

SHIELD GOLD INC.

55 Adelaide Street East, Suite 410, Toronto, Ontario, M5C 1K6

FOR IMMEDIATE RELEASE

TSX Venture Exchange Symbol: SHG.P

SHIELD GOLD SIGNS LETTER OF INTENT IN RESPECT OF QUALIFYING TRANSACTION

August 4, 2009 - Shield Gold Inc. (“**Shield**” or the “**Corporation**”), a capital pool company, is pleased to announce that it has entered into a Letter of Intent (“**LOI**”) with Eloro Resources Ltd. (“**Eloro**”) with an option to acquire a 50% interest (the “**Option**”) in Eloro’s Summit-Gaber property (the “**Property**”) in the La Grande Greenstone Belt, north-western Quebec. Eloro is a reporting issuer in British Columbia, Alberta and Ontario and is listed and traded on the TSX Venture Exchange under the symbol ELO.

Pursuant to the LOI, the Option will be earned over a 3 year period (the “**Transaction**”) and initially requires a payment of \$75,000 by the Corporation and the issuance of 100,000 common shares in the capital of the Corporation to Eloro. Thereafter the Corporation is required to incur aggregate exploration and development expenditures of \$1,500,000 and issue to Eloro a total of 500,000 common shares in the capital of the Corporation over the next three years, and in accordance with the following timetable:

Date of Completion	Cash Payment	Exploration and Development Expenditures to be Incurred	Number of Shield Common Shares Issued
On signing definitive Agreement	\$75,000	Nil	100,000
By the first anniversary of signing the definitive agreement	Nil	\$250,000	0
By the Second anniversary of signing the definitive agreement	Nil	\$450,000	200,000
By the third anniversary of signing the definitive agreement	Nil	\$800,000	300,000
TOTAL:	\$75,000	\$1,500,000	600,000

The Transaction shall serve as the Corporation’s Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture Exchange (the “**Exchange**”) subject to the approval of the Exchange.

Information about the Property

The Property is centered on NTS map sheet 33F/09 in the La Grande Greenstone Belt, northwestern Quebec. Eloro wholly owns the 100 contiguous claims (5,109 hectares or 51.09 square kilometers) comprising the Property.

The area covered by the claim group is composed of gneissic basement and tonalite of the *Langelier Complex*. This complex is isolated from overlying units by faults and plutons. Most of the copper-silver mineralization found so far is hosted by the *Yasinski Group* which is composed of iron formations, wackes, paragneiss, basalts, andesites, dacites and intermediate to felsic pyroclastic units. The *La-Grande-Sud Tonalite* is a newly defined unit intruding the rocks of the Yasinski Group. Wackes and polygenic conglomerates of the *Ekomiak Formation*, believed to have originated from an alluvial or fluvial environment, lie partly unconformably on the Yasinski Group and they are originating from an alluvial or fluvial environment. The *Duncan's Intrusions* intrude all the above mentioned units. Finally, the Proterozoic units of the *Sakami Formation* overlie the Archean rocks and are mainly hidden by the waters of Hydro-Quebec's Robert Bourassa Reservoir.

Five mineral occurrences (Summit 1 to 5) were discovered in 1996 by Noranda. These Copper-Silver showings are associated with pyrite-rich bands hosted by mafic volcanics. In 1997 four other mineralized occurrences were discovered. The latter are associated with calcite-hematite veins and pyrite-rich bands. Very high copper and silver assay results were obtained from grab samples. Moreover, three grab samples grading between 1.62 and 35.8 g/t Gold, 0.34 and 15.4 g/t Platinum, 0.19 and 10.5 g/t Palladium and, 768 and 1,500 g/t Silver, were collected on the Cartouche occurrence (Eloro, 2006). Some of the Summit Copper-Silver occurrences are related to volcanogenic massive sulphide ("VMS") mineralization. They are associated with a metric to decametric wide pyrite and pyrrhotite horizon that follows the contact between chloritic and epidotized basalts and dacites. These zones may represent remnants of black smoker chimneys typically found under VMS mounts. Another type of mineralizing event is related to Nickel-Cobalt-Silver found on Summit IV. This mineralization is possibly analogous to silver-rich deposits in the Cobalt Mining Camp. Both VMS and the Cobalt-type models are being proposed as guidelines for future exploration work.

To date, work performed on the Property includes; regional lake-bottom sediment sampling; regional scale (1:50,000) and detailed (1:5,000) mapping over the central portion of the Property; Airborne Electro-magnetic and Magnetic surveys; ground Electromagnetic and Magnetic surveys over 40 line-kilometers; lineament study; followed by litho-geochemical sampling; extensive litho-geochemical and grab sampling (1,725 samples); portable Winkie drilling (\pm 330m) on the Summit IV and Cartouche Copper-Silver occurrences, and finally, a high resolution Heliborne Magnetic survey which was completed over the entire Property in April 2009.

The Property is at an early stage of exploration as the Summit occurrences are covering only 4km out of 13km of prospective lithologies (for the VMS model) and structures (Cobalt-type model containing Bismuth-Cobalt-Nickel-Silver-Uranium). As a comparative, the entire Cobalt Mining Camp covers approximately 5 square kilometers, which is about one-half the area covered by the Summit-Gaber favorable mineralization corridor. For this reason, a two-phase exploration program is recommended on the Property. During the Phase 1 exploration, an extensive B Horizon soil sampling survey is recommended covering the Property along the extensions of the Summit occurrences. This type of survey was successfully used by Virginia Mines Inc. in the La Grande Greenstone Belt as it helped generate new drilling targets.

Phase 2 will consist mostly of detailed prospecting work (mapping, channel sampling) around the Summit occurrences, and ultimately, the completion of a surface diamond drilling program designed to test all geochemical and geophysical anomalies.

A National Instrument 43-101 compliant Technical Report (the “Report”) is currently being prepared for the Property and will summarize the historic work, geology, mineralization, upside potential and final recommendations. The Report is being prepared by J.P Bérubé, P.Eng of MRB & Associates Geological Consultants, and will be available for review on SEDAR at www.sedar.com.

Resulting Issuer

Upon completion of the Transaction, the resulting issuer will be engaged in the exploration and, if warranted, development and mining of the above mentioned property as well as the acquisition, exploration and potential development of mineral resource properties.

The Transaction is not a Non Arm’s Length Qualifying Transaction (as defined in Policy 2.4 of the Exchange), and is not a Related Party Transaction (as defined in National Instrument 61-101). No insiders, directors or officers of the Corporation have any interest in the Property, and except for Paul Ankcorn, who is an officer and director of Shield and a director of Eloro, there are no common directors or officers of the Corporation and Eloro. Consequently, the Transaction will not be subject to approval by the shareholders of Shield.

It is proposed that the board of directors and officers of the resulting issuer following the closing of the Transaction will be comprised of the following individuals:

<u>Name and Principal Residence</u>	<u>Position(s)</u>
Howard Sinclair-Jones Toronto, ON	Director, President and Chief Executive Officer
Paul Ankcorn Toronto, ON	Director and Chief Financial Officer
Paul Ferguson Southborough, MA USA	Director and Secretary
John Siriunas Milton, ON	Director, Chairman and Promoter
Larry Harrison Citrus Heights, CA USA	Director

The following is a brief description of the background of each person or company that is expected to be an insider of the resulting issuer.

- **Howard Sinclair-Jones** - Howard Sinclair-Jones, age 63 is a Director, President and CEO of the Corporation. Dr. Sinclair-Jones received his Bachelor of Science in Civil Engineering from the University of Leeds, United Kingdom in 1966 and his Ph.D. in Structural Engineering from the University of Aston, United Kingdom in 1969. Dr. Sinclair-Jones was a Professional Engineer in the Province of Ontario and has headed his own management consulting firm for the past 15 years. His varied career has included university teaching in civil engineering, structural design engineering, and management of not-for-profit organizations in Canada and the United Kingdom over a 25-year period. From 1982 until 1993, Dr. Sinclair-Jones was the CEO of the largest association of non-profit immigrant service agencies in Canada. In this capacity he was responsible for overall operation of the association, including financial planning, resource development, personnel management, policy development and liaison with senior levels of government. Dr. Sinclair-Jones has extensive international and cross-cultural experience, speaks fluent Spanish and has a working knowledge of Portuguese and French. In 1992 he was awarded the 125th Anniversary of the Confederation of Canada Medal. As President and CEO of the Corporation, it is anticipated that Dr. Sinclair-Jones will devote approximately 50% of his time to the affairs of the Corporation.
- **Paul Ankcorn** - Paul Ankcorn, age 54, is a Director and Chief Financial Officer of the Corporation. Mr. Ankcorn received his Honours Bachelor of Business Administration Degree from Wilfred Laurier University in 1978 and became a Certified Management Accountant in 1983 (although this designation is not currently active). In his position as a CFO, he will be responsible for all aspects of financing the Corporation, accounting therefor and reporting to the Board of Directors. It is anticipated Mr. Ankcorn will devote at least 25% of his time to the affairs of the Corporation. Mr. Ankcorn held the position of CFO of Cuervo Resources Inc. until December 2007. He was formerly the CFO of Richmond Minerals Inc. from March 2003 until July 2006, the President, CFO and a Director of Terex Resources Inc. (now Trelawney Resources Inc.) from October 2001 until June 2005, CFO and director of Green Environmental Technologies Inc. from 2001 until 2003, the President and Director of Aavdex Corporation (now Richmond Minerals Inc.) from 1998 to 2001, Vice-President of Eastmain Resources Inc. from 1996 to 1998, and the Vice-President-Finance of Northfield Minerals Inc. Mr. Ankcorn is presently a director of Eloro Resources Ltd. All of the foregoing corporations are active mineral-resource companies listed on the TSX Venture Exchange. Mr. Ankcorn was formerly the President and director of Southern Star Resources Inc. Mr. Ankcorn has spent virtually all his professional life since graduation (almost 28 years) in the resource sector. Mr. Ankcorn is also Director and President of Remington Resources Inc.
- **Paul Ferguson** - Mr. Ferguson, age 50, is a Director and Secretary of the Corporation. He received his Bachelor of Arts, Cum Laude degree from the University of Massachusetts at Amherst in 1981. Mr. Ferguson will act as corporate secretary of the Corporation and contribute to business development. It is anticipated that Mr. Ferguson will devote 10% of his time to the affairs of the Corporation. Mr. Ferguson is presently an independent investor. He previously worked as a consultant to NoBarriers LLC, a company involved in providing software to the travel industry. In 2005 Mr. Ferguson was a consultant to C4N Inc., a physical asset management services company. From 2002 until 2005 Mr. Ferguson was a self employed private investor. From 2001-2002 Mr.

Ferguson, was the Vice-President of Business Development for VeriTop Inc. Mr. Ferguson's work experience relates to business development and private investment.

- **John Siriunas** - John Siriunas, age 55, is the Chairman and a Director of the Corporation. Mr. Siriunas received his Bachelor of Applied Science in 1976; his Master of Applied Science in 1979, and a degree in Geological Engineering from the University of Toronto. It is anticipated that Mr. Siriunas will devote approximately 5% of his time to the affairs of the Corporation. Mr. Siriunas is registered as a Professional Engineer in the Province of Ontario and has been designated as a Consulting Engineer by the Professional Engineers of Ontario. Between 1979 and 1987 he worked as a geological consultant with MPH Consulting Ltd. in Toronto, Ontario. Since that time he has carried on business as a sole-proprietor consultant and as a principal of NR&J Resource Associates Limited specializing in the management, supervision and execution of mineral and energy-resource exploration and mineral-development projects in North America, Central America and the Caribbean. Mr. Siriunas has spent all his working life since graduation in 1976 (33 years) in the resource sector. Mr. Siriunas is currently the President, Secretary and a Director of Cuervo Resources Inc., a company carrying out mineral exploration in Peru, South America.
- **Larry Harrison**. Larry Harrison age 53, is a Director of the Corporation. Mr. Harrison received his Bachelor of Arts degree from California State University in 1978. His role in the Corporation will be to act as an outside director and to review the Corporation's activities for investment and securities compliance purposes. It is anticipated that Mr. Harrison will devote less than 5% of his time to the affairs of the Corporation. Since 2001, Mr. Harrison has been the Manager for Dining Services for the California State University. He also has substantial experience in private investment.

The Corporation has approximately \$500,000 in cash, unaudited as of the date of this press release, and 12,343,236 common shares issued and outstanding, of which 5,343,236 are held in escrow. Upon completion of the Transaction, the share capital of the Corporation is anticipated to be as follows:

	Number of Shares	Basic %	Fully Diluted %
Shield Shareholders	12,343,236	95.36%	87.06%
Shares Issued for the Property	600,000	4.64%	4.23%
	12,943,236		
Shares issuable pursuant to the exercise of incentive options	1,234,324	9.54%	8.71%
TOTAL	<u>14,177,560</u>		<u>100.00%</u>

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the

required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this release.

For more information, please contact:

Howard Sinclair-Jones, President

Tel.: 416-654-1408

Email: hsj@shieldgold.com