



NEWS RELEASE

Stock Symbol: SGF: TSX

March 25, 2011

Saskatoon, Saskatchewan

SHORE GOLD INC. ANNOUNCES YEAR END RESULTS

Shore Gold Inc. (“Shore” or the “Company”) reports that the audited results of its operations for the year ended December 31, 2010 will be filed today and may be viewed at www.sedar.com once posted. A summary of key financial and operating results for the year are as follows:

Highlights

- Announced a National Instrument (“NI”) 43-101 compliant combined pre-feasibility study and Mineral Reserve estimate on the Star – Orion South Diamond Project of 279 million tonnes at a weighted average grade of 12.5 carats per hundred tonnes containing 35 million carats
- Welcomed the announcement of a diamond royalty system for the Province of Saskatchewan
- Announced the results of a diamond analysis performed on the Star underground bulk sample diamond parcel which indicated that 26 percent of all diamonds exceeding 2.7 carats in size from the Star underground bulk sample are Type IIa diamonds
- Purchased the three percent Net Profits Interest relating to fifteen claims, three of which are directly associated with the Star Kimberlite
- Submitted the Environmental Impact Statement for the Star – Orion South Diamond Project to the Saskatchewan Ministry of Environment and Federal Regulators
- Announced information gathering agreements and Memoranda of Understanding with certain First Nation and Métis communities
- 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 prices
- Incurred expenditures of \$17.9 million advancing the Company’s mineral properties
- Working capital of \$15.6 million at December 31, 2010
- Issued and outstanding shares of 224,454,242 at December 31, 2010

Overview

During 2010, the Company accomplished a series of significant milestones with respect to ultimately bringing Saskatchewan’s first diamond mine into production. 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 (2009 – 63 percent) interest in the FALC-JV and Newmont Mining Corporation of Canada Limited (“Newmont”) has a 34 percent interest (2009 – 37 percent).

The Company’s achievements included the completion of the Star – Orion South Diamond Project pre-feasibility study and Mineral Reserve estimate (“Combined PFS”), the successful negotiation of a diamond royalty system with the Province of Saskatchewan, and the submission of the Environmental Impact Statement (“EIS”) for the Star – Orion South Diamond Project. The Company remains focused on completing a feasibility study on the Star – Orion South Diamond Project (“Final Feasibility Study”) in the first half of 2011, which will incorporate the updated diamond valuations as announced in March 2011. The Company fully expects rough diamond prices to continue to rise in the future, which will continue to improve project economics.

Year to Date Results

For the year ended December 31, 2010, the Company recorded a net loss of \$3.4 million or \$0.02 per share compared to a net loss of \$9.1 million or \$0.04 per share for 2009. These losses were primarily due to the \$1.1 million (2009 – \$0.5 million) fair value of stock-based compensation expensed by the Company, the \$0.7 million (2009 – \$0.1 million) adjustment for the Company's investment in Wescan Goldfields Inc. and the \$0.5 million (2009 – \$6.3 million) write-down of expenditures incurred by the Company on certain of its mineral properties. Also contributing to the losses for 2010 and 2009 were ongoing operating costs incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments.

Total operating costs for the year ended December 31, 2010 were \$6.5 million compared to \$5.9 million for the year ended December 31, 2009. This represents an increase of \$0.6 million, all of which is attributed to the fair value of stock-based compensation that was expensed from the issuance of stock options during 2010 (\$1.1 million) as compared to 2009 (\$0.5 million). After removing the effect of accounting for stock-based compensation, expenses for the year ended December 31, 2010 were consistent with the prior year.

Selected financial highlights include:

	As at December 31, 2010	As at December 31, 2009
Consolidated Balance Sheets		
Current assets	\$ 19.3 M	\$ 40.5 M
Capital and other assets	248.4 M	230.8 M
Current liabilities	3.7 M	2.1 M
Long-term liabilities	1.5 M	1.5 M
Share capital	791.9 M	795.3 M
Contributed surplus	28.2 M	26.6 M
Deficit	557.6 M	554.2 M

	Year Ended December 31, 2010	Year Ended December 31, 2009
Consolidated Statements of Loss		
Interest and other income	\$ 0.2 M	\$ 0.1 M
Operating expenses	6.5 M	5.9 M
Loss before other items	(6.3) M	(5.8) M
Change in fair value of investments	0.6 M	(0.4) M
Investment in Wescan	(0.7) M	(0.1) M
Write-down of mineral properties	(0.5) M	(6.3) M
Future income taxes	3.5 M	3.5 M
Net loss for the period	(3.4) M	(9.1) M
Loss per share (basic and diluted)	(0.02)	(0.04)

	Year Ended December 31, 2010	Year Ended December 31, 2009
Consolidated Statements of Cash Flows		
Cash flows from operating activities	\$ (4.8) M	\$ (4.3) M
Cash flows from investing activities	5.0 M	(41.5) M
Cash flows from financing activities	0.0 M	25.8 M
Net increase (decrease) in cash	0.2 M	(20.0) M
Cash – beginning of period	2.6 M	22.6 M
Cash – end of period	2.8 M	2.6 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 updated valuation will be used in the Final Feasibility Study for resource estimation, pit optimization and associated financial model. 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 very 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 March 23, 2011, the Company had approximately \$15.5 million in cash and cash equivalents and short-term investments (excluding the \$14.3 million in long-term Notes and \$2.3 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 environmental impact assessment ("EIA") process, the funding of certain site power design and engineering costs, carrying out on-going mineral property administration and reclamation 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.

Technical Information

All technical information in this press release has been prepared under the supervision of George Read, Senior Vice-President of Exploration and Development, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, and Shawn Harvey, Geology Manager, Professional Geoscientist in the Province of Saskatchewan, who are the Company's "Qualified Persons" under the definition of NI 43-101.

Caution Regarding Forward-looking Information

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 rising prices of rough diamonds resulting from changes in diamond supply and demand, and their corresponding impact on the project in particular and the Fort a la Corne area in general, statements relating to completion of the Final Feasibility Study, and statements made respecting the use of funds.

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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