



**NEWS RELEASE**

**Stock Symbol: SGF: TSX**

**March 28, 2013**

**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, 2012 will be filed today and may be viewed at [www.sedar.com](http://www.sedar.com) once posted. The financial statements for the year ended December 31, 2012 are the Company’s first annual consolidated financial statements prepared in accordance with International Financial Reporting Standard (“IFRS”) issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. A summary of key financial and operating results for the year is as follows:

***Highlights***

- Submitted Revised Environmental Impact Statement (“Revised EIS”), which describes the potential environmental and socio-economic effects of the Star – Orion South Diamond Project (“Project”), to Provincial and Federal regulators
- Received comments on the Revised EIS from Provincial and Federal regulators
- Prepared and submitted responses for comments and information requests on the Revised EIS that were received from Provincial regulators
- Continues to seek opportunities for development capital through participation in the Project by a third party or a syndicate of investors
- Working capital of \$8.6 million at December 31, 2012
- Issued and outstanding shares of 224,739,242 at December 31, 2012

**Overview**

During 2012, the Company’s main focus was the completion and submission of the Revised EIS for the Project while also continuing to seek opportunities for development capital through participation in the Project by a third party or a syndicate of investors. 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](http://www.shoregold.com)) or on SEDAR ([www.sedar.com](http://www.sedar.com)).

Since the completion of the Feasibility Study, Shore has been actively pursuing various options for the financing of Project development while also working towards obtaining environmental approval and Project permitting. In early 2012 one of these financing options reached an advanced stage of negotiation but was not concluded due to world economic uncertainties. In light of this development, the management and directors of Shore deemed it necessary to make changes to meet corporate priorities. These measures included reductions in Company Directors, Officers and personnel as well as postponement of all arrangements with SaskPower for the design and construction of electrical power supply to the Project (See SGF News Release dated February 29, 2012). All of these measures will enable the Company to conserve its cash position and provide an extended operating window in which Shore can complete the environmental

approval and Project permitting and continue to seek opportunities for development capital through participation in the Project by a third party(s).

The Revised EIS, which describes the potential environmental and socio-economic effects of the Project, was submitted to Provincial and Federal regulators on August 10, 2012 (See SGF News Release dated August 10, 2012). The Revised EIS has generated an additional 56 Federal comments and information requests and 82 (76 original comments and 6 comments received after the News Release of October 30, 2012) Provincial comments and information requests. The Company has prepared and submitted responses for the 82 comments and information requests on the Revised EIS that were received from the Ministry (See SGF News Release dated January 31, 2012). Many of these comments were addressed by Shore personnel using existing information. A limited number of comments required further discussion with and additional work by consultants. Shore personnel are well advanced with the responses to the 56 Federal comments and information requests, but need to complete some new design parameters for site water management before the responses can be submitted to the Federal regulators. Once responses to all Federal comments are finalized, they will be submitted to CEAA. The Revised EIS will be released for public comment by the Ministry when all comments and information requests have been resolved.

### Year to Date Results

For the year ended December 31, 2012, the Company recorded a net loss of \$9.3 million or \$0.04 per share compared to a net loss of \$219.9 million or \$0.98 per share for the same period in 2011. The losses during the year were primarily due to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments. Also contributing to the loss was a \$518 thousand decrease to the carrying value of the Company's investment in Wescan Goldfields Inc. (2011 – \$842 thousand). The losses during 2011 were primarily due to the impairment of certain previously capitalized exploration and evaluation assets (\$208.4 million) as well as ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments.

### Selected financial highlights include:

	As at December 31, 2012	As at December 31, 2011
<b>Consolidated Balance Sheets</b>		
Current assets	\$ 9.0 M	\$ 16.6 M
Capital and other assets	4.1 M	5.9 M
Current liabilities	0.4 M	0.7 M
Long-term liabilities	1.4 M	1.4 M
Shareholders' equity	11.3 M	20.4 M

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>Consolidated Statements of Loss and Comprehensive Loss</b>		
Interest and other income	\$ 0.2 M	\$ 0.2 M
Expenses	9.0 M	12.3 M
Loss for the period before other items	(8.8) M	(12.1) M
Impairment of exploration and evaluation assets	0.0 M	(208.4) M
Change in fair value of investments	0.0 M	1.3 M
Change in available-for-sale financial instruments and equity investments	(0.5) M	(0.7) M
Net loss for the year	(9.3) M	(219.9) M
Other comprehensive income (loss) for the year	0.0 M	(0.2) M
Comprehensive loss for the year	(9.3) M	(220.1) M
Net loss per share for the year (basic and diluted)	(0.04)	(0.98)

<b>Consolidated Statements of Cash Flows</b>	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>
Cash flows from operating activities	\$ (7.3) M	\$ (13.4) M
Cash flows from investing activities	1.8 M	17.7 M
Cash flows from financing activities	0.0 M	0.1 M
Net increase (decrease) in cash	(5.5) M	4.4 M
Cash – beginning of year	7.2 M	2.8 M
Cash – end of year	1.7 M	7.2 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 in early 2012 will 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.

Diamond prices used in the Feasibility Study were based on valuations by the Company's diamond consultants, WWW International Diamond Consultants Ltd. using their February 2011 price book. The details of the February 2011 valuation of the Star and Orion South diamond parcels were published in Shore's News Release dated March 2, 2011. The results of the Feasibility Study show that the economic model is particularly sensitive to diamond prices and the Project's NPV increases rapidly with rising diamond prices, as shown in Table 4 of the Shore July 14, 2011 News Release (See SGF News Release dated July 14, 2011). Diamond prices increased rapidly in 2011, reaching a peak in early August, 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. Current rough prices are slightly above the price used in the Feasibility Study.

As of March 28, 2013, the Company had approximately \$7.4 million in cash and cash equivalents and short-term investments (excluding \$1.8 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.

## **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, who is the Company's "Qualified Person" 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 the Feasibility Study; statements and assumptions made regarding buoyancy in world diamond markets and changes in diamond supply and demand; 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; availability of project financing; and the use of funds to fund the continuation of the EIA process.

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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