



**Stock Symbol: SGF: TSX  
SHORE GOLD INC.**

**October 21, 2015  
Saskatoon, Saskatchewan**

**STAR – ORION SOUTH DIAMOND PROJECT  
DIAMOND PRICES UPDATED FOR REVISED MINERAL RESOURCE ESTIMATE**

George H. Read, P. Geo., Senior Vice President Exploration & Development of Shore Gold Inc. (“Shore” or the “Company”), is pleased to announce the completion of an updated valuation of the diamond parcels from the Star - Orion South Diamond Project (“Project”). These Parcel and Model prices were determined by WWW International Diamond Consultants Limited (“WWW”), an industry leading rough diamond valuation and consulting company. In this current valuation exercise, WWW has applied its June 8, 2015 price book to parcels from Star and Orion South. This updated diamond valuation is required for the Revised Mineral Resource Estimate currently underway for Star and Orion South. All previous Mineral Resource Estimates for both Star and Orion South, including the Mineral Resource used in the July 2011 Feasibility Study (“FS”), have used the diamond prices provided by WWW valued at March 2008 prices. February 2011 diamond prices plus 15 percent were used in the economic model of the July 2011 FS. All price figures are initially expressed in US dollars.

Sampling of Star and Orion South included underground (“UG”) bulk samples (approx. 300 tonne samples) for diamond grade and diamond price estimation and large diameter drill (“LDD”) mini-bulk samples (approx. 30 tonne samples) for diamond grade estimation only. The detailed diamond valuation is conducted on the diamond parcels recovered from the UG bulk sampling and the individual parcels for each of the kimberlite units sampled in the UG are documented in the tables below.

The Parcel and Model price details for each of the kimberlite units in the Star Kimberlite are listed in the table below.

<b>Star Kimberlite Unit</b>	<b>UG Carats</b>	<b>Parcel Price (US\$/carat)</b>	<b>Model Price (US\$/carat)</b>	<b>Minimum Price (US\$/carat)</b>	<b>High Price (US\$/carat)</b>	<b>Parcel Price Percentage Change from March 2008</b>
<b>Cantuar</b>	1,667.60	297	333	272	482	54%
<b>Pense</b>	1,410.11	145	183	144	228	84%
<b>EJF</b>	7,122.40	166	227	189	290	44%
<b>MJF-LJF</b>	91.24	189	195	149	279	125%

The Parcel and Model price details for each of the kimberlite units in the Orion South Kimberlite are listed in the table below.

<b>Orion South Kimberlite Unit</b>	<b>UG Carats</b>	<b>Parcel Price (US\$/carat)</b>	<b>Model Price (US\$/carat)</b>	<b>Minimum Price (US\$/carat)</b>	<b>High Price (US\$/carat)</b>	<b>Parcel Price Percentage Change from March 2008</b>
<b>EJF</b>	1,399.59	128	191	131	267	31%
<b>Pense</b>	581.33	82	161	113	221	44%

The Parcel Prices show increases between 31 and 125 percent above the March 2008 prices. Model Prices ranging between \$161 and \$333 per carat have been determined for the diamond populations of the major

kimberlite units that make up the Star and Orion South Kimberlites. The decline in the value of the Canadian dollar against the US dollar since January 2013 works in favour of Project economics and the increase in Model Prices is even greater in Canadian dollar terms. It is anticipated that the significant diamond price increase from 2008 to 2015 will have a positive effect on the Revised Mineral Resource estimate currently underway for both the Star and Orion South Kimberlites.

The Parcel Price is the price in US dollars per carat at which these valued goods would sell in a diamond trading centre such as Antwerp, Belgium. In an additional study, WWW have provided Shore with detailed Parcel Price values for the period January 2011 to June 2015 to illustrate the variations in rough price, for the individual kimberlite types within Star and Orion South, over this period. Charts of rough price variations are available on the company website: [www.shoregold.com](http://www.shoregold.com). Three types of chart are presented: 1. Variation of the rough price index from January 2005 to June 2015 in both US and Canadian dollars; 2. Variation of Parcel Price for the principal kimberlite units of Star and Orion South from January 2011 to June 2015 in US dollars only; and 3. Variation of Parcel Price for the principal kimberlite units of Star and Orion South from January 2013 to June 2015 in US and Canadian dollars. These charts show that while there are some significant fluctuations in diamond price in the short term, on the time scale of a project (decades), diamond price is anticipated to rise. Previously conducted sensitivity analysis has shown the Project economics are most sensitive to diamond grade (carats per hundred tonnes – “cpht”), diamond price (US\$ per carat) and exchange rate, as diamonds are priced and sold in US dollars and the majority of Project operating costs are in Canadian dollars.

The Model Price is determined using statistical methods to estimate the average value of diamonds that will be recovered from potential future production from the Star and Orion South Kimberlites, based on the valuation of the parcels for each lithology at current diamond prices. The difference between the Parcel Price and the Model Price results from under sampling of the top end (plus 5 carat) of the diamond size frequency distribution by the current bulk sample. The Star Cantuar Model Price of \$333 lies between a “minimum” of \$272 and a “high” of \$482. While the \$272 minimum is a base price below which the Cantuar price is not expected to fall, the \$482 is referred to as a “high” and not a “maximum” as there is a possibility of higher diamond prices rising above this price.

The highest value stones from both Star and Orion South were recovered from large diameter drill (“LDD”) samples and are not included in the determination of the Parcel Prices but are considered in the development of the Model Prices. The increased number of large stones enables more rigorous constraint of the Model Prices. The highest value stones are: Star: 11.96 carat, makeable D/E colour, \$12,500 per carat or a total value of \$149,500 for the stone; Orion South: 10.53 carat, makeable fancy yellow, \$8,000 per carat or a total value of \$84,200 for the stone. The 11.96 carat high value diamond from Star has been confirmed as a Type Ila diamond using Fourier Transform Infra Red (“FTIR”) spectroscopy at the University of Saskatchewan (Saskatoon).

Richard Wake Walker of WWW International Diamond Consultants, who participated in all the valuations, states: “Shore diamonds give a good first impression and are likely to be considered highly desirable by diamond traders and polishers. There are no coated stones at all in the samples, and almost no boart, the lowest industrial category. It is highly encouraging that a Star EJF LDD sample contains an 11.96 carat stone valued by WWW at \$12,500 per carat. The most valuable stone from the Orion South underground bulk sampling is a 15.88 carat makeable stone recovered from the EJF. WWW valued the stone at \$2,950 per carat giving a total value of \$46,800. The stone is classified ‘E’ or ‘D’ in colour, but is quite heavily piqued. It is encouraging that a large, good colour stone was recovered out of a total of only 15 stones greater than five carats (13 from the UG bulk samples and two from the LDD samples).”

Senior Vice President Exploration & Development, George Read, states: “Shore is pleased with these diamond prices, which have increased substantially since the March 2008 prices, which were used in the previous Mineral Resource estimation. These diamond prices will enable Shore to optimize the Star and

Orion South pits to maximize the reported Mineral Resources and the associated positive benefit to Project economics. The highest value stone from Star (11.96 carats, \$12,500 per carat) confirms the presence of these high value goods, which had already been suggested by the coarse diamond Size Frequency Distribution (“SFD”) combined with the presence of a significant population of Type IIa diamonds. The diamond populations from both Star and Orion South EJV Kimberlites and Star Cantuar Kimberlite have unusually coarse SFDs that suggest that large stones (greater than 100 carats) will be recovered from future production. The Project is expected to play a significant role in future diamond production.”

The Project is located in central Saskatchewan some 60 kilometres east of the city of Prince Albert. The Project is in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development. The Technical Report on the Feasibility Study and Updated Mineral Reserve for the Star-Orion South Diamond Project dated July 14, 2011 provided an updated Mineral Reserve estimate for the Star and Orion South kimberlite deposits: Probable Mineral Reserves of 279 million tonnes containing 34.4 million carats of diamonds that can be profitably mined over 20 years. In addition to the Mineral Reserve estimate, the Star and Orion South Kimberlites have been estimated to include Inferred Resources containing 15.7 million carats.

The Project includes a four-year construction period followed by the excavation of two open-pit mines and processing of approximately 45,000 tonnes of kimberlite rock per day over a projected 20-year period. Shore’s plans for decommissioning include progressive reclamation activities beginning within five years from the start of construction and will continue beyond the operations phase of the Project.

In March 2014 an estimate was made of the Target for Further Exploration (“TFFE”, formerly known as “Potential Mineral Deposit”) for five partially evaluated kimberlites and the portions of the Star and Orion South Kimberlites, which fall outside the Indicated and Inferred Resources previously estimated at the time of the FS in July 2011. The TFFE for these seven Fort à la Corne Kimberlites is estimated to include between 983 million and 1.17 billion tonnes of kimberlite containing between 52 and 90 million carats of diamonds. The TFFE is conceptual in nature and is not a Mineral Resource and it is uncertain whether further exploration work will result in the TFFE being delineated as a Mineral Resource.

All technical information in this news 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 Mark Shimell, Project Manager, Professional Geoscientist in the Province of Saskatchewan, who are the Company’s “Qualified Persons” under the definition of NI 43-101.

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 and TFFE**

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. By their nature, statements referring to mineral reserves, mineral resources or TFFE constitute forward-looking statements.

Forward-looking statements in this press release include, but are not limited to statements with respect to the anticipated completion of a Revised Mineral Resources Estimate; pricing information; the anticipated upgrade of Inferred to Indicated Resources; the anticipated improvement in the Mineral Resource estimate; the re-optimization of the Star and Orion South open pits; the inference that large stones will be recovered; TFFE; the range of quantity, range of grade and range of carats for the TFFE; the Mineral Resource and Mineral Reserves estimates for the Star and OS Kimberlite deposits; Inferred Resources for the Star and OS Kimberlite deposits; the aim of Shore to undertake additional studies and the potential upgrading of the feasibility study; profitability of the Project; the life of the Project; the construction period for the Project; and the kimberlite processing per day for the Project.

The TFFE was calculated using macrodiamond results from LDD holes existing in March 2014 and incorporates the average LDD grade adjustment factors used in previous evaluations of the Star and Orion South Kimberlites. The TFFE calculation procedures were found to reproduce the existing Star and Orion South Resource models to well within the variance envelope of the underlying data sets and the errors inherent in the estimation procedures employed.

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 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.

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