



**Management's Discussion & Analysis**

**December 31, 2008**



## MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis is prepared by Management as of March 19, 2009 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008. Shore Gold Inc. ("Shore", "SGF", or "the Company") prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless otherwise indicated.

### Overview

During 2008, the Company remained focused on the Fort à la Corne area of central Saskatchewan, with the ongoing exploration of the Star Diamond Project and Shore's 60 percent interest in the Fort à la Corne Joint Venture ("FALC-JV"). The FALC-JV participants are Kensington Resources Ltd. ("Kensington"), a wholly owned subsidiary of Shore, and Newmont Mining Corporation of Canada Limited ("Newmont") (40 percent). The main activities for the Star Diamond Project were the completion of a National Instrument ("NI") 43-101, risk adjusted, Mineral Resource estimate for the explored portion of the Star Kimberlite along with ongoing desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. Work on the FALC-JV concentrated on underground bulk sampling on the Orion South Kimberlite and large diameter ("LD") drilling on other kimberlites in addition to sample processing.

The Company also announced the submission of a project proposal to the Ministry of Environment of Saskatchewan. The project proposal is the first step in the Environmental Impact Assessment ("EIA") process and initiates discussion about the implications of the project with regulators and the public.

### Star Diamond Project

The Company continues with the Star Diamond Project pre-feasibility study. This primarily involves desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and CIM standards. The Company recently announced an updated NI 43-101 compliant Mineral Resource estimate for the explored portion of the Star Kimberlite (See SGF News Release February 27, 2009), which supersedes the previously published Resource estimate (See SGF News Release June 9, 2008). The updated Mineral Resource estimate increases the indicated tonnage and contained carats for the Star Kimberlite by 23 percent when compared to the initial Mineral Resource estimate published in June 2008. The updated Mineral Resource estimate includes Indicated Resources of 152 million tonnes (previously 123 million tonnes) at a grade of 13.5 carats per hundred tonnes ("cpht") (previously 13.6 cpht) and Inferred Resources of 26 million tonnes (previously 30.3



million tonnes) at a grade of 11.7 cph (previously 13.1 cph). This updated Mineral Resource estimate includes the diamond results of eight additional large diameter drill holes: five holes on the Company's Star Property and three holes on Star West (the portion of the Star Kimberlite within the FALC-JV), totaling 1,368 metres of drilling with 306 metres in kimberlite. This updated Mineral Resource estimate also incorporates additional diamonds recovered from concentrate and tailings audits as well as the geology's influence on the diamond distribution within the Star Kimberlite. The updated Mineral Resource estimate was prepared by an independent Qualified Person ("QP") from P&E Mining Consultants Inc. ("P&E").

In addition to the Mineral Resource estimate determined by P&E, a further 60 to 70 million tonnes of the Star Kimberlite is designated a 'potential mineral deposit', as detailed core logging, whole rock geochemistry, geophysical and density measurements confirm the geological continuity from the Inferred Resource into this part of the kimberlite, which is contained within the 276 million tonnes originally defined in the geological model for the Star Kimberlite (Shore News Release Oct 17, 2006). The 60 to 70 million tonne potential mineral deposit is conceptual in nature and is not a resource estimate. It is uncertain if additional exploration work would lead to the kimberlite presently included in the potential mineral deposit being upgraded to a resource category.

During the fourth quarter of 2008, a project proposal for a joint Star-Orion South Diamond Project was submitted to the Environmental Assessment Branch of the Saskatchewan Ministry of Environment, in addition to various Federal agencies (See SGF News Release November 3, 2008). This project proposal is the first step in the Environmental Impact Assessment ("EIA") process. The EIA process initiates discussion about the implications of the project with regulators and the public. The project proposal contains a detailed project description of the Star-Orion South Diamond Project, which includes an open pit on the Star Kimberlite, a potential second open pit at Orion South, a common processing plant and associated infrastructure.

Community engagement activities will form part of the Environmental Impact Statement which will be submitted to the Saskatchewan Minister of the Environment at the conclusion of the Assessment. Community Open House meetings conducted by Shore in furtherance of the Star-Orion South Project Proposal were successfully launched in February 2009 (See SGF News Release February 11, 2009), with local communities showing overwhelming support for the Project.

Overall, 2008 expenditures on the Company's Star Diamond Project and exploration expenditures on kimberlites other than the Star Kimberlite were on budget. Costs associated with the additional LD drilling and processing performed during the year were offset by the lower level of exploratory drilling performed and other expenditures being below budget.



**Star Diamond Project <sup>(1)</sup> Summary of 2008 (Actuals to Budget)**

<u>Description</u>	<u>2008 Actuals (\$M)</u>	<u>2008 Budget (\$M)</u>	<u>Variance (\$M)</u>	<u>2008 Actuals</u>	<u>2008 Budget</u>	<u>Variance</u>
LD Drilling	\$1.5	\$ -	(\$1.5)	5 holes	0 holes	+5 holes
Core drilling	\$0.6	\$0.6	\$ -	8 holes	13 holes	-5 holes
Exploratory Drilling <sup>(2)</sup>	\$0.2	\$0.9	\$0.7	2 holes	10 holes	-8 holes
Processing	\$0.1	\$ -	(\$0.1)	339t	0t	+339t
Other <sup>(3)</sup>	<u>\$5.5</u>	<u>\$6.4</u>	<u>\$0.9</u>			
Total <sup>(4)</sup>	\$7.9	\$7.9	\$ -			

(1) Does not include Star West.

(2) Includes exploratory drilling on 100% owned properties other than the Company's Star Property.

(3) "Other" includes pre-feasibility, geological, environmental, geotechnical, scoping studies, valuations, warehousing, capital and other costs.

(4) Excludes capitalized stock-based compensation.

The Star Diamond Project has now advanced from a capital intensive data gathering exercise to lower cost desk-top engineering studies and data analysis. Shore's 2009 budget on the Star Diamond Project of \$2.5 million (See SGF News Release January 6, 2009) enables Shore to focus on the completion of the pre-feasibility study and the delivery of an NI 43-101 compliant Reserve estimate for the Star Diamond Project during 2009. Shore anticipates the delivery of a final feasibility study on the Star Diamond Project by the end of the first quarter of 2010.

**FALC-JV Project Exploration Program**

During 2008, the major activities on the FALC-JV were focused on Orion South. The Company announced an updated geological model for the Orion South Kimberlite, which forms the southern part of the Orion Kimberlite Cluster within the FALC-JV (See SGF News Release October 21, 2008). This updated model has resulted in a significant tonnage increase for the Early Joli Fou ("EJF") Kimberlite, the EJF being the target lithology for diamonds in Orion South. This update was the result of the integration of 2008 core drilling data into the Orion South geological model. While the total estimated tonnage has decreased to between 333 and 375 million tonnes (previously estimated to be between 360 and 400 million tonnes), the EJF tonnage estimate has increased to between 210 and 234 million tonnes (previously estimated to be between 176 and 196 million tonnes).

Underground bulk sampling of Orion South began in the second quarter of 2008, after the shaft reached its targeted depth. To date, the Company has announced seven sets of diamond results from the underground bulk sampling program on Orion South. Total diamond recoveries announced to date are 1,816.33 carats from 20,510.75 dry tonnes processed.



The following table summarizes results by kimberlite lithology:

***Orion South Bulk Sampling Diamond Results Announced to Date***

<b>Kimberlite Lithology</b>	<b>Total (carats)</b>	<b>Tonnes</b>	<b>Grade (cpht)</b>
<b>LJF</b>	6.02	85.42	7.05
<b>Pense</b>	588.48	12,156.51	4.84
<b>Transitional Pense/EJF</b>	296.31	2,789.03	10.62
<b>EJF</b>	925.52	5,479.79	16.89
<b>Total</b>	<b>1,816.33</b>	<b>20,510.75</b>	<b>8.86</b>

The majority of tonnage reported thus far was derived from the Pense Kimberlite and was required to be sampled in order to access the target EJF Kimberlite located to the south and north of the shaft. Included in these results was a 45.95 carat diamond, which is a fragment of a larger stone, and is the largest diamond recovered from the Orion Cluster to date. The occurrence of the 45.95 carat stone within the Pense Kimberlite confirms the prospects of coarser grained parts of this kimberlite lithology and the large stone potential of Orion South. Underground bulk sampling of Orion South terminated in February 2009. It is anticipated that the majority of the remaining underground samples to be processed and reported will be derived from the EJF Kimberlite. Thus far, the Company has recovered 925.52 carats from the targeted EJF Kimberlite from 5,479.79 tonnes, for an average of 16.89 cpht.

In addition to the underground bulk sampling program on Orion South, LD drilling was undertaken on Orion South, Orion North, Taurus and Star West. The Taurus Kimberlite Cluster lies to the west of the Orion Cluster and includes eight coalescing kimberlites that result in over six kilometres of contiguous kimberlite (See SGF News Release February 25, 2008). Diamond concentrate samples have been dispatched by Shore, and processing and auditing is nearing completion. Current LD drilling programs of the FALC-JV were completed in January 2009. The completion of the LD drilling program in the FALC-JV is a major milestone in the evaluation of these large diamondiferous kimberlites. While the numerous kimberlites within the FALC-JV will require additional LD drilling further into the future, it is the present focus to evaluate the Star and Orion South Kimberlites to the point where a production decision can be made.

The diamond parcel recovered from the underground and LD sampling of Orion South will provide grade and price estimates for use in an NI 43-101 Mineral Resource estimate of the Orion South Kimberlite. Shore believes a preliminary Mineral Resource estimate from the data collected thus far can be determined for Orion South during 2009.

Overall, the FALC-JV program was \$23.3 million under budget for 2008, primarily as a result of the amount of underground bulk sampling that was achieved in the year. The expectation of the 2008 budget for bulk sampling of Orion South was to recover approximately 60,750 tonnes of kimberlite. Progress, however, was slower than



anticipated due to the ground conditions experienced. LD drilling and processing costs for the FALC-JV were also below budget as a result of redirecting LD drilling and related processing activities to the Company’s Star Property.

**FALC-JV Summary of 2008<sup>(1)</sup> (Actuals to Budget)**

Description	2008	2008	Variance	2008	2008	Variance
	Actuals	Budget		Actuals	Budget	
	(\$M)	(\$M)	(\$M)			
LD Drilling	\$30.6	\$33.0	\$2.4	62 holes	88 holes	-26 holes
Underground sampling and shaft sinking	\$14.0	\$28.0	\$14.0	23,257t	60,750t	-37,493t
Core drilling	\$1.9	\$1.7	(\$0.2)	29 holes	21 holes	+8 hole
Processing	\$3.3	\$4.0	\$0.7	29,860t	36,500t	-6,640t
Other <sup>(2)</sup>	\$13.7	\$20.1	\$6.4			
Total	\$63.5	\$86.8	\$23.3			

(1) Costs are on a 100% basis and includes costs relating to Star West.

(2) “Other” includes pre-feasibility, geological, environmental, geotechnical, scoping studies, valuations, warehousing, capital and other costs.

For 2009, \$10.5 million has been budgeted for the FALC-JV, primarily for the completion of the LD drilling and underground bulk sampling programs. Newmont has elected not to participate in the 2009 FALC-JV budget beyond the completion of the LD drilling. Included in the \$10.5 million budget is \$1.0 million for costs associated with the completion of the pre-feasibility study and the delivery of an NI 43-101 compliant Reserve estimate for Star West’s portion of the Star Diamond Project during 2009.

**Buffalo Hills Joint Venture Exploration Program**

The Buffalo Hills Joint Venture participants are Shore (22.5 percent), Diamondex Resources Ltd. (“Diamondex”) (22.5 percent), EnCana Corporation (43 percent) and Pure Diamonds Exploration Inc. (12 percent). Diamondex has been appointed operator of the Buffalo Hills Joint Venture. Shore and Diamondex have the option to increase their combined interest in the joint venture to 72.5 percent by funding the next \$15 million of exploration expenditures before April 30, 2010.

Shore’s share of 2008 expenditures on Buffalo Hills was \$2.8 million, \$0.7 million below budget, primarily due to a lower than budgeted level of drilling work performed during the year. In 2008, a drill program on the Buffalo Hills central corridor resulted in the completion of 41 PQ sized drill holes (6,818 metres versus a total budget of 14,000 metres) on three kimberlite bodies (K14, K252 and K6). Contractor unavailability in the winter and difficult access conditions in the summer did not permit the completion of the planned 2008 program. Logging of drill core from this program resulted in the development of a preliminary three dimensional model for the K14 kimberlite. Processing of bulk sample material from K6 and K14 that was collected by the former operator was also completed in 2008. A total of 27.416 carats from 368.89 tonnes was recovered from both K6 and K14 material to give average grades of 7.0 cph and 8.1 cph



respectively. However, further bulk sampling will need to be undertaken to gain a truly representative sample now that a geological model has been established for the K14 Kimberlite. The development of geological models for the K6 and K252 kimberlite bodies is underway.

## Selected Annual Information

Selected financial information of the Company for each of the last 3 fiscal years is summarized as follows:

	2008	2007	2006
Revenues (\$millions)	1.6	4.2	9.5
Net income (loss) (\$millions)	(458.0)	7.5	(77.5)
Net income (loss) per share <sup>(1)</sup>	(2.48)	0.04	(0.44)
Total assets (\$millions)	267.0	819.1	787.5
Working capital (millions)	23.6	64.8	118.1

(1) Basic and diluted.

## Results of Operations

For the year ended December 31, 2008, the Company recorded a net loss of \$458.0 million or \$2.48 per share compared to net income of \$7.5 million, or \$0.04 per share for 2007. The loss during 2008 was primarily due to the write-down of certain previously capitalized mineral property expenditures (\$561.1 million), as well as the fair value of stock-based compensation that was expensed during the year (\$2.7 million) and a further \$2.9 million impairment in the fair value of third-party asset-backed commercial paper ("ABCP") held by the Company that was recorded in the year. The loss was offset by future income tax recoveries predominantly related to the write-down of mineral properties. Net income of \$7.5 million during 2007 was due to a \$16.0 million future income tax recovery resulting primarily from the federal government substantively enacting a decrease in corporate income tax rates. This 2007 tax recovery was offset by the fair value of stock-based compensation expensed (\$5.2 million) and a \$2.0 million impairment in the fair value of ABCP held by the Company.

### Revenues

For the year ended December 31, 2008 the Company reported interest and other revenue of \$1.6 million as compared to \$4.2 million for the year ended December 31, 2007. The \$2.6 million decrease in revenue from 2007 was from a reduction in the Company's investment base after incurring on-going exploration expenditures on the Fort à la Corne and Buffalo Hills projects, the ABCP not earning interest during 2008 and lower interest rates earned on the Company's investment portfolio as a result of falling interest rates.



### ***Expenses***

Total operating costs for the year ended December 31, 2008 were \$7.1 million compared to \$10.4 million for the year ended December 31, 2007. This represents a decrease of \$3.3 million. A portion of this decrease is attributed to the fair value of stock-based compensation that was expensed from the issuance of stock options during 2008 as compared to 2007. The fair value of the options expensed during 2008 was \$2.7 million compared to \$5.2 million for the year ended December 31, 2007. Once the effect of accounting for stock-based compensation is removed, the specific categories of expenses become more comparable year over year. After removing the effect of accounting for stock-based compensation, expenses for the year ended December 31, 2008 decreased by \$0.8 million to \$4.4 million from \$5.2 million during the year ended December 31, 2007.

The following discussion relates to the expense variances, and removes the effect of stock-based compensation for comparative purposes. Administration expense was \$2.7 million, a decrease of \$0.1 million from the year ended December 31, 2007. Consulting and professional fees were \$0.9 million, a decrease of \$0.5 million from 2007, primarily due to lower legal fees incurred as a result of fewer activities and hiring in-house counsel. Corporate development expenditures were \$0.3 million in 2008, a decreased of \$0.2 million from 2007, as a result of fewer activities during the year. Amortization and accretion was \$0.5 million, consistent with the year ended December 31, 2007.

### ***Write-down of mineral properties***

Due to the current economic crisis, the Company's share price, as with many other junior exploration companies, has seen a significant decline. This decline has resulted in the Company's market capitalization being substantially less than the carrying value of the Company's net assets. As a result of this decline, the Company was required to assess impairment for all of its mineral properties.

For the Star Diamond Project, which includes Star West (a component of the FALC-JV), an assessment of impairment was performed by comparing the carrying value of the mineral properties with the estimated undiscounted future cash flows, as required by Canadian GAAP. Based on this analysis, the Company did not adjust the carrying value of the Star Property or the FALC-JV's Star West Property at December 31, 2008.

As there are currently no independent estimates of reserves or resources for any of the Company's other mineral properties, the Company was unable to apply undiscounted future cash flow methodologies as an initial step in assessing impairment. Using other indicators, the carrying value of the Company's other mineral properties were written down to nil. As a result, the Company incurred a write-down of \$561.1 million (before taxes).

### ***Impairment of long-term investments***

There is currently no active market for the ABCP held. The Company reviewed its assumptions regarding the fair value calculation during the year ended December 31,



2008 and recorded an "other than temporary impairment" of \$2.9 million (2007 - \$2.0 million). The fair value of the ABCP was determined by the Company using a discounted cash flow approach which factored in the Information Statement released by the Pan-Canadian Investors Committee for Third-Party Structured Asset Backed Commercial Paper ("Investors Committee") and other available data regarding market conditions for such investments as at December 31, 2008.

### ***Income taxes***

Income tax recoveries were \$112.0 million in 2008 compared to a recovery of \$16.0 million in 2007. The majority of the recovery in 2008 was due to the tax effect on the write-down of mineral properties. The future income tax recovery that was recorded during the year ended December 31, 2007 resulted from the federal government substantively enacting a decrease in corporate income tax rates.

### ***Investing***

Mineral property additions for 2008 totaled \$49.3 million compared to \$63.6 million in 2007. The 2008 additions represent approximately \$7.9 million on the Star Diamond Project (2007 - \$25.8 million), \$38.4 million for the Company's share of costs related to the FALC-JV Project (2007 - \$27.4 million) and \$3.0 million on other properties, which included \$2.8 million for the Buffalo Hills Joint Venture (2007 - \$10.4 million, which included the \$8.75 million acquisition of a 22.5 percent interest in the Buffalo Hills Joint Venture). The main activities for the Star Diamond Project were the completion of the Mineral Resource estimate, the ongoing desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and CIM standards, as well as additional LD drilling performed to update the NI 43-101 Mineral Resource estimate. The expenditures on the FALC-JV Project primarily related to underground bulk sampling on Orion South, LD drilling and sample processing. The \$3.0 million of expenditures on the remaining properties were predominantly related to core and exploration drilling programs.

### ***Financing***

On November 24, 2008, the Company announced the successful closing of the private placement of 16.67 million Flow-Through Common Shares of the Company for gross proceeds of \$12.5 million which will be used to incur Canadian exploration expenses prior to December 31, 2009 (See SGF News Release November 24, 2008).

On November 23, 2007, the Company announced the successful closing of the private placement of 4.76 million Flow-Through Common Shares of the Company for gross proceeds of \$30.0 million (See SGF News Release November 23, 2007). These proceeds were used by Shore to incur Canadian exploration expenses prior to December 31, 2008.

During the year ended December 31, 2008, there were 0.6 million options exercised (2007 - 1.2 million) resulting in additional cash flow from financing activities of \$0.5 million (2007 - \$2.5 million).



## Summary of Quarterly Results

	2008				2007			
	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Revenues <sup>(1)</sup> (\$millions)	0.2	0.3	0.4	0.7	0.8	0.9	1.2	1.3
Net income (loss) <sup>(2)</sup> (\$millions)	(452.2)	(0.8)	(2.8)	(2.2)	12.4	(2.4)	1.7	(4.2)
Net income (loss)/share <sup>(3)</sup> (\$)	(2.45)	(0.00)	(0.02)	(0.01)	0.06	(0.01)	0.01	(0.02)
Shares outstanding <sup>(4)</sup> (millions)	199.9	183.2	183.2	182.7	182.7	177.5	177.3	177.3

- (1) The trend of declining interest revenue from the first quarter of 2007 to the fourth quarter of 2008 resulted from a reduction in the Company's investment base after incurring exploration expenditures throughout the periods and the acquisition of the Company's interest in the Buffalo Hills Joint Venture, ABCP not earning interest during 2008 and lower interest rates earned on the Company's investment portfolio as a result in falling interest rates.
- (2) The net loss during the fourth quarter of 2008 was primarily related to the write-down of certain mineral properties held by the Company. The second and fourth quarters of 2007 had net income as a result of future income tax recoveries after the federal government substantively enacted reduced corporate income tax rates. The net loss during the second and fourth quarters of 2008 and the third quarter of 2007 primarily related to changes in the fair value of the Company's ABCP. The first quarters of 2008 and 2007 saw increases in operating costs primarily associated with the fair value of stock-based compensation granted during those quarters.
- (3) Basic and diluted.
- (4) The Company completed private placement financings on November 24, 2008 and November 23, 2007 resulting in the issuance of 16.67 million and 4.76 million flow-through common shares from treasury, respectively. Other changes in the number of shares outstanding are the result of option exercises in the respective periods.

### Fourth Quarter Results

For the quarter ended December 31, 2008, the Company recorded a net loss of \$452.2 million or \$2.45 per share compared to net income of \$12.4 million or \$0.06 per share for the same period in 2007. The loss for the quarter ended December 31, 2008 was primarily due to the write-down of certain previously capitalized mineral property expenditures (\$561.1 million), offset by future income tax recoveries related to this write-down, as well as a further \$0.9 million impairment in fair value of ABCP held by the Company. The Company also generated lower interest income for the fourth quarter of 2008 compared to the same period in 2007, which was primarily the result of having less cash on hand after the significant expenditures on the exploration projects in the Fort à la Corne region since December 31, 2007. The net income in 2007 was due to a \$13.9 million future income tax recovery that was recorded during the fourth quarter of 2007 resulting from the federal government enacting a decrease in corporate income tax rates.

The Company generated \$0.2 million in interest and other revenue during the fourth quarter of 2008 compared to \$0.8 million for the corresponding period in 2007. The decline in interest revenue resulted from a reduction in the Company's investment base after incurring exploration expenditures throughout this period, ABCP not accruing interest, and lower interest rates earned on the Company's investment portfolio as a result of falling interest rates.

Total operating costs for the quarter ended December 31, 2008 were \$1.3 million, compared to \$2.1 million during the quarter ended December 31, 2007. Removing the effect of stock-based compensation, operating costs decreased by \$0.4 million from the



quarter ended December 31, 2007, primarily due to lower administration and consulting expenses.

During the fourth quarter of 2008 the Company incurred \$1.6 million (2007 - \$8.4 million) in mineral property additions related to the Star Diamond Project, \$10.6 million (2007 - \$5.2 million) for the Company's 60 percent share of costs related to the FALC-JV Project and \$0.2 million (2007 - \$0.2 million) on other properties, which includes the Buffalo Hills Joint Venture. The main activities for the Star Diamond Project were the ongoing desk-top engineering studies and data analysis required to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and CIM standards. The expenditures on the FALC-JV Project primarily related to underground bulk sampling on Orion South, LD drilling and sample processing. The expenditures on the remaining properties were predominantly related to core and exploration drilling programs.

During the fourth quarter, the Company closed a private placement of 16.67 million Flow-Through Common Shares for gross proceeds of \$12.5 million.

### **Related Party Transactions**

Messrs. Kenneth E. MacNeill (President and Chief Executive Officer), Harvey J. Bay (Chief Financial Officer and Chief Operating Officer), George H. Read (Senior Vice-President of Exploration and Development) and Pieter Du Plessis (Vice-President of Exploration), through their respective consulting companies, hold management and consulting contracts with the Company. As of April 1, 2008, Messrs. MacNeill, Bay, Read and Du Plessis's monthly contracted fee is \$30 thousand (previously \$27 thousand), \$23 thousand (previously \$21 thousand), \$18 thousand (previously \$16 thousand), and \$16 thousand (previously \$15 thousand), respectively. During 2008, management and consulting fees of \$1.0 million (2007 - \$1.5 million) were paid to companies controlled by these officers. Of these fees, \$0.2 million (2007 - \$0.2 million) were capitalized as additions to mineral properties; \$0.3 million (2007 - \$0.6 million) were included in administration expense and \$0.5 million (2007 - \$0.7 million) were included in consulting and professional fees expense.

During 2008, the Company charged \$70 thousand (2007 - \$327 thousand) to Wescan Goldfields Inc. for administration services and rental of equipment. Accounts receivable includes \$9 thousand (2007 - \$2 thousand) due from Wescan Goldfields Inc.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties.

### **Liquidity**

The Company does not currently operate any producing properties and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and



advance its exploration properties. Until the Company's surplus cash is required to fund exploration or development activities it is invested in a variety of highly rated instruments.

At December 31, 2008 the Company also held ABCP with a total par value of \$19 million, with repayment dates ranging from September 14, 2007 to October 15, 2007. During the month of August 2007, the ABCP market experienced liquidity problems. As a result, certain of the ABCP issuing entities were unable to raise funds from new issuances and therefore were not able to refund maturing notes. To address the liquidity issue, twenty of the ABCP conduits, which include the ABCP held by the Company, were subject to a proposal by the Investors Committee ("Committee Restructuring Plan") which called for the conversion of the ABCP into floating rate notes. On April 25, 2008, the majority of noteholders voted in favour of the Committee Restructuring Plan and on June 25, 2008 a court order sanctioning the Committee Restructuring Plan was made. On December 24, 2008, the Investors Committee announced that an agreement had been reached with all key stakeholders, including the governments of Canada, Ontario, Quebec and Alberta regarding the restructuring of the ABCP. On January 12, 2009, the Superior Court of Ontario approved the final restructuring agreement. The exchange of restructured ABCP notes was completed on January 21, 2009.

There is currently no active market for the ABCP held by the Company. The Company reviewed its assumptions regarding the fair value of ABCP and assessed a further \$2.9 million write-down during 2008 (2007 - \$2.0 million). The timing and amount ultimately recovered by the Company may differ materially from this estimate. The Company expects its current capital resources will be sufficient to carry out its exploration plans through 2010, when a production decision is anticipated.

During January, 2009, the Company received the following floating rate notes in exchange for the ABCP previously held:

<b>Mater Asset Vehicle ("MAV")</b>	<b>Class</b>	<b>Notional Amount (\$millions)</b>	<b>Percent</b>
MAV2	Class A-1 Notes	\$6.2	33.2%
MAV2	Class A-2 Notes	\$6.5	34.5%
MAV2	Class B Notes	\$1.2	6.3%
MAV2	Class C Notes	\$0.4	2.3%
MAV3	Class 9 Notes	\$4.4 <sup>1</sup>	23.7%
<b>Total</b>		<b>\$18.7</b>	<b>100.0%</b>

(1) According to the Eighteenth Monitor's Report, approximately 99% of the principal assets in the MAV3, Class 9 Notes will be comprised of cash at the time of the restructuring.

The Company has an agreement in principle for a credit facility against the Company's investment in ABCP, should additional liquidity be required.

In addition, in the fourth quarter of 2008, the Company completed a private placement of 16.67 million Flow-Through Common Shares of the Company for gross proceeds of



\$12.5 million. These funds will be used by Shore to incur Canadian exploration expenses prior to December 31, 2009 (See SGF News Release November 24, 2008), which will fund the majority of the 2009 budget announced in January 2009 (See SGF News Release January 6, 2009).

The Company’s contractual obligations are as follows:

	Payment due by period (\$millions)				Total
	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter	
Lease of premises	\$ 0.5	\$ 0.5	\$ -	\$ -	\$ 1.0
Equipment and services	3.4	-	-	-	3.4
Total	\$ 3.9	\$ 0.5	\$ -	\$ -	\$ 4.4

The Company is committed to spend \$7.6 million of qualifying Canadian Exploration Expenses as defined by the *Canadian Income Tax Act* prior to December 31, 2009.

As at December 31, 2008, letters of credit totaling \$1.8 million (2007 – \$0.4 million) have been issued. The facilities are secured by restricted cash.

### Capital Resources and Outstanding Share Data

As at December 31, 2008, the Company had working capital of \$23.6 million as compared to \$64.8 million at December 31, 2007. This does not include the \$18.7 million in floating rate notes relating to the restructured ABCP or the agreement in principle for a credit facility against these floating rate notes. Working capital of the Company will be sufficient for meeting the Company’s 2009 budget requirements (See SGF News Release January 6, 2009). The 2009 budget, combined with Shore’s current cash position and an agreement in principle for a credit facility against the Company’s \$18.7 million in floating rate notes, will ensure the Company’s financial stability through 2010, when a production decision is anticipated.

At December 31, 2008 the Company had 199,904,242 shares issued and outstanding compared to 182,684,242 at December 31, 2007. As at March 19, 2009, the Company had a total of 199,904,242 common shares issued and outstanding and a further 7,283,360 options outstanding at a weighted average exercise price of \$4.96. None of these options are currently in-the-money.

### Critical Accounting Estimates

Shore’s consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles (“GAAP”). The Company’s accounting policies are described in note 2 to the annual consolidated financial statements. Certain of these policies involve critical accounting estimates as they require Management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under



different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows.

Management considers the following policies to be the most critical in understanding the judgments and estimates that are involved in preparing the Company's consolidated financial statements.

### ***Mineral properties***

Subject to compliance with provincial mineral regulations, the Company holds the right to explore for and develop mineral resources on various Crown property dispositions within the Province of Saskatchewan. The Company also has joint operations with various companies that hold similar rights in Saskatchewan and Alberta. These rights are classified as mineral properties for financial statement purposes.

All costs related to the acquisition, exploration, stripping and development of mineral properties are capitalized until the date commercial production is achieved. Upon commencement of commercial production from a property, the related accumulated costs will be amortized using the unit of production method over estimated recoverable reserves. Interest on debt associated with the acquisition of mineral properties would be capitalized until commencement of commercial production. There have been no interest costs capitalized to date. Management assesses carrying values of non-producing properties each time it issues financial statements. Where information and conditions suggest impairment, estimated future cash flows are calculated using estimated future prices, reserves and resources, weighted probable outcomes and operating, capital and reclamation costs on an undiscounted basis. If it is determined that the future cash flows are less than the carrying value, a write-down to the estimated fair value is expensed for the period. Where no independent estimates of reserves or resources are available for which to estimate future net cash flows and where other conditions suggest impairment, carried costs are written down.

When options to acquire mineral properties are granted or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditures are required and proceeds exceed costs, the excess proceeds are reported as a gain.

### ***Asset retirement obligations***

The fair value of liabilities for asset retirement obligations are recognized in the period in which the liabilities are incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the mineral property and then amortized over its estimated useful life. The fair value of the asset retirement obligations is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligations are adjusted at the end of each period to reflect the passage of time and changes in the estimated



future cash flows underlying the obligations. Changes in the obligations due to the passage of time are recognized in income as an operating expense using the interest method. Changes in the obligations due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related asset.

### ***Stock-based compensation plans***

Options granted under the share option plan are accounted for using the fair value method. Under this method, the fair value of stock options granted is measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

### ***Future income taxes***

Future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is recognized in earnings in the period which includes the enactment date. Future income tax assets and liabilities are recorded in the financial statements if realization is considered more likely than not. The valuation of future income taxes is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated recoverable amount.

### ***Fair value of financial instruments***

Financial instruments are initially recorded at fair value. The fair values of cash and cash equivalents, short-term investments, receivables and payables approximate their recorded amounts due to their short-term nature. At December 31, 2008 there was no active market for the Company's long-term investments (comprised of ABCP with a carrying value of \$14.1 million). As a result, the fair value of these investments is periodically assessed by Management. Any "other than temporary impairments" of these long-term investments are then recognized in the consolidated statement of income.

## **Accounting Changes**

### ***Financial Instruments – Presentation and Disclosure***

On January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") handbook sections relating to financial instrument presentation and disclosure. These sections are intended to enhance the users' ability to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:



### Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations.

A significant portion of the Company's receivables relate to amounts receivable from a participant of the Company's joint operations. Management minimizes the credit risk associated with this concentration of receivables by ensuring that amounts receivable from this participant are current. In accordance with the agreement governing these jointly controlled operations, the participating interest in the jointly controlled operations is security against amounts owed to the Company.

Until the Company's surplus cash is required to fund exploration or development activities it is invested in a variety of highly rated, relatively risk-free instruments such as guaranteed investment certificates and Government of Canada treasury bills. At December 31, 2008 the Company also held ABCP with a par value of \$19.0 million (carrying value of \$14.1 million) as outlined in note 4 of the Company's consolidated financial statements. As of December 31, 2008, none of the ABCP held by the Company has been repaid. This ABCP was subject to the Investors Committee Restructuring Plan that was completed in January of 2009. As a result, the ABCP held by the Company has been exchanged for floating rate notes with terms that match the duration of the underlying assets. As part of the Investors Committee Restructuring Plan, certain financial institutions and stakeholders, as well as the governments of Canada, Ontario, Quebec and Alberta, have provided margin call facilities that would significantly reduce the risk of credit default on these floating rate notes. Management continually monitors the progress regarding the ultimate collectability of these investments. The consolidated financial statements of the Company reflect Management's best estimate of the fair value of these investments.

The carrying amount of the financial assets discussed above represents the Company's exposure to credit risk for the period ended December 31, 2008.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to forecast future cash flows, to ensure that it will have sufficient liquidity to meet its obligations when due. As at December 31, 2008, the Corporation had working capital of \$23.6 million. Management believes this working capital will be sufficient to meet financial obligations as they fall due.

The Company does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future



or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or joint operations or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Shore's future cash flows, earnings, results of operations and financial condition.

The Company has an agreement in principle for a credit facility against the Company's floating rate notes received from the restructuring of ABCP, should additional liquidity be required.

The Company has supplied irrevocable standby letters of credit issued by a Canadian chartered bank, of which the majority is related to asset retirement obligations. The Company has pledged \$1.8 million of short-term investments as security. These investments are recorded as restricted cash.

The Company expects its current capital resources will be sufficient to carry out its exploration plans through 2010, when a production decision is anticipated.

### ***Capital Disclosures***

On January 1, 2008, the Company adopted CICA accounting standards relating to capital disclosure. This additional disclosure includes information regarding an entity's objectives, policies and processes for managing capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholder's equity as capital and has financed its exploration efforts through the issuance of shares.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's investment policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less, resulting in minimal exposure to interest rate and credit risk.

The Company expects its current working capital will be sufficient to carry out its exploration plans through 2010, when a production decision is anticipated. The Company is not subject to externally imposed capital requirements, except as disclosed in the Company's consolidated financial statements.



## Future Accounting Changes

### *International Financial Reporting Standards ("IFRS")*

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the three-month period ended March 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standard Board ("IASB") will, however, also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's financial statements will only be measurable once all IFRS applicable at the conversion date are known.

As a result of this convergence, the Company has developed a plan to convert its financial statements to IFRS. Regular reporting to the Company's Audit Committee on the status of the IFRS implementation project has been established to ensure proper oversight.

The Company's plan consists of several phases including:

Timing	Plan Phase
2008	<b>An initial scoping phase</b> including the identification of key differences, important dates, development of milestones, and potential training issues;
2009	<b>Detailed evaluation phase</b> which will include a detailed comparison of Canadian GAAP and IFRS in a priority sequence including policy alternatives and business process implications, information systems, internal controls over financial reporting, disclosure controls and procedures and compensation arrangements; and,
2009-2010	<b>Implementation and review phase</b> which will include final policy selection with the culmination of the necessary information systems and data required to prepare IFRS compliant financial statements and disclosures and any necessary adjustments to other business processes that may be impacted.

During the initial scoping exercise completed in 2008, the Company has identified the accounting related to the carrying value of the Company's mineral properties to be the area of the most significant potential difference. The carrying value of the Company's mineral properties may potentially be impacted by several standards in IFRS, including the treatment of exploration expenditures, and how potential impairments are analyzed. Other areas of less significance that will require adjustments relate to share-based payments, asset retirements obligations and property and equipment.



Currently, Canadian GAAP and IFRS both allow a Company to establish an accounting policy that either capitalizes or expenses exploration expenditures incurred. IFRS related to exploration costs, however, are currently under review and are anticipated to change after January 1, 2011. The full extent of the changes are not yet known and, as a result, the Company may change its current policy of capitalizing exploration expenditures retroactively on the date of transition in order to minimize the impact future IFRS changes may have on the Company's financial statements.

As a result of the initial scoping exercise and given the stage of the Company's development, Management does not anticipate that the conversion to IFRS will have any significant impact to its business processes. Certain of the Company's information systems have already been converted which will allow for the recognition, measurement and disclosure requirements of property and equipment in accordance with IFRS. Certain members of the conversion team have been provided training regarding IFRS. More specific training is anticipated and additional involvement of the Company's external auditors will be required once Management has fully evaluated the implications of the differences between Canadian GAAP and IFRS.

Management has not yet completed its quantification of the effects of adopting IFRS. The consolidated financial performance and financial position as presented in the Company's Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

### ***Goodwill and Other Intangible Assets***

Effective January 1, 2009, the Company will adopt a CICA handbook section relating to goodwill and intangible assets, which replaces existing standards relating to goodwill and intangible assets and research and development costs. The standard introduces guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The standard also harmonizes Canadian standards with IFRS and applies to annual and interim financial statements for fiscal years beginning on or after October 1, 2008. The Company does not expect the adoption of this standard will have a material impact on its consolidated financial statements.

### **Disclosure Controls and Procedures**

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods, and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the



Company's disclosure controls and procedures as at December 31, 2008, and based on their evaluation, have concluded that these controls and procedures were effective.

There have been no significant changes in the Company's disclosure controls during the quarter ended December 31, 2008 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

### **Internal Controls over Financial Reporting Procedures**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design and tested the effectiveness of the Company's internal controls over financial reporting as of the end of the period covered by the annual filings and have concluded that the design and effectiveness of the Company's internal controls over financial reporting are effective.

There have been no significant changes to internal controls over financial reporting during the quarter ended December 31, 2008 that could have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

### **Outlook**

As of March 19, 2009, the Company had approximately \$20.0 million in cash and cash equivalents and short-term investments. These funds will be used to complete the Star Diamond Project pre-feasibility study, to fund the planned FALC-JV and the Buffalo Hills Joint Venture exploration programs and for general corporate matters. Cash and cash equivalents and short-term investments may also be used to fund various other exploration activities as well as acquisition and exploration of additional properties as opportunities warrant.

The Company continues with the Star Diamond Project pre-feasibility study. This primarily entails desk-top engineering studies and data analysis to convert the Mineral Resource to a Mineral Reserve and a feasibility study conforming to NI 43-101 and CIM standards. The Company's intent is to have an NI 43-101 compliant Reserve estimate for the Star Diamond Project completed during 2009. Shore anticipates the delivery of a final feasibility study for the Star Diamond Project by the end of the first quarter of 2010. The FALC-JV has similar objectives; however, based on the stage of current exploration



programs on the Orion Cluster, a Mineral Resource estimate is not anticipated for any of the FALC-JV's diamondiferous kimberlites until late in 2009. It is the present focus to evaluate the Star and Orion South Kimberlites to the point where a production decision can be made.

## **Risks and Uncertainties**

The Company attempts to mitigate risks by identifying, assessing, reporting and managing risks of significance. The following are risks relating to the business of the Company. This information is a summary only of risks currently facing the Company based on its stage of development. Additional risks and uncertainties not presently known may also impact the Company's operations. Management's view on risks facing the Company will evolve as the Company progresses in its stage of development.

### ***Risks Associated With an Exploration Stage Company***

The principal risks faced by the Company during the exploration stage involve: Shore's ability to obtain financing to further the exploration and development of mineral properties in which Shore holds interests; maintaining title to its property claims; obtaining the required permits from various federal, provincial and local governmental authorities; and the ultimate economic feasibility of any future development projects.

The further development and exploration of mineral properties in which Shore holds interests or which Shore acquires may depend upon Shore's ability to obtain financing through joint ventures, debt financing, equity financing or other means. The Company does not have sufficient funds to put any of its property interests into production from its own financial resources. There is no assurance that Shore will be successful in obtaining required financing as and when needed. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or joint operations or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Shore's future cash flows, earnings, results of operations and financial condition. The relative prices of diamonds and future expectations for such prices have a significant impact on the market sentiment for investment in diamond mining and exploration companies. To ensure that exploration procedures are being performed effectively and those results are interpreted and reported in a proper manner, Management ensures that qualified individuals, service providers and external consultants are utilized in the verification and quality assurance of analytical results.

Title disputes could have adverse consequences to the Company. Managing these issues is an integral part of exploration, development and mining in Saskatchewan and Alberta and Shore is committed to managing these issues effectively. The Company has diligently investigated title to its claims in the Star, FALC-JV and Buffalo Hills Joint Venture Properties. However, no assurance can be given that title to these properties will not be



challenged or impugned in the future by third parties or governments. Management maintains a database to monitor the status of the Company's claims to ensure all claims are in good standing.

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations. The Company utilizes qualified individuals, service providers and external consultants and maintains constant communications with governmental authorities to ensure that the Company is in compliance with all applicable rules and regulations.

All of Shore's property interests are currently in the exploration stage and are without a known body of commercial ore. The exploration, development and production of precious metals and gems are capital-intensive, subject to the normal risks and capital expenditure requirements associated with mining operations. While the rewards can be substantial if commercial quantities of minerals or gems are found, there can be no assurance that Shore's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

### **Technical Information**

All technical information in this report has been prepared under the supervision of George Read, Senior Vice-President of Exploration and Development, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, and Shawn Harvey, Geology Manager, Professional Geoscientist in the Province of Saskatchewan, who are the Company's "Qualified Persons" under the definition of NI 43-101.

### **Caution regarding Forward-looking Information**

From time to time, Shore makes written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Ontario Securities Act and the United States Private Securities Litigation Reform Act of 1995. Shore may make such statements in press releases, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to Shore's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. 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. In particular, statements regarding Shore's future operations, future exploration and development activities or the anticipated results of Shore's advanced exploration study or other development plans contain forward-looking statements.



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 this MD&A and Shore's most recently filed Annual Information Form and short form prospectus, 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 laws, Shore does not undertake to update any written forward-looking statements that may be made from time to time by Shore or on our behalf.

### **Additional Information**

Additional information related to the Company, including the latest available Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com)