

## Final Project-Specific Guidelines Issued

The final Project-Specific Guidelines (PSGs) for the proposed Star-Orion South Diamond Project were issued by the Environmental Assessment Branch of the Saskatchewan Ministry of Environment on November 19, 2009.

The proposed project includes the excavation of an open pit at the Star Kimberlite and, potentially, a second open pit at the Orion South Kimberlite, the construction of processing facilities and the construction of associated infrastructure to commercially extract diamonds from these kimberlites. The project site is located in the Fort à la Corne Provincial Forest approximately 65 kilometres east of Prince Albert.

Shore Gold was informed in 2009 that the project would require an environmental assessment under *The Environmental Assessment Act* of Saskatchewan. Shore is required to conduct an Environmental Impact Assessment (EIA) and prepare and submit an Environmental Impact Statement to the Minister of Environment for technical and public review. The PSGs were issued "to assist Shore Gold with the conduct of the EIA for the development of a diamond mine or mines and associated ancillary facilities and

the preparation of the Environmental Impact Statement."<sup>1</sup> in response to Shore Gold's Star-Orion South Diamond Project Proposal, filed in November, 2008 on behalf of Shore Gold and the FALC Joint Venture (Shore Gold 60%; Newmont Mining Corp. of Canada Limited 40%). Draft PSGs had been previously available on-line and at various locations (Prince Albert, Melfort, Nipawin, Smeaton and Torch River) for public review and comment. The timeline for public review and comment was extended from the typical 30 days, in response to a request made by First Nations and Métis to the Ministry of Environment. The resulting comment period closed on September 17, 2009.

A number of comments were submitted and the final PSGs were posted on the Ministry of Environment website November 19, 2009. According to the Ministry, the "final project specific guidelines reflect concerns and issues that have been identified by provincial and federal officials, First Nations and Métis communities regarding the proposed development and outline the information that should be included in the environmental impact statement."<sup>2</sup> The guidelines should not be considered as either exhaustive or restrictive. In other words, additional interests to those already identified could arise during the EIA process.

The final PSGs can be viewed on the

Government of Saskatchewan website [http://www.environment.gov.sk.ca/2008-089\\_ProjectSpecificGuidelines](http://www.environment.gov.sk.ca/2008-089_ProjectSpecificGuidelines) or by going to the Environment tab on Shore's website ([www.shoregold.com](http://www.shoregold.com)).

<sup>1</sup> *Final Project-Specific Guidelines for the Preparation of an Environmental Impact Statement, Star-Orion South Diamond Project, Fort à la Corne Provincial Forest, Saskatchewan, Shore Gold Inc., Province of Saskatchewan, Ministry of Environment, November 2009, Page 3.*

<sup>2</sup> *Supra.*

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## Recent Developments:

### *\$27.5 million Raised in October*

The private placement by Shore Gold of 14.3 million Common Shares and 10 million Flow-Through Common Shares, generating \$27.5 million, closed October 13, 2009. The proceeds will be used to advance the development of the Star Kimberlite, the Orion Kimberlite Cluster and for general corporate purposes. The proceeds of the Flow-Through Common Shares offering will be used for exploration expenses.

The addition to working capital enables Shore Gold to continue desktop analysis and ultimately publish reports necessary to demonstrate the feasibility of its projects, including the Pre-Feasibility Study on the combined Star-Orion South Project and, thereafter, the detailed Feasibility Study on the combined project.

### *Third-quarter Financial Results*

The unaudited third quarter financial results (see [www.shoregold.com](http://www.shoregold.com) or [www.sedar.com](http://www.sedar.com)) showed working capital of \$16.3 million at the end of the third quarter September 30, 2009. As the company is not yet in production and therefore is not revenue-generating, it continued to record a net loss, \$7.4 million, or \$0.04 per share, for the first nine months of 2009.

### *Technical Report on Orion South Filed*

The Technical Report documenting the Mineral Resource Estimate previously released for the Orion South Kimberlite was filed



*Diamond Development Advisory Committee members at September 15, 2009, meeting*

on SEDAR on September 28, 2009. It can be viewed at [www.shoregold.com](http://www.shoregold.com) or [www.sedar.com](http://www.sedar.com). Orion South is within the Fort à la Corne Joint Venture (60% Shore Gold; 40% Newmont Mining Corp. of Canada Limited).

## Shore Gold and SaskPower Agreement on Electrical Power Planning

On September 30, 2009, Shore Gold announced that it had executed a letter agreement with the Saskatchewan Power Corporation (“SaskPower”) to plan for a potential electrical power supply for Shore Gold’s Star Diamond Project. SaskPower will conduct the preliminary engineering and environmental studies required to begin to determine the preferred routing option for the location of power lines to connect the Project to SaskPower’s transmission system.

The parties agreed to expenditures of up to \$500,000 to the end of June 2010. Power planning is an important step in the process leading to a production decision and the potential establishment of a diamond mine in central Saskatchewan. The agreement will expedite the provision of electrical power to the site in the event a positive production decision is made.

## Shore Gold Increases Its Share in Buffalo Hills Project

On December 10, 2009, Shore Gold and Canterra Minerals Corporation (formerly Diamond Resources Ltd.) announced their purchase, each as to 50%, of the interest of Burnstone Ventures Inc. (formerly Pure Dia-

monds Exploration Inc.) in the Buffalo Hills diamond exploration project in north-central Alberta.

The Buffalo Hills Project is now a joint venture between Encana Corporation (43%), Canterra (28.5%) and Shore Gold (28.5%). Burnstone was granted a 1% royalty interest as part of its consideration for relinquishing its ownership interest.

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## Traditional Land Use Impact Identification

To date, the following First Nations and Métis regions have indicated the proposed Star-Orion South Project is located within their traditional territories: James Smith Cree Nation, Muskoday First Nation, Sturgeon Lake First Nation, Red Earth First Nation, Eastern Region II – Métis Nation of Saskatchewan and Western Region II – Métis Nation of Saskatchewan. These First Nations and Métis Nation regions have requested that the Crown undertake consultation with each of them with respect to environmental assessment and permitting of activity surrounding mining exploration or development in the Fort à la Corne forest.

As part of the Environmental Impact Assessment process, Shore Gold has contacted those First Nations and Métis Nation regions requesting input on traditional activities and sites, so that this information can be incorporated in the Environmental Impact Statement (EIS) and that potential impacts can be identified. More specifically, Shore Gold is seeking information concerning the following as required by the Project Specific Guidelines:

- “...current and historical use of lands and resources within the study area for traditional purposes by First Nations and Métis peoples (i.e. non-commercial uses including hunting, trapping, fishing and other traditional use activities).” (s. 2.5.1 Traditional Land Use).
- “...Valued Ecosystem Components (VECs), current use of the area to hunt, fish, gather or for seasonal residence, trapping block zones and traplines” (s. 2.7 Involvement Activities).
- “...cultural or spiritual activities.” (s. 2.9.1.9.1 Traditional Land Use).<sup>3</sup>

Shore Gold and local First Nations and Métis groups are meeting to discuss protocols and ways to work together. Due to the potentially sensitive nature of some of the information that might be provided, information sharing must proceed in a manner consistent with respect

for the beliefs, culture, traditions and practices of the First Nations and Métis groups including questions of ownership of information and permitted use.

<sup>3</sup> Final Project-Specific Guidelines for the Preparation of an Environmental Impact Statement, Star-Orion South Diamond Project, Fort a la Corne Provincial Forest, Saskatchewan, Shore Gold Inc., Province of Saskatchewan, Ministry of Environment, November 2009.

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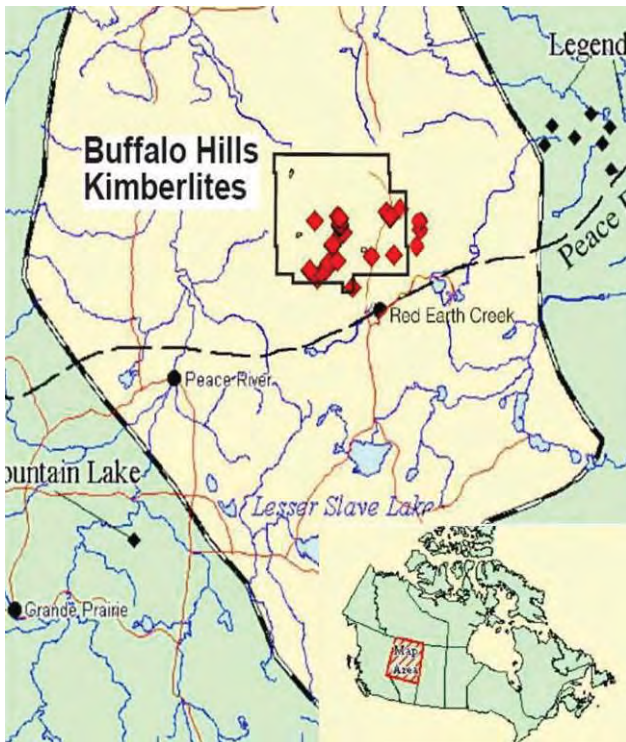
## Visual Impact Assessment

As part of the Environmental Impact Assessment (EIA), and once the final project footprint is determined, to show what the final closure landscape of the proposed Star-Orion South project may look like, Shore is planning to complete a visual impact assessment. The assessment will include the dimensions and heights of all facilities, and the following:

1. visibility analysis
2. perspective views
3. fly-by animation.

The visibility analysis will show all points on a map from which the project facilities will be visible. For example, it may indicate that the overburden pile may be visible from a point several kilometers south of Highway 55, but not from Smeaton. The analysis will incorporate topography data, remote sensing information and the expected dimensions of the project, and will use software to calculate visibility. Perspective views will incorporate the project topographic data with actual digital photography to approximate what the project will look like from different viewpoints. Finally, the fly-by animation will incorporate a digital model of the project, the topography data and aerial photos to show the project from the air.

The visual impact assessment will provide information for the Environmental Impact Statement. The maps and pictures produced from the assessment will be used in upcoming community engagement activities.



Buffalo Hills project location

## Upcoming Events

### Diamond Development Advisory Committee Meeting

January 12, 2010  
Tisdale RECplex  
Tisdale, SK

