



NEWS RELEASE

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Saskatoon, Saskatchewan

**STAR DIAMOND PROJECT
POSITIVE PRE-FEASIBILITY STUDY
171 MILLION TONNE, 20 MILLION CARAT MINERAL RESERVE**

George H. Read, P. Geo., Senior Vice President Exploration and Development, is very pleased to announce the positive results of the Pre-Feasibility Study (“PFS”) on the Star Kimberlite, which includes the 100 percent Shore Gold Inc. (“Shore”) owned Star Diamond Project and Star West, which is that portion of the Star Kimberlite that falls 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 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 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 Star PFS. These prefeasibility numbers confirm the potential for a world class diamond mine in east central Saskatchewan and provide every reason to move this Project to the Feasibility Stage. 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 Diamond Project.”

The Star Diamond Project PFS Highlights Include:

- Probable Mineral Reserves of 171 million tonnes at a weighted average grade of 12 carats per hundred tonnes (“cph”) containing 20 million carats at a weighted average price of \$265 per carat (US\$225);
- Total diamond production of 20 million carats over a 12 year total mine life;
- Robust project economics over a 12 year mine life due to proximity to infrastructure (hydroelectric power, paved highways, water and labour);
- A pre-tax base case Net Present Value (“NPV”) of \$474 million (using a 7 percent discount rate) for an Internal Rate of Return (“IRR”) of 12 percent and an after-tax NPV of \$291 million with an IRR of 10 percent;
- Pre-production capital cost of \$1,487 million with a total capital cost of \$1,646 million (including direct and indirect costs) over the life of the mine and an initial capital payback period of 5.2 years;
- P&E recommendation that Shore advance the Star Diamond Project to a Feasibility Study based on the positive PFS.

Senior Vice President Exploration and Development, George Read, states: “The Star PFS and Reserve Estimate show that Star can be economically developed as a stand-alone diamond mine. The determination of a resource estimate on the neighbouring Orion South Kimberlite within the FALC-JV is currently underway. A resource estimate on Orion South has the potential to significantly augment the economics

documented in this Star PFS. 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 Diamond Project Prefeasibility Study Results

The Star Diamond Project PFS cash flow model is based on developing the Star open pit, processing plant and infrastructure as a stand-alone project and assumes the Project has a 4 year long pre-production development period followed by a 12 year production period. The model assumes on-site construction would start in Q4-2010 with ore production commencing in mid-2014 and ending in mid-2026. 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.

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	March 31, 2010
Production parameters	Projected start of ore production	Q2 -2014
	No. of operating days per year	360 days per year
	Process plant availability	97 percent
	Processing rate	40,000 tpd ore
	Estimated LOM total plant feed	170.8 Mt ore at average 11.7 cpht
	Diamond recovery	100 percent
Revenue	Ore processing rate / plant capacity	14.2 Mtpa ore / 14.6 Mtpa ore
	Instantaneous process rate	2,000 tph / 17.5 Mtpa
	Source of revenue	Rough diamond sales
	Weighted average diamond price per carat	\$265 (US\$225)
	Projected diamond price escalation	1 percent price increase per year commencing in year 2010
	Cost escalation	0 percent
	Exchange rate	\$1.00=US\$0.85
	Payable	100 percent
	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 (\$/tonne processed)	Open pit mining	\$6.29 / tonne processed
	Ore processing	\$3.29 / tonne processed
	General and Administration	\$1.65 / tonne processed
	Marketing	\$0.76 / tonne processed
	Taxes and royalties	\$3.51 / tonne processed
	Closure cost	\$0.38 / tonne processed
	Total	\$15.88 / tonne processed
Capital costs	Pre-production capital	\$7.72 / tonne processed
	Mine EPCM & indirect costs	\$0.25 /tonne processed
	Plant EPCM & indirect costs	\$0.76 / tonne processed
	Sustaining capital	\$0.98 / tonne processed
	Total	\$9.71 / tonne processed

Abbreviations: LOM – Life of Mine; Mt - Mega-tonnes; Mtpa - Mega-tonnes per annum; tph - tonnes per hour; tpd – tonnes per day; EPCM – Engineering Procurement Construction Management.

Economic Analysis

The cash flows utilize a 1 percent annual compound diamond price escalation rate starting in year 2010. Pre-tax and after-tax results based on 1 percent annual diamond price escalation are shown in Table 2 for comparison. Shore anticipates 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 Basis	After-Tax Basis
Total LOM Gross Revenue	\$5,912M	\$5,912M
Undiscounted Cumulative Cash Flow	\$2,003M	\$1,540M
NPV (4%)	\$957M	\$687M
NPV (5%)	\$774M	\$537M
NPV (6%)	\$614M	\$406M
NPV (7%)	\$474M	\$291M
NPV (8%)	\$352M	\$191M
NPV (9%)	\$245M	\$103M
NPV (10%)	\$152M	\$26M
IRR	12.0%	10.4%
Payback (years)		5.2

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 of the Project 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 the Star Diamond Project is most sensitive to \$/US\$ exchange rate fluctuations.

Table 3. Sensitivity Analysis Results (after-tax basis, NPV (7 percent))

	75%	80%	90%	100%	110%	120%	125%
Recovered Grade (cpht)	\$(187)M	\$(85)M	\$107M	\$291M	\$471M	\$649M	\$737M
Diamond Price	\$(187)M	\$(85)M	\$107M	\$291M	\$471M	\$649M	\$737M
\$/US\$ Exchange rate	\$849M	\$711M	\$479M	\$291M	\$134M	\$(2)M	\$(60)M
CAPEX	\$545M	\$495M	\$393M	\$291M	\$187M	\$82M	\$30M
OPEX	\$468M	\$433M	\$363M	\$291M	\$219M	\$146M	\$110M

Abbreviations: CAPEX – Capital Expenditure; OPEX – Operating Expenditure.

Mineral Reserve Estimate

The Star Diamond Project Mineral Reserve Estimate (Table 4) was derived from the Mineral Resource \$/tonne block model. Utilizing operating costs for mining, processing and G&A and engineered pit slopes, a pit optimization was undertaken to derive a pit shell for design purposes. This five phase pit design includes vehicle access ramps, conveyor ramps and berms. The pit design surface is used to determine which mineralization contained within it from the Resource model is to be converted to reserves by \$/tonne value cut-off and the inclusion of appropriate ore losses and dilution. All reserves estimated for the Star Kimberlite are in the Probable category and no additional evaluation is required prior to mining. These Probable reserves are estimated from the Indicated resource category only. The pit design includes the mining of

approximately 26 million tonnes of kimberlite in the Inferred resource category containing some 3 million carats; however, the financial model does not recognize any revenue associated with the recovery of these additional carats as insufficient exploration work was carried out to move these into the reserve category. An additional 60 to 70 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 Kimberlite. 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 within the Star Diamond Project

Kimberlite Unit	Tonnes (000's)	Carats (000's)	Grade (cpht)
Cantuar	13,485	1,663	12
EJF-Inner	91,383	13,237	14
EJF-Outer	35,534	2,995	8
Pense	8,498	1,217	14
MJF	20,932	950	5
LJF	1,006	34	3
Total	170,838	20,096	12

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 a cut-off of \$4.94/t which is equivalent to 1.86 cpht.

Mining

An In-Pit Crush and Convey system will be used to pre-strip the waste materials and expose the kimberlite ore. Conventional hydraulic excavators and haul trucks will be used to mine the ore and to remove associated overburden and waste rock. The ore and waste rock will be separately sized in the pit and then 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 an earthmoving contractor(s), using conventional scrapers, excavators, haul trucks and ancillary equipment.

Processing Plant and Infrastructure

The Star Diamond Project PFS assumes that the processing facility will be located 1.2 kilometres north of the Star pit edge. 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 Kimberlite will result in efficient and low 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 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.

The total direct capital costs for the process plant and infrastructure are estimated at \$612.7 million, while indirect costs, including engineering, procurement and construction management, freight, commissioning, vendor support, first fills and owner's costs are estimated at \$188.4 million. An additional \$178 million is estimated for contingency at 22.2% of direct and indirect costs.

Environment, Permitting and Closure

The Environmental Impact Assessment (EIA) process was initiated in November 2008 by Shore with the submission of a Project Proposal (now referred to as an initial environmental evaluation) to the Saskatchewan Ministry of Environment (MoE) and Federal agencies for a combined Star-Orion South Diamond Project (the "Project") recognizing the distinct potential of a combined mining and processing project. In response to Shore's Project Proposal, the province, in conjunction with the Federal government, developed draft project specific guidelines to outline the requirements of the EIA. These draft guidelines were released for comment on July 11, 2009. Shore intends to prepare the Environmental Impact statement (EIS) for submission as soon as practical. The EIS will confirm the Project footprint, will identify potential environmental issues, propose mitigative measures and provide an assessment of the Project. The proposed mine layout is estimated to disturb approximately 3,000 to 4,000 hectares, or 2.3 to 3.0 percent of the 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.

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. The submissions for these applications are expected to generally take up to 90 days for review and approval. 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.

Site reclamation and closure, including the removal of site facilities, will be performed at the end of the life of mine 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 Diamond Project 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 at the conclusion of the Assessment. Development of a mine will bring substantial economic development to the cities of Prince Albert, Melfort and other communities in the surrounding district. The mine is expected to provide direct employment for some 500 people annually over its 12 year operating life.

Project Timeline

The PFS assumes the following Project timelines:

- Feasibility Study completion by the end of February 2010;
- A production decision by March 31, 2010;

- Permitting activities to support a 2010 construction start;
- Processing plant commissioning within four years after construction permit approvals.

Shore commissioned the PFS, NI 43-101 compliant Mineral Reserve estimate and related Technical Report for the Star and Star West properties 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, of P&E is the independent Qualified Person who was responsible for the Star Kimberlite resource estimate 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, pre-feasibility studies and participation with other consulting firms on feasibility studies, with over 70 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. Eugene Puritch, P.Eng. (Haileybury School of Mines, Queen's University), a principal of P&E Mining Consultants Inc., who supervised the preparation of the Mineral Reserve estimate for the Star Kimberlite, has more than 30 years 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 the Ontario Securities Act 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 containing forward-looking statements.

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 and although diamond prices have since dropped by 10 to 15 percent, changes in the Canadian \$/US \$ exchange rate have improved by approximately 15 percent, thereby supporting the use of the March, 2008 high diamond price valuation. 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 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. 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.

The Project schedule includes an estimated 4 year long pre-production period and a 12 year long mine production phase followed by mine closure. These durations were developed based on currently projected time lines 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 date for corporate approval to proceed with the Project, the mid-2014 commencement of ore production, and the mid-2026 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 originally projected time lines for environmental assessment and public consultation, and 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 substantively enacted as March 31, 2009. The value 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 in the Northwest Territories and Ontario, Canada. The Government of Saskatchewan is developing its diamond royalty regime and may issue it for public review later this year but this may occur later than anticipated. 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, both the base case and modified base case cashflows utilize 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 (\pm 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 base case excludes capital contingencies. The modified base case includes a \$178 million plant and infrastructure contingency but no mine contingency in consideration of the envisaged mining methodology and identified opportunities for improvement, including potential IPCC operation improvements and reduced overburden stripping costs and utilizing ore stockpiling to enable the plant to process at its 14.6 Mtpa ore capacity instead of processing 14.2 Mtpa ore as currently proposed. In concept, a plant feed rate of 14.6 Mtpa ore could reduce the operating life of the mine by about 0.3 years and reduce the total estimated cost of duration-dependent cost components, such as General and Administration costs, over the operating mine life.

The results of the PFS presented in this Technical Report are based on developing the Star Diamond Project ("Project") as a standalone project and do not assess the potential economic viability of the Orion South deposit.

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.

For further information please contact:

Joseph Dickson, Investor Relations Manager at (306) 667-3505 and www.shoregold.com

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