



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

**March 27, 2009  
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, 2008 will be filed today and may be viewed at [www.sedar.com](http://www.sedar.com) once posted. A summary of key financial and operating results for the year are as follows:

### ***Highlights***

- Announced a National Instrument (“NI”) 43-101 compliant Mineral Resource estimate for the explored portion of the Star Kimberlite in June 2008 as well as an updated NI 43-101 Mineral Resource estimate in February 2009 which includes Indicated Resources of 152 million tonnes of kimberlite at a diamond grade of 13.5 carats per hundred tonnes (“cpht”) and Inferred Resources of 26 million tonnes at a grade of 11.7 cpht
- Submitted a project proposal for a joint Star-Orion South Diamond Project to the Saskatchewan Ministry of Environment
- Announced an updated geological model for the Orion South Kimberlite, which significantly increases the tonnage of Early Joli Fou (“EJF”) Kimberlite, the EJF being the target lithology for diamonds in Orion South
- Announced seven sets of diamond results from the underground bulk sampling program on Orion South, with total diamond recoveries announced to date of 1,816.33 carats from 20,510.75 dry tonnes processed
- Completed FALC-JV large diameter (“LD”) drilling in late January 2009 and terminated underground bulk sampling of Orion South in February 2009
- Incurred expenditures of \$38.4 million on the Company’s share of the Fort à la Corne Joint Venture (“FALC-JV”) exploration program, \$7.9 million on the Star Diamond Project advanced exploration program and pre-feasibility study and \$3.0 million on other properties, which included the Buffalo Hills Joint Venture
- Announced the project budgets for 2009, consisting of \$2.5 million for the Star Diamond Project and \$10.5 million for the FALC-JV
- Had working capital of \$23.6 million at December 31, 2008
- Had issued and outstanding shares of 199,904,242 at December 31, 2008

### **Overview**

#### ***Star Diamond Project***

The Company continues with the Star Diamond Project pre-feasibility study. This primarily involves desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and CIM standards. The Company recently announced an updated NI 43-101 compliant Mineral Resource estimate for the explored portion of the Star Kimberlite (See SGF News Release February 27, 2009), which supersedes the previously published Mineral

Resource estimate (See SGF News Release June 9, 2008). The updated Mineral Resource estimate increases the indicated tonnage and contained carats for the Star Kimberlite by 23 percent when compared to the initial Mineral Resource estimate published in June 2008. The updated Mineral Resource estimate includes Indicated Resources of 152 million tonnes (previously 123 million tonnes) at a grade of 13.5 carats per hundred tonnes (previously 13.6 cph) and Inferred Resources of 26 million tonnes (previously 30.3 million tonnes) at a grade of 11.7 cph (previously 13.1 cph). This updated Mineral Resource estimate includes the diamond results of eight additional large diameter drill holes: five holes on the Company's Star Property and three holes on Star West (the portion of the Star Kimberlite within the FALC-JV), totaling 1,368 metres of drilling with 306 metres in kimberlite. This updated Mineral Resource estimate also incorporates additional diamonds recovered from concentrate and tailings audits as well as the geology's influence on the diamond distribution within the Star Kimberlite. The updated Mineral Resource estimate has been prepared by an independent Qualified Person ("QP") from P&E Mining Consultants Inc. ("P&E").

In addition to the Mineral Resource estimate determined by P&E, a further 60 to 70 million tonnes of the Star Kimberlite is designated a 'potential mineral deposit', as detailed core logging, whole rock geochemistry, geophysical and density measurements confirm the geological continuity from the Inferred Resource into this part of the kimberlite, which is contained within the 276 million tonnes originally defined in the geological model for the Star Kimberlite (Shore News Release Oct 17, 2006). The 60 to 70 million tonne potential mineral deposit is conceptual in nature and is not a resource estimate. It is uncertain if additional exploration work would lead to the kimberlite presently included in the potential mineral deposit being upgraded to a resource category.

During the fourth quarter of 2008, a project proposal for a joint Star-Orion South Diamond Project was submitted to the Environmental Assessment Branch of the Saskatchewan Ministry of Environment, in addition to various Federal agencies (See SGF News Release November 3, 2008). This project proposal is the first step in the Environmental Impact Assessment ("EIA") process. The EIA process initiates discussion about the implications of the project with regulators and the public. The project proposal contains a detailed project description of the Star-Orion South Diamond Project, which includes an open pit on the Star Kimberlite, a potential second open pit at Orion South, a common processing plant and associated infrastructure.

Community engagement activities will form part of the Environmental Impact Statement which will be submitted to the Saskatchewan Minister of the Environment at the conclusion of the Assessment. Community Open House meetings conducted by Shore in furtherance of the Star-Orion South Project Proposal were successfully launched in February 2009 (See SGF News Release February 11, 2009), with local communities showing overwhelming support for the Project.

The shift in focus from data gathering to data interpretation has allowed Shore's 2009 budget on the Star Diamond Project of \$2.5 million (See SGF News Release January 6, 2009) to be significantly reduced from past budgets. This budget enables Shore to focus on the completion of the pre-feasibility study and the delivery of an NI 43-101 compliant Reserve estimate for the Star Diamond Project during 2009. Shore anticipates the

delivery of a final feasibility study on the Star Diamond Project by the end of the first quarter of 2010.

### ***FALC-JV Exploration Programs***

During 2008, the major activities on the FALC-JV were focused on Orion South. The Company announced an updated geological model for the Orion South Kimberlite, which forms the southern part of the Orion Kimberlite Cluster within the FALC-JV (See SGF News Release October 21, 2008). This updated model has resulted in a significant tonnage increase for the Early Joli Fou (“EJF”) Kimberlite, the EJF being the target lithology for diamonds in Orion South. This update was the result of the integration of 2008 core drilling data into the Orion South geological model. While the total estimated tonnage has decreased to between 333 and 375 million tonnes (previously estimated to be between 360 and 400 million tonnes), the EJF tonnage estimate has increased to between 210 and 234 million tonnes (previously estimated to be between 176 and 196 million tonnes).

Underground bulk sampling of Orion South began in the second quarter of 2008, after the shaft reached its targeted depth. To date, the Company has announced seven sets of diamond results from the underground bulk sampling program. Total diamond recoveries announced to date are 1,816.33 carats from 20,510.75 dry tonnes processed.

The majority of tonnage reported thus far was derived from the Pense Kimberlite and was required to be sampled in order to access the target EJF Kimberlite located to the south and north of the shaft. Included in these results was a 45.95 carat diamond, which is a fragment of a larger stone, and is the largest diamond recovered from the Orion Cluster to date. The occurrence of the 45.95 carat stone within the Pense Kimberlite confirms the prospects of coarser grained parts of this kimberlite lithology and the large stone potential of Orion South. Underground bulk sampling of Orion South terminated in February 2009. It is anticipated that the majority of the remaining underground samples to be processed and reported will be derived from the EJF Kimberlite. Thus far, the Company has recovered from the targeted EJF Kimberlite 925.52 carats from 5,479.79 tonnes, for an average of 16.9 cpht.

In addition to the underground bulk sampling program on Orion South, LD drilling was undertaken on Orion South, Orion North, Taurus and Star West. The Taurus Kimberlite Cluster lies to the west of the Orion Cluster and includes eight coalescing kimberlites that result in over six kilometres of contiguous kimberlite (See SGF News Release February 25, 2008). Diamond concentrate samples have been dispatched by Shore, and processing and auditing is nearing completion. Current LD drilling programs of the FALC-JV were completed in January 2009. The completion of the LD drilling program in the FALC-JV is a major milestone in the evaluation of these large diamondiferous kimberlites. While the numerous kimberlites within the FALC-JV will require additional LD drilling further into the future, it is the present focus to evaluate the Star and Orion South Kimberlites to the point where a production decision can be made.

The diamond parcel recovered from the underground and LD sampling of Orion South will provide grade and price estimates for use in an NI 43-101 Mineral Resource estimate of the Orion South Kimberlite. Shore believes a preliminary Mineral Resource estimate from the data collected thus far can be determined for Orion South during 2009.

## ***Buffalo Hills***

Shore's share of 2008 expenditures on Buffalo Hills was \$2.8 million, \$0.7 million below budget, primarily due to a lower than budgeted level of drilling work performed during the year. In 2008, a drill program on the Buffalo Hills central corridor resulted in the completion of 41 PQ sized drill holes (6,818 metres versus total budget of 14,000 metres) on three kimberlite bodies (K14, K252 and K6). Contractor unavailability in the winter and difficult access conditions in the summer did not permit the completion of the planned 2008 program. Logging of drill core from this program resulted in the development of a preliminary three dimensional model for the K14 kimberlite. Processing of bulk sample material from K6 and K14 that was collected by the former operator was also completed in 2008. A total of 27.416 carats from 368.89 tonnes was recovered from both K6 and K14 material to give average grades of 7.0 cpht and 8.1 cpht respectively. However, further bulk sampling will need to be undertaken to gain a truly representative sample now that a geological model has been established for the K14 Kimberlite. The development of geological models for the K6 and K252 kimberlite bodies is underway.

## **Year to Date Results**

For the year ended December 31, 2008, the Company recorded a net loss of \$458.0 million or \$2.48 per share compared to net income of \$7.5 million, or \$0.04 per share for 2007. The loss during 2008 was primarily due to the write-down of certain previously capitalized mineral property expenditures (\$561.1 million), as well as the fair value of stock-based compensation that was expensed during the year (\$2.7 million) and a further \$2.9 million impairment in fair value of third-party asset-backed commercial paper ("ABCP") held by the Company that was recorded in the year. This was offset by future income tax recoveries related to this write-down. Net income of \$7.5 million during 2007 was due to a \$16.0 million future income tax recovery resulting primarily from the federal government substantively enacting a decrease in corporate income tax rates. This 2007 tax recovery was offset by the fair value of stock-based compensation expensed (\$5.2 million) and a \$2.0 million impairment in the fair value of ABCP held by the Company.

**Selected financial highlights include:**

<b>Consolidated Balance Sheets</b>	<b>As at December 31, 2008</b>	<b>As at December 31, 2007</b>
Current assets	\$ 35.4 M	\$ 75.0 M
Capital and other assets	231.6 M	744.1 M
Current liabilities	11.8 M	10.1 M
Future income tax and other long-term liabilities	1.6 M	105.2 M
Share capital	772.8 M	768.3 M
Contributed surplus	25.9 M	22.6 M
Deficit	545.1 M	87.1 M

<b>Consolidated Statements of Income (Loss)</b>	<b>Year Ended December 31, 2008</b>	<b>Year Ended December 31, 2007</b>
Interest and other income	\$ 1.6 M	\$ 4.2 M
Operating expenses	7.1 M	10.4 M
Loss for the period before other items	(5.5) M	(6.2) M
Write-down of mineral properties	(561.1) M	- M
Impairment in fair value of ABCP	(2.9) M	(2.0) M
Other loss	(0.5) M	(0.3) M
Income tax	112.0 M	16.0 M
Net income (loss) for the period	(458.0) M	7.5 M
Income (loss) per share (basic and diluted)	(2.48)	0.04

<b>Consolidated Statements of Cash Flows</b>	<b>Year Ended December 31, 2008</b>	<b>Year Ended December 31, 2007</b>
Cash flows from operating activities	\$ (2.9) M	\$ (0.1) M
Cash flows from investing activities	(18.5) M	(64.6) M
Cash flows from financing activities	12.2 M	30.6 M
Net decrease in cash	(9.2)M	(34.1)M
Cash – beginning of period	31.8 M	65.9 M
Cash – end of period	22.6 M	31.8 M

**Outlook**

As of March 19, 2009, the Company had approximately \$20.0 million in cash and cash equivalents and short-term investments. These funds will be used to complete the Star Diamond Project pre-feasibility study, to fund the planned FALC-JV and the Buffalo Hills Joint Venture exploration programs and for general corporate matters. Cash and cash equivalents and short-term investments may also be used to fund various other exploration activities as well as acquisition and exploration of additional properties as opportunities warrant.

The Company continues with the Star Diamond Project pre-feasibility study. This primarily entails desk-top engineering studies and data analysis to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and CIM standards. The Company's intent is to have an NI 43-101 compliant Reserve estimate for the Star Diamond Project completed during 2009. Shore anticipates the delivery of a final feasibility study for the Star Diamond Project by the end of the first quarter of 2010. The FALC-JV has similar objectives; however, based on the stage of current exploration programs on the Orion Cluster, a Mineral Resource estimate is not anticipated for any of the FALC-JV's diamondiferous kimberlites until late in 2009. It is the present focus to evaluate the Star and Orion South Kimberlites to the point where a production decision can be made.

## **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***

From time to time, Shore makes written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Securities legislation in Canada and the United States Private Securities Litigation Reform Act of 1995. Shore may make such statements in press releases, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to Shore's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar nature are intended to identify forward-looking statements. In particular, statements regarding Shore's future operations, future exploration and development activities or the anticipated results of Shore's advanced evaluation study or other development plans contain forward-looking statements.

All forward-looking statements and information are based on Shore's current beliefs as well as assumptions made by and information currently available to Shore concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are 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 partner; 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 and short form prospectus, and Shore's anticipation of and success in managing the foregoing risks.

Shore cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Shore, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, Shore does not undertake to update any written forward-looking statements that may be made from time to time by Shore or on our behalf.

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