



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

**July 28, 2011**  
**Saskatoon, Saskatchewan**

**STAR – ORION SOUTH DIAMOND PROJECT**  
**UPDATED ROUGH DIAMOND PRICES:**  
**31 TO 46 PERCENT INCREASES SINCE FEBRUARY 2011**

George H. Read, P. Geo., Senior Vice President Exploration & Development of Shore Gold Inc. (“Shore”) is pleased to announce the completion of an updated valuation of the diamond parcels from the Star and Orion South Kimberlites. This valuation confirms the significant rough diamond price increases recently reported in the News Release highlighting the results of the combined Feasibility Study (“FS”) on the Star-Orion South Diamond Project (“the Project”)(Shore News Release July 14, 2011). These Parcel and Model 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 July 18, 2011 price book to parcels from Star and Orion South. All price figures are expressed in US dollars.

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

<b>Star Kimberlite Unit</b>	<b>Carats</b>	<b>Parcel Price (\$/carat)</b>	<b>Model Price (\$/carat)</b>	<b>Minimum Price (\$/carat)</b>	<b>High Price (\$/carat)</b>	<b>Parcel Price Percentage Increase from February, 2011</b>
<b>Cantuar</b>	1,667.96	376	456	347	651	31
<b>Pense</b>	1,410.47	185	237	181	298	39
<b>EJF</b>	7,124.74	218	293	230	382	34
<b>MJF-LJF</b>	91.28	256	263	142	388	33

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

<b>Orion South Kimberlite Unit</b>	<b>Carats</b>	<b>Parcel Price (\$/carat)</b>	<b>Model Price (\$/carat)</b>	<b>Minimum Price (\$/carat)</b>	<b>High Price (\$/carat)</b>	<b>Parcel Price Percentage Increase from February, 2011</b>
<b>EJF</b>	1,400.01	204	249	194	332	37
<b>Pense</b>	581.47	106	172	130	228	46

The price of the highest value stone, the 11.96 carat Type IIa recovered from a large diameter drill (LDD) hole in the Early Joli Fou (EJF) unit of the Star Kimberlite, has increased from \$15,000 per carat (February 2011) to \$18,000 per carat, with a total stone value of \$215,190. The 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.

Two high value stones were identified among the Orion South LDD parcels from the EJF: a 10.53 carat stone with a price of \$7,900 per carat (February 2011: \$6,000 per carat) and a stone value of \$83,148 and a 4.26 carat stone with a price of \$4,900 per carat (February 2011: \$3,900 per carat) and a stone value of \$20,800. 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 31 and 46 percent above the February, 2011 prices. Model Prices ranging between US\$172 and US\$456 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 Model Prices will have a significant positive effect on the future economics of the Star – Orion South Diamond Project.

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 Prefeasibility Study of February 2010.

<b>Star Kimberlite Units</b>	<b>Mar 2008 (\$/carat)</b>	<b>Apr 2010 (\$/carat)</b>	<b>Feb 2011 (\$/carat)</b>	<b>Jul 2011 (\$/carat)</b>	<b>Percentage Increase Mar 2008 to Jul 2011</b>
Cantuar	193	229	287	376	95
Pense	79	92	133	185	134
EJF	115	136	162	218	90
MJF/LJF	84	97	193	256	205
<b>Orion South Kimberlite Units</b>					
EJF	98	114	149	204	108
Pense	57	63	73	106	86

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 \$456 lies between a “minimum” of \$347 and a “high” of \$651. While the \$347 minimum is a base price below which the Cantuar price is not expected to fall, the \$651 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: “While rough diamond prices have risen consistently since the March 2009 low following the world financial crisis, there has been a dramatic price increase of some 50 percent in the first six months of 2011. Rough prices have continued to rise into July and the De Beers July 2011 sight is reported to have the largest value on record. It would seem unlikely, however, that the same rate of increase can be maintained for the rest of this year, although prices have continued to rise throughout July. 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: “The continued significant increase in rough diamond prices will have a major positive effect on the economics of the Star – Orion South Diamond Project. The recently announced results of the FS show that the economic model is particularly sensitive to diamond prices and the Project Net Present Value increases rapidly with rising diamond price, as shown in Table 4 of the Shore July 14, 2011 News Release. The diamond populations from both Star and Orion South EJF Kimberlites and Star Cantuar Kimberlite have unusually coarse SFDs, suggesting 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 a limited number of 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 rising Parcel and Model diamond prices and their impact on Project economics, pit optimization and mineral reserves; the incidence of large stones and the associated coarse size frequency distribution of diamonds in the Project; statements and assumptions made regarding world diamond markets and diamond supply and demand; and statements relating to future production from and mining of the Star-Orion South Diamond Project.

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, changes in dates for corporate approval due to, inter alia, longer than projected time lines for environmental assessment, public consultation, engineering, procurement, construction and commissioning, the availability of project financing 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.

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