



NEWS RELEASE
Stock Symbol: SGF: TSX

March 27, 2012
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, 2011 will be filed today and may be viewed at www.sedar.com once posted. The financial statements for the year ended December 31, 2011 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

- Announced the completion of the National Instrument ("NI") 43-101 compliant Technical Report documenting the Feasibility Study and updated Mineral Reserve for the Star – Orion South Diamond Project ("Feasibility Study"), which 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
- Announced the completion of an updated valuation of diamond parcels from the Star and Orion South Kimberlites with parcel price increases of 31 to 46 percent since February 2011
- Announced Information Gathering Agreements and Memoranda of Understanding with certain Aboriginal groups
- Working capital of \$15.9 million at December 31, 2011
- Issued and outstanding shares of 224,709,242 at December 31, 2011

Overview

During 2011, the Company completed the Feasibility Study, the results of which were announced on July 14, 2011. 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.

The Feasibility Study includes a cash flow model Base Case NPV of \$2.1 billion (using a 7 percent discount rate) for an 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 (See SGF News Release dated July 14, 2011). The Feasibility Technical Report can be viewed on the Company's website (www.shoregold.com) or on SEDAR (www.sedar.com).

Since the completion of the Feasibility Study, Shore has been actively pursuing 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 deemed it necessary to make changes to staff and leadership to meet current corporate priorities. These measures will enable the completion of Project environmental approval while continuing the pursuit of development finance. These measures include 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 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.

Year to Date Results

For the year ended December 31, 2011, the Company recorded a net loss of \$219.9 million or \$0.98 per share compared to a net loss of \$26.0 million or \$0.12 per share for the same period in 2010. The loss during 2011 was 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. The sale of certain investments for \$1.3 million over the carrying value (compared to a \$0.6 million increase in fair value recognized in 2010) reduced the Company's net loss for 2011. The losses in 2010 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 decline in the Company's share price during the year resulted in the Company's market capitalization being substantially less than the carrying value of the Company's net assets. Due to the existence of this indicator of impairment, the Company was required to assess the exploration and evaluation assets for impairment by comparing the carrying value of these assets to estimated discounted future cash flows. Due to the uncertainty surrounding project financing, the Company was unable to determine a reliable weighted average cost of capital to perform this assessment. As a result, the Company wrote down the carrying value of the Fort à la Corne properties to nil at December 31, 2011.

Selected financial highlights include:

Consolidated Balance Sheets	As at December 31, 2011	As at December 31, 2010
Current assets	\$ 16.6 M	\$ 19.3 M
Capital and other assets	5.9 M	224.7 M
Current liabilities	0.7 M	3.7 M
Long-term liabilities	1.4 M	1.4 M
Shareholders' equity	20.4 M	238.9 M

Consolidated Statements of Loss and Comprehensive Loss	Year Ended December 31, 2011	Year Ended December 31, 2010
Interest and other income	\$ 0.2 M	\$ 0.2 M
Expenses	12.3 M	25.9 M
Loss for the period before other items	(12.1) M	(25.7) M
Impairment of exploration and evaluation assets	(208.4) M	0.0 M
Change in fair value of investments	1.3 M	0.6 M
Change in available-for-sale financial instruments and equity investments	(0.7) M	(0.9) M
Net loss for the year	(219.9) M	(26.0) M
Other comprehensive income (loss) for the year	(0.2) M	0.2 M
Comprehensive loss for the year	(220.1) M	(25.8) M
Net loss per share for the year (basic and diluted)	(0.98)	(0.12)

Consolidated Statements of Cash Flows	Year Ended December 31, 2011	Year Ended December 31, 2010
Cash flows from operating activities	\$ (13.4) M	\$ (21.2) M
Cash flows from investing activities	17.7 M	21.3 M
Cash flows from financing activities	0.1 M	0.0 M
Net increase in cash	4.4 M	0.1 M
Cash – beginning of year	2.8 M	2.7 M
Cash – end of year	7.2 M	2.8 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. Recent measures will enable the Company to conserve its present 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.

As of March 26, 2012, the Company had approximately \$13.9 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 the project. This includes the continuation of the EIA process, carrying out on-going administration and environmental rehabilitation of exploration and evaluation properties as well as for general corporate and project financing matters.

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, and Shawn Harvey, Geology Manager, Professional Geoscientist in the Province of Saskatchewan, who are the Company's "Qualified Persons" 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 production from and mining of the Star - Orion South Diamond Project and associated timelines; the use of funds to fund the continuation of the EIA process and project financing.

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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