

Star-Orion Prefeasibility Study Announced

On February 10, 2010, a positive Prefeasibility Study ("PFS") and Mineral Reserve Estimate on the Star – Orion South Kimberlites was announced. The PFS includes the 100 percent Shore owned Star Kimberlite as well as Star West and Orion South, owned by the Fort à la Corne Joint Venture (60 percent Shore; 40 percent Newmont Mining Corporation of Canada Limited).

The study was led by P&E Mining Consultants Inc. ("P&E"), an independent and internationally recognized geological and mining consulting firm. A number of other independent consulting firms also provided study results used in developing the combined PFS. A complete copy of the News Release is available at www.shoregold.com and at www.sedar.com.

The announcement of the study is an important milestone. The PFS examined the feasibility of two open pits, one at Star/Star West and one at Orion South, sharing one processing plant and other necessary infrastructure. The projected economics of doing so are positive, confirming that a world-class diamond mine is feasible in Saskatchewan.

Highlights of the PFS include:

- Probable Mineral Reserves of 279 million diluted tonnes at a weighted average grade of 12.5 carats per hundred tonnes, containing 35

million carats at a weighted average price of \$226 per carat over a Life of Mine ("LOM") of 20 years. (All currency quotes herein are in Canadian Dollars.)

- Robust project economics over a 20 year LOM due to proximity to Saskatchewan's infrastructure (electricity, highways, railroads, water and labour): Net Present Value ("NPV") of \$1.3 billion (using a 7 percent discount rate) for an Internal Rate of Return ("IRR") of 16 percent before taxes and royalties. The NPV after taxes and royalties was projected at \$786 million with an IRR of 13.5 percent.

- Already robust economics will improve with increased diamond prices. Applying February, 2010 prices (representing an increase of 20 percent over March 2008 prices) increased the NPV to \$2.1 billion (using a 7 percent discount rate) and an IRR of 20 percent before taxes and royalties and NPV of \$1.3 billion and IRR of 17 percent after taxes and royalties.

- Pre-production (4 years of construction prior to 20 years of production) capital cost of \$1.6 billion with a total capital cost of \$2.5 billion (including direct and in direct costs) over the LOM and an initial capital cost payback period of 4.6 years, reduced to 3.5 years in the event of the 20% increase in diamond prices over March 2008 indicated at the time of the News Release.

- P&E recommends Shore advance the Star-Orion South Kimberlites to a Feasibility Study, based on the robust economics indicated in the PFS.

Report will be available at www.shoregold.com and www.sedar.com within 45 days of the News Release.

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Diamond Development Advisory Committee members at January 12, 2010 meeting

Well Water Survey

Shore Gold is looking for people in the area of the proposed Star-Orion South Diamond project to participate in a well water survey. Shore Gold is especially interested in hearing from residents who have a well within 20 km of the proposed Star-Orion site. The survey seeks information on water wells, including location, depth and age of the well(s), and water quality and quantity from the well(s).

The information gathered will be compared to the information about local wells that will be collected from the Saskatchewan Watershed Authority database. After review of the information provided through the questionnaire, Shore Gold may call the resident to arrange for a site visit to collect further information, such as depth to water in the well, to sample water chemistry, and/or undertake a short-term pumping test to determine the amount of water the well can produce. All information collected during this visit will be provided to the resident.

Shore Gold is interested in data from both active and inactive wells, regardless of depth. Shore Gold intends to use this information in the Environmental Impact Assessment, and to



Three diamonds from Star-West Cantuar Kimberlite

The detailed Technical

more accurately model regional groundwater systems.

If you have, or know someone who has a well within the survey area and would like to participate in this study, please visit our website www.shoregold.com or contact Shore at erichardson@shoregold.com or 1-306-667-3541 to obtain a questionnaire.

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Shore staff taking water samples along the Saskatchewan River

Environmental Assessment for Star-Orion South will Involve Federal Comprehensive Study

On December 23, 2009, Shore Gold was informed by the Canadian Environmental Assessment Agency (CEAA) that it had determined a federal comprehensive study level environmental assessment will be required for the Star-Orion South Diamond Project. The groundwater extraction component of the project proposal falls within the class of undertakings in the Comprehensive Study List Regulations of the Canadian Environmental

Assessment Act, meaning that a comprehensive study would be required.

The Environmental Impact Assessment (EIA) process commenced when Shore Gold filed the Star-Orion South Diamond Project Proposal on November 3, 2008 with the Saskatchewan Ministry of Environment and federal agencies. The EIA process involves both the Saskatchewan government and the federal government, with the Saskatchewan Ministry of Environment as the lead agency. The purpose of an environmental assessment is to predict the environmental impacts of a proposed initiative before it is carried out. An environmental assessment identifies possible environmental effects, proposes measures to mitigate adverse effects, and predicts whether there will be significant adverse environmental effects even after the mitigation is implemented.

Environmental assessment under The Canadian Environmental Assessment Act is required when a federal authority is involved in a project, as is the case with Shore Gold's Star-Orion South Diamond Project. The majority of projects are assessed through the federal screening process; however, some projects require a comprehensive study. Comprehensive studies are typically undertaken in two instances: for larger projects involving larger potential impacts, and where a comprehensive study is automatically triggered through the inclusion of some or all of the project components within the category of projects included in the Comprehensive Study List Regulations. In Shore Gold's case, the need for the comprehensive study results from

potential groundwater extraction rather than any particular adverse impact or concern.

The CEAA will provide opportunities for public participation throughout the comprehensive study, and funding will be available to assist public participation in the study. In addition, the public will have the opportunity to review the results of the study before the federal Minister of the Environment makes a decision, as public input must be taken into account before the resulting environmental assessment decision statement can be issued. Once the study is complete, the federal Minister of the Environment will issue an environmental assessment decision statement, which will include the Minister's opinion about the significance of the environmental effects of the project and any mitigation measures or follow-up programs the Minister considers appropriate. The Minister also has the power to request additional information or require that public concerns be addressed before issuing the environmental assessment decision statement.

Shore has always been working toward a comprehensive EIA, since the Province had previously indicated that it would require a comprehensive assessment. As a consequence, the federal government's process does not change the level or quality of work that Shore will do, nor does it change the amount of information to be incorporated into the EIA.

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Upcoming Events

Diamond Development Advisory Committee Meeting

March 16, 2010
Senior Citizens' Centre
Weirdale, SK



Caution regarding Forward-Looking Statements

This newsletter 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 newsletter include, but are not limited to, the anticipated project economics, capital costs and payback periods, diamond price increases, and timing and scheduling of the EIA process.

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