



**NEWS RELEASE**

**Stock Symbol: SGF: TSX**

**June 21, 2011**

**Saskatoon, Saskatchewan**

**STAR-ORION SOUTH DIAMOND PROJECT:  
SHORE SIGNS MOU FOR NO-COST SITE WASTE  
TIMBER REMOVAL FOR ETHANOL PRODUCTION**

Eric Cline, Vice President Corporate Affairs of Shore Gold Inc. ("Shore" or the "company") is pleased to announce the signing today of a Memorandum of Understanding ("MoU") with Nipawin Biomass Ethanol New Generation Co-operative Ltd. ("Nipawin Biomass"). The MoU envisions non-merchantable waste timber from Shore's potential future mining activities being processed and converted into cellulose-based ethanol at Nipawin Biomass's proposed green fuel facility at Nipawin, Saskatchewan.

Shore is currently undertaking the Environmental Impact Assessment in support of its efforts to obtain environmental approval and necessary permits to construct Saskatchewan's first diamond mine, the Star-Orion South Diamond Project, at a site in the Fort à la Corne forest approximately 60 kilometres east of the City of Prince Albert. An Environmental Impact Statement has been filed with Saskatchewan Environment and federal authorities, and Shore is in the process of producing a Final Feasibility Study. The proposed Diamond Project site would require approximately 4,250 hectares, less than 4 percent of the forest, to be cleared of timber. Clearing costs would normally be part of construction costs. Timber cleared from the site would consist of both merchantable wood suitable for milling, and waste wood commonly referred to as "slash".

Nipawin Biomass and the Saskatchewan Research Council have jointly developed a proprietary conversion technology which will process synthesis gas from waste wood and waste farm fibre, such as flax fibre or straw, into ethanol and other alcohols. Its proposed ethanol plant will require approximately 200,000 oven dried metric tonnes of cellulosic fibre per year, approximately two-thirds of which would come from forest waste product. Shore's available supply would provide a significant volume, but only a fraction of the ethanol plant's needs.

Shore Vice President Corporate Affairs Eric Cline stated: "The MoU commits the parties to working together to achieve a mutually beneficial relationship whereby Shore cuts its costs by having waste timber removed by a third party and made available for ethanol production, and Nipawin Biomass begins to secure a cost-effective supply of cellulose for its potential processing needs. Shore is very pleased that a costly waste could be converted into green energy instead, and is happy to be associated with the efforts of people in northeast Saskatchewan trying to develop new environmentally-friendly technology and promoting economic development in northeast Saskatchewan."

The MoU provides that the parties will work together to achieve cost reduction for Shore, a secure supply of cellulose at the best possible terms for Nipawin Biomass and seek involvement of Aboriginal people or businesses in the clearing, removal and transportation of the slash. Next steps include defining the volume of fibre likely to be available from Shore's activities and time frames of availability, studying market trends and possible pricing levels, and keeping one another informed as to the progress of each project.

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 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. 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, statements related to the amount of clearing required for the Project, the anticipated receipt of environmental approval and construction permits to allow the Project to proceed, the use of the slash by third parties, and the participation of other third parties in the removal and use of the waste timber. 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 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. Unless required by applicable securities legislation, Shore does not undertake to update any forward-looking statement that may be contained herein.

For further information please contact:

Joseph Dickson, Investor Relations Manager at (306) 667-3505 and [www.shoregold.com](http://www.shoregold.com)

- END -