



NEWS RELEASE

Stock Symbol: SGF: TSX

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Saskatoon, Saskatchewan

SHORE GOLD INC. ANNOUNCES FIRST QUARTER RESULTS

Shore Gold Inc. (“Shore” or the “Company”) reports that the unaudited results of Shore’s operations for the quarter ended March 31, 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 first quarter of 2012, the Company’s main focus was working on the preparation of the final EIS for the Star – Orion South Diamond 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 aggressively 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).

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 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.

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 EIS, which describes the potential environmental and socio-economic effects of the Project, was submitted to provincial and federal regulators in December 2010. Shore and AMEC Environment and Infrastructure ("AMEC") are jointly working on the preparation of the final EIS by including responses to information requests and technical comments received from provincial and federal regulators and Aboriginal groups (See SGF News Release dated April 11, 2012).

Year to Date Results

For the quarter ended March 31, 2012, the Company recorded a net loss of \$3.8 million or \$0.02 per share compared to a net loss of \$1.2 million or \$0.01 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 March 31, 2012 was higher than the same period in 2011 primarily due to costs associated with the recently announced reduction in the Company's officers and personnel. The net loss for the first quarter of 2011 contained a \$1.3 million increase to the fair value of investments which contributed to the reduced net loss as compared to the current period.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position	As at March 31, 2012	As at Dec 31, 2011
Current assets	\$ 14.4 M	\$ 16.6 M
Capital and other assets	4.8 M	5.9 M
Current liabilities	1.1 M	0.7 M
Long-term liabilities	1.4 M	1.4 M
Shareholders' equity	16.7 M	20.4 M

Condensed Consolidated Statements of Loss and Comprehensive Loss	For the Quarter Ended March 31, 2012	For the Quarter Ended March 31, 2011
Interest and other income	\$ - M	\$ - M
Expenses	3.7 M	2.5 M
Loss for the period before other items	(3.7) M	(2.5) M
Investment in Wescan Goldfields Inc.	(0.1) M	- M
Change in fair value of investments	- M	1.3 M
Net loss for the period	(3.8) M	(1.2) M
Other comprehensive income	- M	0.4 M
Comprehensive loss for the period	(3.8) M	(0.8) M
Net loss per share for the period (basic and diluted)	(0.02)	(0.01)
Comprehensive loss per share for the period (basic and diluted)	(0.02)	(0.00)

Condensed Consolidated Statements of Cash Flows	For the Quarter Ended March 31, 2012	For the Quarter Ended March 31, 2011
Cash flows from operating activities	\$ (2.7) M	\$ (5.7) M
Cash flows from investing activities	0.7 M	4.7 M
Net decrease in cash	(2.0) M	(1.0) M
Cash – beginning of period	7.2 M	2.8 M
Cash – end of period	5.2 M	1.8 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.

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. While rough prices continued to fall until December 2011, they remained above the Feb 2011 plus 15% price used in the Feasibility Study and are still viewed as conservative. Since early 2012, rough prices have once again been on the rise since early 2012 being driven primarily by increasing demand in Asia, particularly China and India.

As of May 8, 2012, the Company had approximately \$12.4 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 EIS 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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