



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

**March 2, 2011
Saskatoon, Saskatchewan**

**STAR – ORION SOUTH DIAMOND PROJECT
INCREASED ROUGH DIAMOND PRICES
HIGHEST VALUE STONE IDENTIFIED: \$15,000 PER CARAT, 11.96 CARATS**

George H. Read, P. Geo., Senior Vice President Exploration & Development, is pleased to announce the completion of an updated valuation of the diamond parcels from the Star and Orion South Kimberlites. This valuation will be used in the Final Feasibility Study for resource estimation, pit optimization and associated financial model. These parcel and modeled prices were determined by WWW International Diamond Consultants Limited (“WWW”), an industry leading rough diamond valuation and consulting company. In this current valuation exercise WWW has applied its February 1, 2011 price book to parcels from Star and Orion South. All price figures are expressed in US dollars.

This detailed valuation of all Star and Orion South diamonds has identified the highest value stone recovered to date, in a parcel of diamonds recovered from a large diameter drill (LDD) hole in the Early Joli Fou (EJF) unit of the Star Kimberlite. This 11.96 carat stone was valued on the basis that it is E colour and has a price of \$15,000 per carat (stone value: \$179,325). WWW assumes that it will produce a polished stone of over 4 carats. This high value diamond has been confirmed as a Type IIa diamond using Fourier Transform Infra Red (FTIR) spectroscopy at the University of Saskatchewan (Saskatoon). LDD diamond parcels were specifically recovered for grade estimation; however, all LDD diamonds greater than 2 carats were included in this valuation exercise to obtain more information on the value of the larger stones. These LDD stones are not included in the Parcel Price but are used in the development of the Model Prices. The increased number of large stones enables more rigorous constraint of the Model Prices.

The Parcel and Model price details for each of the kimberlite units in the Star Kimberlite are listed in the table below.

Star Kimberlite Unit	Carats	Parcel Price (\$/carat)	Model Price (\$/carat)	Minimum Price (\$/carat)	High Price (\$/carat)	Parcel Price Percentage Increase from March 2008
Cantuar	1,667.96	287	355	281	499	49
Pense	1,410.47	133	175	131	224	68
EJF	7,124.74	162	225	176	296	42
MJF-LJF	91.28	193	198	106	290	130

The Parcel and Model price details for each of the kimberlite units in the Orion South Kimberlite are listed in the table below.

Orion South Kimberlite Unit	Carats	Parcel Price (\$/carat)	Model Price (\$/carat)	Minimum Price (\$/carat)	High Price (\$/carat)	Parcel Price Percentage Increase from March 2008
EJF	1,400.01	149	192	149	258	52
Pense	581.47	73	129	94	177	28

Two high value stones were identified among the Orion South LDD parcels from the EJF: a 10.53 carat stone with a price of \$6,000 per carat and a stone value of \$63,150 and a 4.26 carat stone with a price of \$3,900 per carat and a stone value of \$16,600. As is the case with Star, these Orion South LDD stones are not included in the Parcel Price but are used in the development of the Model Prices.

The Parcel Prices show increases between 28 and 130 percent above the March 2008 prices. Modeled prices ranging between US\$129 and US\$355 per carat have been determined for the diamond populations of the major kimberlite units that make up the Star and Orion South Kimberlites. These updated modeled diamond prices will have a significant positive effect on the future economics of the Star – Orion South Diamond Project. The effect of increased diamond prices on Project economics is twofold: increased diamond prices enable recalculation of the Star and Orion South open pits resulting in a probable increase in mineral reserves as well as an immediate positive effect of increased diamond revenues in the financial model, which is very sensitive to diamond prices.

The Parcel Price is the price in US dollars per carat at which these valued goods would currently sell in a diamond trading centre such as Antwerp, Belgium. The following table documents the evolution of the Parcel Price for the individual kimberlite units of Star and Orion South from the March 2008 prices which were used for the Mineral Reserve estimate and the PFS.

Star Kimberlite Units	Mar 2008 (\$/carat)	Apr 2010 (\$/carat)	Feb 2011 (\$/carat)	Percentage Increase Mar 2008 to Feb 2011
Cantuar	193	229	287	49
Pense	79	92	133	68
EJF	115	136	162	42
MJF/LJF	84	97	193	130
Orion South Kimberlite Units				
EJF	98	114	149	52
Pense	57	63	73	28

The Model Price is determined using statistical methods to estimate the average value of diamonds that will be recovered from potential future production from the Star and Orion South Kimberlites, based on the valuation of the parcels for each lithology at current diamond prices. The difference between the Parcel Price and the Model Price results from under sampling of the top end (plus 5 carat) of the diamond size frequency distribution by the current bulk sample. The Star Cantuar Model Price of \$355 lies between a “minimum” of \$281 and a “high” of \$499. While the \$281 minimum is a base price below which the Cantuar price is not expected to fall, the \$499 is referred to as a “high” and not a “maximum” as there is a possibility of rising above this high price.

Richard Wake Walker of WWW International Diamond Consultants, who participated in all the valuations, states: “One of the EJF LDD samples contains a high quality 11.96 carat stone that WWW has valued at \$15,000 per carat. In addition, another EJF LDD sample contains a 10.05 carat makeable stone valued at \$3,200 per carat. These two samples confirm that large high value stones are present at least in the EJF portion of the resource. The Cantuar unit has a particularly coarse size frequency distribution (SFD) with 6 percent of the carats recovered and valued being greater than 10 carats per stone. This is a major contributor to the high average price. The EJF unit also has a high incidence of large stones with over 3 percent being greater than 10 carats per stone which is well above the world average. There is very little boart (the lowest classification of diamond) in the samples and the vast majority of the stones are suitable for manufacture into polished.”

Senior Vice President Exploration & Development, George Read, states: “Shore is very pleased with these strong diamond prices, which will enable the recalculation of the Star - Orion South Diamond Project

Mineral Reserve for use in the Final Feasibility Study. The current high diamond prices enable Shore to optimize the Star and Orion South pits to maximize the reported Mineral Reserves with the associated positive benefit to Project economics. The current valuation exercise has moved the anticipated delivery date of the Final Feasibility from the end of Q1 2011 to sometime during Q2 2011. The highest value stone from Star (11.96 carats, \$15,000 per carat) confirms the presence of these high value goods, which had already been suggested by the coarse diamond SFD combined with the presence of a significant population of Type IIa diamonds. The diamond populations from both Star and Orion South EJF Kimberlites and Star Cantuar Kimberlite have unusually coarse SFDs that suggest that large stones (greater than 100 carats) will be recovered from future production. The current high and rising price of rough is driven by increasing demand and shrinking supply, which may become more pronounced in the future as old mines decline in production and close and limited new projects are developed to take their place. The Star – Orion South Diamond Project is expected to play a significant role in future diamond production.”

Senior Vice President Exploration & 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 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. 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, statements related to the impact of rising modeled and parcel diamond prices on Project economics, pit optimization and mineral reserves; statements made regarding the presence of Type IIa diamonds, large stones and the associated coarse size frequency distribution of diamonds in the Project; statements and assumptions made regarding buoyancy in world diamond markets and changes in diamond supply and demand; and statements relating to future production from and mining of the Star-Orion South Diamond Project and associated timelines.

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 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, 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 required by applicable securities legislation, Shore does not undertake to update any forward-looking statement that may be contained herein.

For further information please contact:

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

- END -