



**NEWS RELEASE**

**Stock Symbol: SGF: TSX**

**February 29, 2012**

**Saskatoon, Saskatchewan**

**COMPANY UPDATE AND STAR - ORION SOUTH DIAMOND PROJECT STATUS**

George H. Read, P. Geo., Senior Vice President Exploration and Development of Shore Gold Inc. ("Shore" or the "Company") announces that since the completion of the Feasibility Study ("FS") Technical Report on the Star - Orion South Diamond Project (the "Project") in late August 2011 (SGF News Release August 26, 2011), Shore has actively pursued various options for the financing of Project development. Recently, one of these options reached an advanced stage of negotiation but was not concluded due to current world economic uncertainties. In light of this development, the management and directors of Shore deem it necessary to make changes to staff and leadership to meet current corporate priorities. This will enable the completion of Project environmental approval while continuing the pursuit of development finance. These measures are detailed below.

**Reduction in Company Officers**

Effective today, Harvey J. Bay will step down as Chief Operating Officer ("COO") of Shore, and will not continue to be employed full-time at Shore as principal under a management services agreement. Mr. Bay will remain a member of the Company's board of directors and will remain the Chief Financial Officer for Shore. Duane D. DeRosier will complete duties as Vice President Administration and Eric Cline will resign as Vice President Corporate Affairs, both changes effective March 31, 2012. For the time being, the positions of COO, Vice President Administration and Vice President Corporate Affairs will not form part of Shore's management team.

**Reduction in Company Personnel**

Other Company personnel will be reduced by seven, effective immediately, leaving a total staff complement of 15 people, with the major reduction occurring in the technical group. This reduced staff is considered the minimum to continue the business of the Company, namely: completing environmental approval and Project permitting, continuing the pursuit of development finance and the care and maintenance, and safety and security, of the Project site.

**Reduction in Board of Directors**

As a cost saving measure, the board of directors has been reduced from eight to five members with the resignations of Messrs. Rothwell, McCallum and Stanley. In early March, a board meeting will be held to redistribute board responsibilities amongst those remaining.

**Postponement of SaskPower Agreement**

In order to avoid incurring capital costs prematurely, all arrangements with Saskatchewan's electrical power provider, SaskPower, for the design and construction of electrical power supply to the Project site will be postponed until financing is secured and a production decision is made.

All of these measures will enable the Company to conserve its present 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 or a syndicate of investors.

President and CEO, Kenneth MacNeill, states: “Shore management and directors acknowledge the extensive and diligent work that has been performed by Shore’s technical team in the successful evaluation of the Star and Orion South Kimberlites. The retiring directors: Messrs. Rothwell, McCallum and Stanley, are gratefully thanked for their service to the Company and for all that has been achieved during their terms in office. In addition, the service provided by Messrs. Bay, DeRosier and Cline over a number of years, is gratefully acknowledged. We wish all of them success in their future endeavours.”

### **Completion of the EIA and Project Permitting**

The Environmental Impact Assessment ("EIA") process has been ongoing since the filing of the Environmental Impact Statement ("EIS") in December, 2010, and has proceeded to the point where, currently, Shore is preparing responses to technical comments received from provincial and federal regulators. Shore's responses will be included in a supplemental filing over the coming weeks. Once filed, it is anticipated that the contents of the EIS will be made available by government for public review and comment.

Senior Vice President Exploration and Development, George Read, states: “The positive FS shows that the Star and Orion South Kimberlites can be economically developed as a world class diamond mine. We are convinced that the Project is an essential part of the world’s future rough diamond supply and we will continue our efforts to source and assess financing options. In the interim, it is important for Shore to safeguard its assets, conserve cash and complete the EIA and permitting process.”

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 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, assumptions that environmental approval will be attained, assumptions that financing will be secured, assumptions that the Star-Orion South Diamond Project economics will be positive as indicated in the Feasibility Study, and assumptions made respecting diamond price increases resulting from long-term supply/demand fundamentals.

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.

For further information please contact:

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