

THE STAR EXPLORER

Shore Gold Inc.

Exploring Saskatchewan's Diamond Resources

Issue 2 Volume 1

June 25, 2008



NI 43-101 Resource Estimate

On June 9, Shore Gold released its mineral resource estimate for a portion of the Star Kimberlite. The resource estimate describes the volume of diamonds there, and is a milestone step towards mining. The estimate was prepared by an independent qualified person from AMEC Americas Limited and includes both indicated and inferred resources. The report estimates the indicated resource is 122.7 million tonnes of kimberlite and, within that, 16.7 million carats of diamonds. Those diamonds are estimated to be worth about \$225 per carat. The inferred portion of the mineral resource estimate suggests there may be nearly four million more carats of diamonds. The mineral resource also states that the mineral deposit has a reasonable prospect of economic extraction.

Next Steps Planned

As the mineral resource estimate represents gross potential revenues, it is only



Rough diamonds

Employment and Business Development

The Fort a la Corne forest is an island forest surrounded by farms and infrastructure including provincial highways, grid roads, housing and businesses. This location provides significant benefits for potential development, in contrast to remote locations, through the local availability of businesses and employees which benefit both Shore and the surrounding communities. Shore believes if products, services or employees can be accessed economically and competitively in the local area, then it should attempt to use these. Many local residents are employed directly by Shore and indi-

part of the business equation. The other portion of the equation is to determine the cost of getting the diamonds out of the ground. This next milestone is the reserve estimate, which will take into account the cost to develop the site into a mine and operating costs. After the reserve estimate is completed, it will be followed by a bankable feasibility study, a forward-looking analysis of the project's economics to be used by financial institutions. The reserve estimate and bankable feasibility study will then be presented to the financial community and funds will be sought for mine construction. Both the reserve estimate and bankable feasibility study are scheduled to be completed this year. •

Community Relations

The Diamond Development Advisory Committee (DDAC) has held two meetings to date in 2008: January 15, in Meath Park and March 18, in Weirdale. Member communities take turns hosting DDAC meetings. This rotational schedule evens up the driving time required of each committee member to travel to meetings. It also allows communities to showcase some of their unique features. Congratulations to the ladies of Weirdale on the tasty homemade bread, made from local grain, for sale at the last meeting.

A focus of the last two DDAC meetings has been the economic spinoffs from exploration and potential mining operations. Eric Cline, Vice-President, Corporate Affairs described the high labour productivity in the mining sector reflected in wages and salaries, which are the highest of any industry in Canada.¹ Other economic benefits are that mining production and investment generates direct demand in supplier industries and additional demand as ensuing rounds of expenditures work their way through the economy. Saskatchewan is now the new national leader when it comes to the level in employment qual-

rectly through its contractors to work at its project sites.

Employment

As of June, Shore Gold has added nine new positions at the Fort a la Corne site, as well as three new positions at its head office. Shore, in conjunction with its contractors, has approximately 300 people employed at site. Over 60% of employees reside in communities represented in the DDAC area, and over 10% of the site employees are from the James Smith Cree Nation. In total, over 70% of Shore's site employees reside in the vicinity.

For more information on job opportunities, please visit our website or send resumes to careers@shoregold.com.



Shore Gold site

ity. This is fuelled by strong job gains in energy extraction and mining exploration and development, where earnings run anywhere from 50% to 125% above the industrial average.²

North East Regional Economic Development Association (REDA) representatives Perry Trusty from the City of Melfort and Sherry Michalyca from the town of Nipawin provided information on their area services and infrastructure. Joan Corniel from Prince Albert REDA described the report proposed by consultant Martin Irving on the needs and opportunities arising from the diamond industry. She also expressed a desire to create a business directory of services and suppliers in the area.

Additional DDAC agenda topics included an update on road access to the site and Shore's procurement patterns. The group discussed options for the Shipman Trail in the forest. Arden Sobush, Procurement Manager, reviewed the commodities that are purchased and services that are procured by site in the course of a typical year. •

¹ Mining Innovation Study, November, 2001

² "Canadian Employment Quality Index", CIBC World Markets Inc., October 29, 2007



Business Development

Shore Gold's total expenditures on goods and services for 2007 was \$73 million. The greatest percentage of expenditures was made to Aboriginal-owned businesses, with Nuna Logistics receiving the largest portion of those expenditures. \$12 million was spent on purchasing goods and services from businesses located within 100 kilometers of site. •



Rough diamonds

First Nations and Metis Communities

Shore Gold recognizes that it is the government's responsibility to consult with Aboriginal people, and wants to play a supportive role in the process. Shore participated in the Province's Roundtable Conference on First Nations and Metis Consultation and Accommodation entitled "Seeking Common Ground". The conference was hosted by the Provincial Ministry of First Nations and Metis Relations on May 12 and 13 in Saskatoon. There were over 200 invited guests from First Nations, Metis, industry, government and other key stakeholder groups. The objective of the Roundtable was to discuss and develop a new policy approach on consultation and accommodation. There was a positive atmosphere, with all parties stating their desire to be part of development and benefit from Saskatchewan's current economic growth.

Community Meetings

A public meeting was held in Nipawin on the evening of May 7. Julia Ewing, Director, Community Relations and Eric Cline, Vice-President, Corporate Affairs travelled to Nipawin and met for supper with the economic development sub-committee, Mayor and Council. At 7:30 p.m., a public meeting was held which included a slide presentation and a lively question and answer session.

George Read, Senior Vice-President Exploration spoke to a luncheon meeting sponsored by the Prince Albert Chamber of Commerce on May 30 as part of Saskatchewan Mining Association's Mining Week.

Julia Ewing represented Shore at an economic development strategic planning workshop sponsored by the Prince Albert Grand Council on June 16.

Shore welcomes invitations from community groups to come to their community to do presentations. For further information, please contact Julia Ewing, Director, Community Relations at (306) 667-3543. •

Geology

This spring the geology department completed the 2008 core drilling program on Orion South and is busy logging the core



Large diameter drill

generated by that drilling. The underground bulk sampling program is fully underway with shaft sampling completed to a total depth of 211 metres. The shaft station, at the 186 metre level, is complete and lateral drifting (creating a horizontal tunnel) is underway. This shaft station allows access to the lateral drifting where the majority of the sample tonnages will be recovered from the Early Joli Fou and Pense kimberlite units.

Large diameter drilling is continuing on Orion South with good results through the spring months. Ground work has started on the Taurus cluster in preparation for large diameter drilling to be completed by year end. •

Environment and Air Quality

Air quality is important as it affects the quality of life of humans and animals alike. To ensure our exploration activities are as environmentally friendly as possible, it is important to develop a sound scientific understanding of the existing environment through specialized studies and monitoring. Many environmental baseline surveys, which identify current conditions, are ongoing or have been completed in the Fort a la Corne forest. Shore began air quality monitoring in March 2008.

How is Air Quality Monitored?

Shore is using two methods to monitor air quality. The first method is active sampling for suspended particulates (tiny pieces of matter). Two solar powered samplers have been set up and these samplers draw a certain volume of air through a specialized filter. The filter picks up certain sizes of particulate, namely, total suspended particulate, and particles smaller than 10 micrometers. The filters are then weighed and analysed for metal content in the particulates. Suspended particulates are an

Shore Gold site



important air quality indicator and impact on human health.

The second method is passive sampling of sulphur oxides (SOx) and nitrogen oxides (NOx). These oxides are typically released through the burning of gasoline and diesel. The measurement of SOx and NOx is an important parameter for human health as both of these oxides contribute to smog. These oxides are also important to measure in the environment because they contribute to acidification and acid rain.

Why Monitor Air Quality?

During exploration, air quality data can be used to establish baseline, or background, data. The baseline data is then useful for comparison to future data to determine if there have been any changes. That way we can measure the impact our activities are having on air quality. •

Senior Project Geologist, Asmaa Anwar



Market and Financial Information

- Shares Listed: TSX
- Symbol: SGF
- Basic shares o/s:
 - 182.7 million
- Fully diluted shares o/s:
 - 190.8 million
- Adequate cash to complete all announced programs

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NEWS

MinExplo

Expo 2008

Prince Albert, September 11, 2008

Next DDAC meeting will be

September, 2008

Enjoy your summer!!