



NEWS RELEASE

Stock Symbol: SGF: TSX

August 13, 2012

Saskatoon, Saskatchewan

SHORE GOLD INC. ANNOUNCES SECOND QUARTER RESULTS

Shore Gold Inc. (“Shore” or the “Company”) reports that the unaudited results of Shore’s operations for the quarter ended June 30, 2012 will be filed today on SEDAR and may be viewed at www.sedar.com once posted. A summary of key financial and operating results for the quarter is as follows:

Overview

During the second quarter of 2012, the Company’s main focus was working on the preparation of the Revised Environmental Impact Statement (“EIS”) for the Star – Orion South Diamond Project (“Project”) and continuing to seek opportunities for development capital through participation in the Project by a third party or a syndicate of investors. 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 67 percent interest in the FALC-JV and Newmont Canada FN Holdings ULC (“Newmont”) has a 33 percent interest. Shore is presently focused on the completion of all federal and provincial requirements for Project approval and subsequent permitting while pursuing development capital.

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 Star – Orion South Diamond 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 cash flow model of the Feasibility Study is based on Probable Mineral Reserves of 279 million diluted tonnes of kimberlite at a weighted average grade of 12.3 carats per hundred tonnes (“cpht”) containing 34.4 million carats at a weighted average price of US\$242 per carat. The full details of the Feasibility Technical Report can be viewed on the Company’s website (www.shoregold.com) or on SEDAR (www.sedar.com).

The Environmental Impact Assessment (“EIA”) process for the Star – Orion South Diamond Project has been on-going since the Project Proposal was filed in November 2008. 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 original Draft EIS, submitted to the regulators in December 2010, was based on the Star – Orion South Diamond Project Pre-Feasibility Study, which was published in March 2010. This Draft EIS generated 319 review comments and information requests from Federal and Provincial agencies, and 483 review comments and information requests from Aboriginal groups. The Revised EIS is based on the Feasibility Study of the Star – Orion South Diamond Project, published August 2011, and incorporates responses to all the review comments and information requests. The Revised EIS includes comprehensive Traditional Land Use information generated as a consequence of Information Gathering Agreements signed with nine Aboriginal groups with an expressed interest in the Project.. Shore and AMEC Environment and Infrastructure (“AMEC”) have jointly prepared the Revised EIS.

Quarterly Results

For the quarter ended June 30, 2012, the Company recorded a net loss of \$2.2 million or \$0.01 per share compared to a net loss of \$4.0 million or \$0.02 per share for the same period in 2011. The losses during these quarters were due to operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest revenue earned on cash and cash equivalents and short-term investments. The loss during the quarter ended June 30, 2012 was lower than the same period in 2011 primarily due to lower share-based payment costs as well as lower costs as a result of the reductions to the Company's directors, officers and personnel that took place earlier in the year (See SGF News Release dated February 29, 2012).

Year to Date Results

For the six months ended June 30, 2012, the Company recorded a net loss of \$6.0 million or \$0.03 per share compared to a net loss of \$5.3 million or \$0.02 per share for the same period in 2011. The losses 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. The sale of certain investments for \$1.3 million over the carrying value reduced the Company's net loss for the six months ended June 30, 2011.

Selected financial highlights include:

Consolidated Statement of Financial Position	As at June 30, 2012	As at December 31, 2011
Current assets	\$ 21.4 M	\$ 19.3 M
Capital and other assets	215.3 M	224.7 M
Current liabilities	0.8 M	3.7 M
Long-term liabilities	1.4 M	1.4 M
Shareholders' equity	234.5 M	238.9 M

Consolidated Statements of Loss and Comprehensive Loss	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Interest and other income	\$ 0.1 M	\$ 0.1 M	\$ 0.1 M	\$ 0.1 M
Expenses	2.0 M	4.1 M	5.7 M	6.7 M
Loss for the period before other items	(1.9) M	(4.0) M	(5.6) M	(6.6) M
Investment in Wescan Goldfields Inc.	(0.3) M	- M	(0.4) M	- M
Change in fair value of investments	- M	- M	- M	1.3 M
Net loss for the period	(2.2) M	(4.0) M	(6.0) M	(5.3) M
Other comprehensive loss	- M	(0.8) M	- M	(0.4) M
Comprehensive loss for the period	(2.2) M	(4.8) M	(6.0) M	(5.7) M
Net loss per share for the period (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.02)
Comprehensive loss per share for the period (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.03)

Consolidated Statements of Cash Flows	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Cash flows from operating activities	\$ (4.8) M	\$ (8.7) M
Cash flows from investing activities	(1.4) M	7.3 M
Net increase (decrease) in cash	(6.2) M	(1.4) M
Cash – beginning of period	7.2 M	2.8 M
Cash – end of period	1.0 M	1.4 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 earlier in the year 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 has once again caused the price of rough to decrease and current rough prices are now slightly below the price used in the Feasibility Study.

As of August 10, 2012, the Company had approximately \$11.0 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 and is optimistic these will allow construction to commence in the future.

Caution Regarding Forward-looking Statements

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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