasible in central Saskatchewan. Shore Management and Directors acknowledge the extensive and diligent work that has been performed by Shore's technical team and associated consultants to reach this most important milestone in the successful evaluation of the Star and Orion South Kimberlites."

The Combined Star - Orion South PFS Highlights Include:

- Probable Mineral Reserves of 279 million diluted tonnes at a weighted average grade of 12.5 carats per hundred tonnes ("cpht") containing 35 million carats at a weighted average price of $226 per carat (US$192) over the Life of Mine ("LOM");
- Total diamond production of 35 million carats over a 20 year LOM;
- Robust project economics over a 20 year LOM due to proximity to infrastructure (electric power, paved highways, railroads, water and labour) in Saskatchewan;
- A Net Present Value ("NPV") of $1.3 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 $786 million with an IRR of 13.5 percent;
- With a 20 percent increase in diamond prices compared to March 2008, as is currently indicated in the diamond market, the NPV (using a 7 percent discount rate) increases to $2.1 Billion for an IRR of 20 percent before taxes and royalties and the after-taxes and royalties NPV increases to $1.3 billion with an IRR of 17 percent (see discussion below under "Star – Orion South Prefeasibility Study Results");
- Pre-production capital cost of $1.6 billion with a total capital cost of $2.5 billion (including direct and indirect costs) over the LOM and an initial capital cost payback period of 4.6 years. With a current 20 percent increase in diamond prices compared to March 2008, the payback period is reduced to 3.5 years;

- P&E have recommended that Shore advance the Star - Orion South Kimberlites to a Feasibility Study, based on the robust economics indicated in the PFS.

Senior Vice President Exploration and Development, George Read, states: "As anticipated the combined Star – Orion South PFS and Reserve Estimate show that the Star and Orion South Kimberlites can be economically developed as a world class diamond mine. The NI 43-101 compliant Technical Report that summarizes the PFS and mineral reserve estimate will be available on the Shore website www.shoregold.com and SEDAR www.sedar.com within 45 days of this news release."

Star – Orion South Prefeasibility Study Results

The Star - Orion South PFS cash flow model is based on developing two open pits, initially on Star and subsequently on Orion South. The cash flow model assumes one processing plant and infrastructure that will serve both open pits and assumes the project has a four-year pre-production development period followed by a 20 year production period. The model assumes on-site construction would start in Q4-2011 with ore production commencing in 2015 and ceasing in 2035. The financial evaluation in the PFS is done on a 100 percent basis and does not separate the cash flows of the joint venture partners.

Following the price collapse in rough diamonds in October 2008, prices continued to decrease until March 2009. WWW International Diamond Consultants Ltd. ("WWW") calculated that overall prices were at that point some 50 percent lower overall (70 percent in some categories) from the peak in July/August 2008. In response to this dramatic fall in the price of rough, some large diamond companies curtailed production and the Russian producers stockpiled rough. While production at the large mines has recommenced and the Russian producers are once again selling into the market, shortages of rough persist in the market. From April 2009 onwards, prices picked up throughout the year, continuing into the first five weeks of 2010, to a point, in early February 2010, where the WWW rough price index is higher than the August 2008 peak and is some 20 percent higher than March 2008. WWW cautions that these rapidly rising rough diamond prices may not be maintained into the future.

Diamond prices used in this combined PFS are based on valuations by WWW using their March 2008 price book. High scenario modelled prices were also used in the August 2009 reserve estimate for the Star Kimberlite and the September 2009 resource estimate for Orion South. The use of the High modelled prices in this combined Star and Orion South reserve estimate facilitates comparison.

Table 1. Economic criteria utilized in cash flow model

Area	Criterion	Basis Used In Cash Flow Model
Project start date	Assumed date of corporate approval to proceed with project	Q1, 2011
Production parameters	Process plant functional	Q4, 2015
	Projected start of ore production	Q1, 2016
	No. of operating days per year	355 days per year
	Process plant availability	97 percent
	Processing rate	40,000 tpd ore
	Estimated LOM total plant feed	279 Mt ore at a weighted average 12.5 cpht grade
	Diamond recovery	100 percent
Revenue	Source of revenue	Rough diamond sales
	Revenue per tonne of ore processed	$38.09
	Net Revenue per tonne of ore processed	$12.40
	Weighted average diamond price per carat (March 2008 valuation)	$226 (US$192)
	Projected diamond price escalation	2.5 percent diamond price escalation is applied from 2011 to 2020 followed by 1.8 percent from 2021 to 2035

Area	Criterion	Basis Used In Cash Flow Model
	Cost escalation	0 percent
	Exchange rate	$1.00=US$0.85
	Marketing costs	2.2 percent of gross revenue
	Royalties	Assumed basis generally consistent with diamond royalty structures in the Northwest Territories and Ontario, Canada
Operating costs	Mining	$4.87 / tonne processed
	Ore processing	$3.29 / tonne processed
	General and Administration	$1.65 / tonne processed
Capital Costs	Capital over LOM	$8.98 / tonne processed
Marketing	Marketing cost	$0.84 / tonne processed
Royalties	Royalties cost	$1.54 / tonne processed
Closure	Mine closure cost	$0.31 / tonne processed
Taxes	Tax cost	$4.20 / tonne processed

Abbreviations: Mt – Million tonnes; tpd – tonnes per day.

Economic Analysis

The cash flows utilize a 2.5 percent diamond price escalation that is applied from 2011 to 2020 followed by 1.8 percent escalation from 2021 to 2035. Pre-tax and after-tax results of the economic analysis are shown in Table 2 for comparison. The economic analysis assumes that diamond prices will increase at a rate faster than costs due to long-term diamond supply / demand fundamentals.

Table 2. Economic analysis results of discounted cash flow model for base case.

Item	Pre-Tax & Royalty Basis	After-Tax & Royalty Basis
Undiscounted Net Cash Flow	$5,072M	$3,466M
NPV (4%)	$2,371M	$1,553M
NPV (5%)	$1,950M	$1,252M
NPV (6%)	$1,596M	$999M
NPV (7%)	$1,297M	$786M
NPV (8%)	$1,045M	$605M
NPV (9%)	$831M	$452M
NPV (10%)	$649M	$322M
IRR	16%	13.5%
Payback (years)		4.6

Economic risks were assessed using base case cash flow sensitivities to recovered grade, diamond prices, $/US$ exchange rate, capital costs and operating costs. Each of the sensitivity items were independently adjusted up and down by 10 percent, 20 percent and 25 percent to project the impact on the NPV at a 7 percent discount rate. The NPV after each sensitivity item was adjusted by 75 percent, 80 percent, 90 percent, 110 percent, 120 percent and 125 percent of the base are presented in Table 3. The sensitivity analysis shows that a combined Star – Orion South PFS is most sensitive to $/$US exchange rate fluctuations.

Table 3. Sensitivity Analysis Results (pre-tax & royalty basis, NPV at a 7 percent discount rate)

	75%	80%	90%	100%	110%	120%	125%
Recovered Grade (cpht)	$288	$490	$893	$1,297	$1,701	$2,104	$2,306
Diamond Price	$288	$490	$893	$1,297	$1,701	$2,104	$2,306
$/US$ Exchange Rate	$2,426	$2,144	$1,673	$1,297	$989	$733	$620
Capital Costs	$1,708	$1,626	$1,461	$1,297	$1,133	$968	$886
Operating Costs	$1,593	$1,534	$1,416	$1,297	$1,178	$1,060	$1,000

Mineral Reserve Estimate

The Star – Orion South PFS Mineral Reserve Estimate (Table 4) was derived from the Mineral Resource $/tonne block models for both Star and Orion South. Utilizing operating costs for mining, processing, G&A and engineered pit slopes, pit optimizations were undertaken to derive pit shells to be used as guides for final pit design purposes. This sequential pit design includes vehicle access ramps, conveyor ramps and berms. Pit design surfaces were created to determine which mineralization contained within them from the Resource models were to be converted to reserves by $/tonne value cut-off with the inclusion of ore losses and dilution. All reserves estimated for the Star and Orion South Kimberlites are in the Probable category and no additional evaluation is required prior to commencement of mining operations. These Probable reserves are estimated from the Indicated resource category only. An additional 70 million tonnes of inferred resource and 180 to 220 million tonnes of kimberlite in the potential mineral deposit category also lie outside the current PFS pit design, which defines the mineral reserves and resources in the Star and Orion South Kimberlites. The potential mineral deposit is conceptual in nature, is not a resource estimate and it is uncertain if additional exploration work would lead to the kimberlite presently included as potential mineralization being upgraded to any resource category. This potential kimberlite mineral deposit cannot be relied upon when considering any project economics.

Table 4. Mineral Reserve Estimate in the Probable Category for kimberlite units in the Star – Orion South PFS

Kimberlite	Kimberlite Unit	Tonnes (000's)	Carats (000's)	Grade (cpht)
Star	**Cantuar**	14,826	1,124	7.6
	EJF-Inner	86,536	12,476	14.4
	EJF-Outer	40,691	3,971	9.8
	Pense	7,298	1,740	23.8
	MJF	21,132	1,717	8.1
	LJF	352	18	5.1
Star Total		**170,835**	**21,046**	**12.3**
Orion South	**EJF Inner**	62,303	9,609	15.4
	EJF Outer	16,691	1,519	9.1
	Pense Inner	29,641	2,677	9.0
Orion South Total		**108,635**	**13,805**	**12.7**
Combined Star – Orion South Total		**279,470**	**34,851**	**12.5**

Table Notes

1. The Mineral Reserves have a 1 millimetre bottom screen size cut-off.
2. The above Mineral Reserve was defined with a process cost of $3.29/t and G&A cost of $1.65/t resulting in an internal cut-off of $4.94/t.
3. The Cantuar grade for Star (7.6 cpht) is lower in this reserve estimate as compared to the Star PFS, as this estimate considers diluted tonnes which includes a significant volume of nearby waste mined in order to access these Cantuar tonnes.
4. The Pense grade for Star (23.8 cpht) is elevated in this reserve estimate as compared to the Star PFS, as only a high grade portion of the Pense is included in this reserve estimate.

Mining

Comprehensive mining optimization simulations completed by P&E determined that the optimal economic approach to the mining of the combined Star – Orion South reserves, is to commence with three phases over ten years of mining on Star, followed by two phases over eight years of mining on Orion South and finally mining the last phase in the Star open pit for two years, for a total LOM of 20 years.

An In-Pit Crush and Convey ("IPCC") system will be used to pre-strip the overburden and waste rock materials and expose the kimberlite ore in Star and Orion South. Conventional hydraulic excavators and haul trucks will be used to mine the ore and to remove associated overburden and waste rock to an IPCC system. The ore and waste rock will be separately sized in the pit and subsequently conveyed to the processing plant ore stockpile and to the waste management area, respectively. The PFS assumes that the initial overburden pre-stripping work will be done utilizing Shore's work force, with the assistance of earthmoving contractors, using conventional scrapers, excavators, haul trucks and ancillary equipment. Upon completion of the initial pre-strip work, the main pre-strip will be conducted by Shore with hydraulic excavators and the IPCC system.

Processing Plant and Infrastructure

The Star – Orion South PFS assumes that the processing facility will be optimally located near the Star and Orion South pit edges. The facility is designed to treat 40,000 tonnes of kimberlite per day employing autogenous milling as the primary diamond liberation method, followed by dense media separation and x-ray with scavenging grease for final diamond recovery. Extensive ore dressing investigations on drill core and pilot scale testing on underground bulk samples, coupled with detailed computer simulations, show that autogenous milling of the Star and Orion South Kimberlites results in the most efficient and lowest cost diamond liberation, while reducing diamond breakage in the process.

Electrical service will be provided to the site by a 16 kilometre transmission line at 230 kilovolts, connecting to the existing provincial grid to the southeast of the site and crossing the Saskatchewan River. Site road access will be accomplished by utilizing the provincial grid road to the northern boundary of the Fort a la Corne forest, and then upgrading the existing forest roads to accommodate higher traffic flows. Other support facilities include an administration / change house building, warehouse, maintenance shops, fuel storage, water treatment facilities and processed kimberlite containment areas.

Environment, Permitting and Closure

The Environmental Impact Assessment ("EIA") process was initiated in November 2008 by Shore with the submission of a Project Proposal to the Saskatchewan Ministry of Environment ("MoE") and federal agencies for a combined Star-Orion South Project, recognizing the distinct potential of a combined mining and processing project. In response to Shore's Project Proposal, on November 19, 2009 the province, which is leading the review process as part of a cooperative effort involving both the provincial and federal regulators, released Project-Specific Guidelines to outline the requirements of the Environmental Impact Statement ("EIS"), following a period of public review and consultation of draft guidelines. Shore intends to prepare the EIS for submission as soon as practical. The EIS will confirm the Project footprint, identify potential environmental issues, propose mitigative measures and provide an assessment of the Project. The proposed mine layout is estimated to occupy approximately 3,000 to 4,000 hectares, or 2.3 to 3.0 percent of the Fort a la Corne ("FALC") forest, and would, among other impacts, result in changes to several small waterways, require crossing of water courses, require construction and management of overburden and processed kimberlite storage areas and require management of mine water.

In December 2009, the Canadian Environmental Assessment Agency indicated that a comprehensive study level assessment of the EIS would be conducted on behalf of the federal authorities, within the cooperative assessment process being led by Saskatchewan MoE. It is anticipated that the comprehensive study level assessment will involve longer timelines for environmental assessment than would be the case with a less intensive screening process. However, such review is common for diamond projects in Canada and any increased timelines, as well as increased timelines due to the larger Project footprint contemplated for a combined Star - Orion South Project, are accounted for in this PFS.

Shore currently has all necessary licences and permits for present operations. The permits that will be required for the construction and operation of the proposed mine will be applied for following Ministerial approval upon conclusion of the EIA. Additional permits will be required from the federal government, including authorization from the Department of Fisheries and Oceans to allow anticipated changes to fish and fish habitat, permits from Natural Resources Canada for the explosives storage site and authorizations from Environment Canada and Transport Canada.

Progressive reclamation of the overburden and processed kimberlite storage areas will proceed throughout the LOM and is accounted for in the G&A cost. Final site reclamation and closure, including the removal of site facilities, will be performed at the end of the LOM in accordance with Saskatchewan's Reclaimed Industrial Sites Act. The conceptual closure plan is based on a target end land use of self-sustaining forest.

Community Relations

Community Open House meetings conducted by Shore in furtherance of the Star and Orion South projects were successfully launched in February 2009, with local communities showing overwhelming support for the Project. The Open House meetings are part of the Environmental Impact Assessment process under way as a result of the filing of the Project Proposal. A description of community engagement activities will form part of the Environmental Impact Statement which will be submitted to the Saskatchewan Ministry of Environment and federal agencies at the conclusion of the Assessment. Development of a mine will bring substantial economic development to the cities of Prince Albert and Melfort, as well as other communities in the surrounding district. The mine is expected to provide direct employment for some 500 people continuously over its 20 year operating life.

Project Timeline

The PFS assumes the following Project timelines:

- Feasibility Study completion during Q1, 2011;
- Permitting activities to support a Q4, 2011 construction start;
- Processing plant commissioning within 4 years after acquiring the necessary permits to proceed with construction.

Shore commissioned the combined NI 43-101 compliant Mineral Reserve estimate, PFS and related Technical Report for the Star and Orion South Kimberlites and, as such, the PFS and Technical Report are the sole responsibility of Shore. Newmont did not participate in the preparation, supervision or review of the work associated with this exercise and takes no responsibility for the content or information included in the NI 43-101 Technical Report or this press release.

Mr. Fred Brown CPG, PrSciNat, Sr. Geological Associate of P&E Mining Consultants Inc., is the independent Qualified Person who was responsible for the Star and Orion South Kimberlite resource estimates upon which the reserves were developed. Mr. Brown, a Certified Professional Geologist (#11015) with the American Institute of Professional Geologists and a registered Professional Natural Scientist with the South African Council for Natural Scientific Professions (#400008/04), has over 21 years of worldwide experience in mining resource and reserve assessments and related work and has worked on diamond mines in southern Africa for De Beers. His specialties include resource estimation, ore deposit modeling, due diligence reviews, project evaluation, mining geology, geostatistical studies and preparation of NI 43-101 reports. He is regarded as one of the leading authorities in diamond resource evaluation and diamond geostatistics.

P&E Mining Consultants Inc. is an established and internationally recognized geological and mine engineering consulting firm specializing in resource estimates, scoping, prefeasibility studies and participation with other consulting firms on feasibility studies, with over 85 projects undertaken in the last 5 years. P&E has Certificates of Authorization from the Association of Professional Geoscientists of Ontario and Professional Engineers Ontario and the Association of Professional Engineers and Geoscientists of Saskatchewan.

Mr. David Orava, P.Eng. (McGill University), a Senior Associate of P&E Mining Consultants Inc., was responsible for the mine optimization, development and production plans for the Star and Orion South pits. Mr. Orava has over 30 years experience in mine evaluation, planning, development and operation. His specialties include open pit and underground planning and design, mine equipment selection and mine infrastructure. While a Sr. Associate of P&E for the past three years, he has also been the president of Orava Mine Projects, Mr. Orava was previously employed by SENES Consultants, Dennis Netherton Engineering, UMA Engineering, Eagle Mine Contractors, Dynatec Mining and JS Redpath.

Mr. Eugene Puritch, P.Eng. (Haileybury School of Mines, Queen's University), President of P&E Mining Consultants Inc., who supervised the preparation of the Mineral Reserve estimates for the Star and Orion South Kimberlites, has more than 30 years of experience in mine evaluation and resource estimating for some of Canada's largest mining companies. He has undertaken more than 120 resource estimates and mine designs in his career, many of which formed the basis for feasibility studies and subsequent production decisions. Prior to co-founding P&E, Mr. Puritch was regularly under contract to provide his services to Micon International Ltd., Aker Solutions Canada Inc., A.C.A. Howe International Ltd. and Strathcona Mineral Services.

Dr. Wayne Ewert, P.Geo. (PhD, Geology, Carleton University, Ottawa, Canada and B.Sc. University of Waterloo, Canada) a principal of P&E, has over 40 years of worldwide experience in diversified exploration, project evaluation and resource based geological modeling. He has over 18 years of international consulting experience in support of project acquisitions and related financing activities. His experience includes involvement with the evaluation and assessment of diamond projects in Lesotho and South Africa on behalf of A.C.A. Howe International.

P&E consents to the statement of Probable mineral reserves contained herein.

Senior Vice President Exploration and Development, George Read, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, is Shore's 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

This news release contains forward-looking statements as defined by certain securities laws, including the "safe harbour" provisions of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. In particular, statements regarding Shore's future operations, future exploration and development activities or other development plans constitute forward-looking statements.

Forward-looking statements in this press release include, but are not limited to, anticipated diamond price adjustments, the anticipated scope of construction at the proposed Star-Orion South Diamond Project, the

anticipated Project schedule and attendant timelines, assumptions made in the cash flow model, and assumptions made respecting capital and operating costs.

The Project schedule includes an estimated 4 year long pre-production period and a 20 year long mine production phase followed by mine closure. These durations were developed based on currently projected timelines for power distribution line design and construction; equipment and material procurement, deliveries, assembly and commissioning; environmental assessment and review; technical studies including a recommended feasibility study for the Project; permitting and other factors. The assumed dates and timing of milestone events such as the 2015 commencement of ore production, and the 2035 cessation of operations were based on available information, and the time lines between the assumed dates are reasonable based on the envisaged Project. There is a possibility the assumed dates such as the date for corporate approval to proceed with the Project will shift forward into the future for a multitude of reasons including, but not limited to, longer than projected time lines for environmental assessment and public consultation, engineering, procurement, construction and commissioning.

The cash flow model includes estimates of future federal, provincial and local government taxes. Federal and provincial (Saskatchewan) corporate income taxes payable on pre-tax cashflows were estimated based on future tax rates. The values of future property and school taxes were estimated based on the current understanding of the levels of local government taxes paid by similar-scale mines in Saskatchewan. Diamond royalty payments were estimated based on an assumed diamond royalty structure generally consistent with terms and royalty payments of diamond royalty regimes already in place elsewhere in Canada. The Government of Saskatchewan is developing its diamond royalty regime, but the anticipated timing of adopting the supporting legislation is not known. Depending on the details of the Government of Saskatchewan's diamond royalty structure, it has the potential to affect the projected economics of the Project. Additionally, the cash flow model utilizes selected estimated deductions available to the Project from unclaimed costs carried forward for tax purposes (e.g. tax pools) including Canadian exploration expenses and Canadian development expenses.

The estimated capital and operating costs (± 25 percent estimation) were derived from first principles and supported by budget quotations and/or cost information derived from relevant cost databases and/or contractor quotations, and assumptions. The cash flow model excludes capital contingencies.

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. In making the forward-looking statements contained in this news release, Shore has utilized diamond valuations completed in March 2008. Consultant WWW estimates current diamond prices to be 20 percent higher than the March 2008 prices.

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 prices, 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, development, closure, 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. 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 is made herein.

For further information please contact:

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