



**Notice of Meeting and  
Management Information Circular**

**for**

**Annual General and Special Meeting of Shareholders of  
Shore Gold Inc.  
to be held on Tuesday, June 14, 2011**

## SHORE GOLD INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF SHORE GOLD INC.

June 14, 2011

TAKE NOTICE THAT the Annual General and Special Meeting (the "Meeting") of the shareholders of SHORE GOLD INC. (the "Corporation") will be held at the Sheraton Cavalier Hotel, Centre Room, 612 Spadina Crescent East, Saskatoon, Saskatchewan, on Tuesday, June 14, 2011 at 10:00 a.m. (Saskatoon time) for the following purposes:

1. to receive the financial statements of the Corporation as at and for the year ended December 31, 2010 and the report of the auditors thereon and to receive the annual report for the year ended December 31, 2010;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
4. to consider and, if deemed advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying Information Circular, approving the Corporation's Amended and Restated Shareholder Rights Plan; and
5. to transact such other business as may properly come before the Meeting.

The Information Circular and the Form of Proxy prepared in respect of the Meeting accompany this notice.

A shareholder may attend the Meeting in person or may be represented at the meeting by proxy. Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying Form of Proxy, or other appropriate Form of Proxy, in accordance with the instructions set forth in the Information Circular. A Form of Proxy will not be valid unless it is deposited at the offices of Valiant Trust Company, Suite 600 - 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, in the enclosed self-addressed envelope, not less than 24 hours prior to the time of the Meeting or any adjournment thereof (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment thereof. A person appointed as proxy holder need not be a shareholder of the Corporation.

Only shareholders of record as at the close of business on April 29, 2011 are entitled to receive notice of the Meeting.

DATED at Saskatoon, Saskatchewan as of the 13<sup>th</sup> day of April, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS**



James R. Rothwell  
Chairman

Enclosed herewith:

Form of Proxy  
Information Circular  
Addressed Return Envelope  
Mailing Request Form

**SHORE GOLD INC.**  
**INFORMATION CIRCULAR**  
**As at April 13, 2011**

**FOR THE  
ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON TUESDAY, JUNE 14, 2011**

**SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation by the management of Shore Gold Inc. (the "Corporation") of proxies to be used at the Annual General and Special Meeting (the "Meeting") of the shareholders of the Corporation (the "Shareholders"), which is to be held at the Sheraton Cavalier Hotel, Centre Room, 612 Spadina Crescent East, Saskatoon, Saskatchewan, on Tuesday, June 14, 2011 at 10:00 AM (Saskatoon Time). Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the directors and officers of the Corporation, at no additional compensation. The cost of the solicitation of proxies will be borne by the Corporation.

**APPOINTMENT OF PROXYHOLDERS**

Kenneth E. MacNeill and Harvey J. Bay (the management designees named in the accompanying Form of Proxy) are officers and directors of the Corporation. A Shareholder has the right to appoint a person (who need not be a Shareholder), other than Kenneth E. MacNeill or Harvey J. Bay to represent such Shareholder at the Meeting. To exercise this right, a Shareholder should insert the name of the other person in the blank space provided on the Form of Proxy. Alternatively, a Shareholder may complete another appropriate form of proxy.

**A Form of Proxy will not be valid unless it is deposited at the offices of Valiant Trust Company at Suite 600 - 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, not less than twenty-four (24) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.**

**REVOCATION OF PROXIES**

A Shareholder who has submitted a Form of Proxy may revoke it by a document in writing signed by the Shareholder or by an authorized attorney or, if the Shareholder is a corporation, by a duly authorized officer, and deposited either: (i) at the offices of Valiant Trust Company, Suite 600 - 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; (ii) at the offices of the Corporation at Suite 300, 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; or (iii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. In addition, a Form of Proxy may be revoked: (i) by the Shareholder personally attending at the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

**EXERCISE OF DISCRETION BY PROXYHOLDERS**

The management designees named in the accompanying Form of Proxy will vote or withhold from voting the shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the direction of the Shareholder appointing them and if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. In the absence of such direction, the relevant shares will be voted in favour of: (i) the election of directors; (ii) the appointment of auditors, at such remuneration as may be determined by the directors of the Corporation; and (iii) a resolution approving the Corporation's Amended and Restated Shareholder Rights Plan, as more particularly described in this Information Circular. The accompanying Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters identified in the Notice of Meeting and with respect to other matters that may properly be brought before the Meeting. As of the date

hereof, management of the Corporation knows of no such amendments, variations or other matters to be brought before the Meeting.

## SIGNING OF PROXY

The Form of Proxy must be signed by the Shareholder or his duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer. A Form of Proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

## VOTING SHARES AND PRINCIPAL HOLDERS OF COMMON SHARES

### Voting of Common Shares - General

As at April 13, 2011, there are 224,454,242 Common Shares of the Corporation issued and outstanding, each of which carries the right to one vote at meetings of the Shareholders.

**Only persons registered as holders of common shares as of the close of business on April 29, 2011 are entitled to receive notice of and to vote at the Meeting,** except that any person who acquires common shares of the Corporation from a Shareholder after that date, may vote the shares so acquired if, not later than 10 days prior to the Meeting, that person makes a request to Valiant Trust Company to have his name included on the Shareholders' list for the Meeting and establishes that he owns the common shares.

### Voting of Common Shares - Advice to Non-Registered Holders

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Information Circular and the Form of Proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communication Solutions, Canada ("Broadridge")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- (a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at [www.proxyvotecanada.com](http://www.proxyvotecanada.com); or
- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This Form of Proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the Form of Proxy and deposit it with Valiant Trust Company at Suite 600 - 750 Cambie Street, Vancouver, British Columbia, V6B 0A2, as described above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of

the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.** Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

### PRINCIPAL HOLDERS OF SHARES

To the knowledge of the directors and officers of the Corporation, as at the date hereof, no person or companies are known to beneficially own or exercise control or direction over more than 10% of the outstanding Common Shares of the Corporation.

### ELECTION OF DIRECTORS

In accordance with the By-Laws of the Corporation, the Directors have determined that eight (8) directors shall be elected at the Meeting. The eight nominees are currently members of the Board of Directors (the "Board") of the Corporation. Each director elected will hold office until the next annual meeting of the Shareholders or until his successor is elected or appointed, unless his office is vacated earlier.

**Unless otherwise directed, the management designees named in the accompanying Form of Proxy intend to vote IN FAVOUR of ("FOR") the election, as directors, of the nominees whose names are set forth below.**

Management of the Corporation does not contemplate that any of the nominees will, for any reason, become unable or unwilling to serve as a director. However, if any change should occur prior to the Meeting, the persons named in the Form of Proxy reserve the right to vote for other nominees of their choice.

	<b>Kenneth E. MacNeill President and Chief Executive Officer</b>  Saskatchewan, Canada  Director since: June 30, 1993  Not Independent (management)  Shares held: 2,692,722 <sup>(1)</sup>	Mr. MacNeill is President, Chief Executive Officer ("CEO") and Director of the Corporation and has been with Shore Gold Inc. since 1993. As a second generation Saskatchewan mining developer, Mr. MacNeill has an extensive background in all aspects of natural resource exploration and development. Mr. MacNeill guided the Corporation through the acquisition, exploration and evaluation of the Star – Orion South Diamond Project.
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b> 2,692,722 <sup>(2)</sup>	<b>Total Market Value</b> \$2,423,450 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b> N/A
<b>Options (Total/Exercisable)</b> 1,900,000	<b>Average Weighted Exercise Price</b> \$2.36	<b>Total Value of Exercisable Options</b> \$388,000 <sup>(4)</sup>
<b>Compensation<sup>(5)</sup> for the year ended December 31, 2010:</b>		
Salary: \$400,500	Bonus: \$207,000	Options: \$309,050
		Total: \$916,550

	<b>Harvey J. Bay</b> <b>Chief Operating Officer,</b> <b>Chief Financial Officer</b> <b>and Director</b>  Saskatchewan, Canada  Director since: May 15, 2003  Not Independent (management)  Shares held: 250,000 <sup>(1)</sup>	Mr. Bay is the Chief Operating Officer (“COO”), Chief Financial Officer (“CFO”) and Director of the Corporation. His career in the mining industry spans over 25 years and includes senior financial positions with several well known mining companies, including Hudson Bay Mining and Smelting Co. Ltd. and Saskatchewan Mining and Development Corporation (the predecessor of Cameco Corporation).
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
<b>Membership on boards of other reporting issuers, or equivalent</b>		
Board of Directors	5 of 5	5 of 5 (100%)
		Wescan Goldfields Inc.
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b>	<b>Total Market Value</b>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b>
250,000	\$225,000 <sup>(3)</sup>	N/A
<b>Options (Total/Exercisable)</b>	<b>Average Weighted Exercise Price</b>	<b>Total Value of Exercisable Options</b>
1,350,000	\$2.44	\$289,500 <sup>(4)</sup>
<b>Total Compensation<sup>(5)</sup> for the year ended December 31, 2010:</b>		
Salary: \$285,313	Bonus: \$144,375	Options: \$185,430
		Total: \$615,118

	<b>Arnie E. Hillier</b>  Saskatchewan, Canada  Director since: June 18, 2003  Independent  Shares held: 163,000 <sup>(1)</sup>	Mr. Hillier is former Chairman and CEO of Claude Resources Inc., a Saskatchewan based gold exploration and mining company. Mr. Hillier is a Chartered Accountant and spent ten years in a senior financial capacity with Saskatchewan Mining and Development Corporation (the predecessor of Cameco Corporation) before joining Claude Resources Inc. in 1991 until his retirement in 2006. He has over 25 years of financial experience in the resources industry.
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
<b>Membership on boards of other reporting issuers, or equivalent</b>		
Board of Directors	5 of 5	11 of 11
Audit Committee (Chair)	4 of 4	
Compensation Committee	2 of 2	
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b>	<b>Total Market Value</b>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b>
163,000	\$146,700 <sup>(3)</sup>	Yes
<b>Options (Total/Exercisable)</b>	<b>Average Weighted Exercise Price</b>	<b>Total Value of Exercisable Options</b>
175,000	\$1.68	\$38,750 <sup>(7)</sup>
<b>Total Compensation<sup>(8)</sup> for the year ended December 31, 2010:</b>		
Meeting fees and stipends: \$60,500	Options: \$26,150	Total: \$86,650

	<b>Robert A. McCallum</b> British Columbia, Canada Director since: October 28, 2005 Independent Shares held: 50,000 <sup>(1)</sup>	Mr. McCallum is currently the Chairman of the Board of First Majestic Silver Corporation which operates three producing silver mines in Mexico. Mr. McCallum holds a mining engineering degree from the University of the Witwatersrand in South Africa and completed the Program for Management Development (PMD) at the Harvard School of Business. Originally from South Africa, Mr. McCallum spent seventeen years with De Beers Consolidated Mines Ltd. Mr. McCallum transferred to Anglo Gold where he worked as Production Manager at Western Holdings and Vaal Reefs until he immigrated to Canada in 1978. Once in Canada, he worked across the country at a number of different mines in various managing positions. He was President and CEO of Kensington Resources Ltd. at the time of the merger with Shore Gold Inc.
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
Board of Directors	4 of 5	5 of 6 (83%)
Corporate Governance Committee (Chair)	1 of 1	
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b> 50,000	<b>Total Market Value</b> \$45,000 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b> Yes
<b>Options (Total/Exercisable)</b> 175,000	<b>Average Weighted Exercise Price</b> \$1.68	<b>Total Value of Exercisable Options</b> \$38,750 <sup>(7)</sup>
<b>Total Compensation<sup>(8)</sup> for the year ended December 31, 2010:</b>		
Meeting fees and stipends: \$43,625	Options: \$26,150	Total: \$69,775

	<b>A. Neil McMillan</b> Saskatchewan, Canada Director since: June 18, 2003 Independent Shares held: 123,855 <sup>(1)</sup>	Mr. McMillan is currently CEO of Claude Resources Inc., a Saskatchewan based gold exploration and mining company. Prior to joining Claude in 1995, Mr. McMillan was a registered representative and executive with RBC Dominion Securities in Saskatoon, Saskatchewan. He is a former member of the Saskatchewan Legislature, a past President of the Saskatoon Chamber of Commerce, and currently sits on the Board of Directors of Claude Resources Inc. and Cameco Corporation.
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
Board of Directors	5 of 5	11 of 11
Audit Committee	4 of 4	(100%)
Compensation Committee	2 of 2	
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b> 123,855 <sup>(9)</sup>	<b>Total Market Value</b> \$111,470 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b> Yes
<b>Options (Total/Exercisable)</b> 175,000	<b>Average Weighted Exercise Price</b> \$1.68	<b>Total Value of Exercisable Options</b> \$38,750 <sup>(7)</sup>
<b>Total Compensation<sup>(8)</sup> for the year ended December 31, 2010:</b>		
Meeting fees and stipends: \$51,750	Options: \$26,150	Total: \$77,900

	<b>Brian M. Menell</b> Woodstock, United Kingdom Director since: June 15, 2006 <sup>(10)</sup> Independent Shares held: 25,000 <sup>(1)</sup>	Mr. Menell is currently the Chairman of Energem Resources Inc., a diversified natural resources company focused on high margin mining and energy projects across the African continent. Mr. Menell has over 20 years experience in diamond marketing, exploration and mining. He worked for De Beers for eight years in London, Namibia, Belgium and South Africa. He was Executive Director of AngloVaal Mining Limited from 1998 to 2002 and was Executive Director of Norinter Financial Ltd from 2002 to 2004. He is also a former CEO of Magma Diamond Resources Ltd., part of the Steinmetz Diamond Group, one of the world's largest integrated diamond marketing and trading companies.
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
Board of Directors	4 of 5	5 of 6 (83%)
Corporate Governance Committee	1 of 1	Energem Resources Inc. First Africa Oil PLC
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b> 25,000	<b>Total Market Value</b> \$22,500 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b> Yes
<b>Options (Total/Exercisable)</b> 150,000	<b>Average Weighted Exercise Price</b> \$1.88	<b>Total Value of Exercisable Options</b> \$28,000 <sup>(7)</sup>
<b>Total Compensation<sup>(8)</sup> for the year ended December 31, 2010:</b>		
Meeting fees and stipends: \$40,750	Options: \$26,150	Total: \$66,900

	<b>James R. Rothwell</b> Washington, United States of America Director since: October 28, 2005 Independent Shares held: 139,066 <sup>(1)</sup>	Mr. Rothwell has over 30 years of experience in the mining industry, including involvement with mining operations, project development, marketing, and the establishment of strategic business relationships in a number of countries. He was President and CEO of Inca Pacific Resources Inc. from January to November 2009. Mr. Rothwell was the President of BHP Diamonds from 1997 to 2000 where he led the development of the Ekati Diamond Mine. He subsequently served as President of Dia Met Minerals Ltd. from 2000 to 2001 and was Chairman of Kensington Resources Ltd. at the time of the merger with Shore Gold Inc.
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
Board of Directors (Chair)	5 of 5	9 of 9
Audit Committee	4 of 4	(100%)
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b> 139,066	<b>Total Market Value</b> \$125,159 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b> Yes
<b>Options (Total/Exercisable)</b> 175,000	<b>Average Weighted Exercise Price</b> \$1.68	<b>Total Value of Exercisable Options</b> \$38,750 <sup>(7)</sup>
<b>Total Compensation<sup>(8)</sup> for the year ended December 31, 2010:</b>		
Meeting fees and stipends: \$86,250	Options: \$26,150	Total: \$112,400

	<b>William E. Stanley</b> British Columbia, Canada Director since: October 28, 2005 Independent Shares held: 24,500 <sup>(1)</sup>	Mr. Stanley is a retired partner with Coopers & Lybrand Consulting (PricewaterhouseCoopers) and former Director of the firm's Canadian and International mining practices. His consulting career over the past 40 years has incorporated assignments for mining companies throughout the world. He recently completed an eight year term as an Adjunct Professor in University of British Columbia's Department of Mining and Mineral Processing in 2008. Mr. Stanley is an active member of the professional mining community through his involvement with industry related organizations, especially the Canadian Institute of Mining, Metallurgy & Petroleum (CIM). In 1994 he was a recipient of the CIM's Distinguished Service Medal – the highest honour of the institute – in recognition of his contribution to the Canadian Mining Industry. Mr. Stanley is a graduate of the Provincial Institute of Mining in Haileybury, Ontario, and holds a B.Sc. in Mining Engineering from Michigan Technological University.
<b>Member of:</b>	<b>Attendance</b>	<b>Attendance (Total)</b>
Board of Directors	5 of 5	
Corporate Governance Committee	1 of 1	8 of 8 (100%)
Compensation Committee (Chair)	2 of 2	
<b>Securities Held at December 31, 2010:</b>		
<b>Shares</b> 24,500	<b>Total Market Value</b> \$22,050 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(6)</sup> (Yes/No)</b> Yes
<b>Options (Total/Exercisable)</b> 175,000	<b>Average Weighted Exercise Price</b> \$1.68	<b>Total Value of Exercisable Options</b> \$38,750 <sup>(7)</sup>
<b>Total Compensation<sup>(8)</sup> for the year ended December 31, 2010:</b>		
Meeting fees and stipends: \$49,625	Options: \$26,150	Total: \$75,775

#### Notes:

- Shares held as of April 13, 2011. The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been obtained from the SEDI website or verified with the individual. To the knowledge of the Corporation, none of the persons named above controls or directs any common shares other than the shares disclosed.
- MacNeill Brothers Oil & Gas Ltd. (a private company controlled by Mr. MacNeill) held 1,354,100 of these shares. The MacNeill Family Trust held 500,000 of these shares. Mr. MacNeill holds the remaining 838,622 shares directly or in his RRSP account.
- Based on the closing price on December 31, 2010 of \$0.90 per share.
- See Executive Outstanding option-based plan awards table on page 16 of this Information Circular.
- See Executive Compensation table on page 15 of this Information Circular.
- The minimum mandatory retention of shares by outside directors is 20,000. The Corporation does not have a policy for minimum mandatory retention of shares by directors that are also officers.
- See Director Outstanding option-based plan awards table on page 9 of this Information Circular.
- See Director Compensation table on page 8 of this Information Circular.
- Ms. Susan McMillan holds 20,000 of these shares. Mr. McMillan holds the remaining 103,855.
- Mr. Menell also served as a Board Member of the Corporation from March 7, 2003 to October 27, 2005.

#### Majority Voting for Directors

The Board has adopted a policy stipulating that if the votes in favour of the election of a director nominee at a meeting of Shareholders represent less than a majority of the shares voted and withheld, the nominee will submit his or her resignation promptly after the Meeting for the Corporate Governance Committee's consideration. The Corporate Governance Committee will make a recommendation to the Board after reviewing the matter, and the Board's decision to accept or reject the resignation will be disclosed to the public. The nominee will not participate in any Committee or Board deliberations in considering the resignation. The policy does not apply in circumstances involving contested director elections.

## COMPENSATION OF DIRECTORS

The Corporation compensated its directors who are not also officers of the Corporation a quarterly stipend of \$9,000 (previously \$6,250). In addition, the Chairman received a quarterly stipend of \$9,000 (previously \$9,000). Each of the Corporation's Directors also received \$1,500 per Board and committee meeting attended (Audit Committee members receive \$2,000 per meeting attended). The Corporate Governance Committee Chair received an additional quarterly stipend of \$750 (previously \$625); the Compensation Committee Chair received an additional quarterly stipend of \$1,250 (previously \$625); and the Audit Committee Chair received an additional quarterly stipend of \$2,500 (previously \$1,250). In addition, each director is eligible to receive stock options of the Corporation. During the financial year ended December 31, 2010, each of the following Directors of the Corporation, who are not officers or employees of the Corporation, were granted 50,000 options to acquire shares of the Corporation at a price of \$0.77: Arnie E. Hillier; Robert A. McCallum; A. Neil McMillan; Brian M. Menell; James R. Rothwell and William E. Stanley. The aggregate maximum number of options which may be held by independent directors is limited to 1% of the total issued and outstanding shares of the Corporation.

### COMPENSATION OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2010

Director	Year Ended Dec. 31	Fees Earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Arnie E. Hillier <sup>(2)(3)</sup>	2010	60,500	Nil	26,150	Nil	Nil	Nil	Nil	86,650
Robert A. McCallum <sup>(4)</sup>	2010	43,625	Nil	26,150	Nil	Nil	Nil	Nil	69,775
A. Neil McMillan <sup>(2)(3)</sup>	2010	51,750	Nil	26,150	Nil	Nil	Nil	Nil	77,900
Brian M. Menell <sup>(4)</sup>	2010	40,750	Nil	26,150	Nil	Nil	Nil	Nil	66,900
James R. Rothwell <sup>(2)(5)(6)</sup>	2010	86,250	Nil	26,150	Nil	Nil	Nil	Nil	112,400
William E. Stanley <sup>(3)(4)</sup>	2010	49,625	Nil	26,150	Nil	Nil	Nil	Nil	75,775

#### Notes:

1. Amounts represent the grant date fair value of options granted and may not represent the amounts the Directors will actually realize from the awards. The fair value of the 50,000 options granted per outside director during 2010 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.77, risk free interest rate of 2.8%, expected stock price volatility of 84.5%, expected dividend yield of 0% and expected term of five years.
2. Member of the Audit Committee.
3. Member of the Compensation Committee.
4. Member of the Corporate Governance Committee.
5. Chairman of the Board.
6. During 2010, Mr. Rothwell received fees for a Compensation Committee meeting attended. These fees were paid to Mr. Rothwell as a component of his services as a director.

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS FOR DIRECTORS AS OF DECEMBER 31, 2010**

Director	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Arnie E. Hillier	25,000	5.40	November 7, 2011	Nil	Nil	Nil
	25,000	3.40	May 28, 2013	Nil		
	75,000	0.47	July 6, 2014	32,250		
	50,000	0.77	June 14, 2015	6,500		
Robert A. McCallum	25,000	5.40	November 7, 2011	Nil	Nil	Nil
	25,000	3.40	May 28, 2013	Nil		
	75,000	0.47	July 6, 2014	32,250		
	50,000	0.77	June 14, 2015	6,500		
A. Neil McMillan	25,000	5.40	November 7, 2011	Nil	Nil	Nil
	25,000	3.40	May 28, 2013	Nil		
	75,000	0.47	July 6, 2014	32,250		
	50,000	0.77	June 14, 2015	6,500		
Brian M. Menell	25,000	5.40	November 7, 2011	Nil	Nil	Nil
	25,000	3.40	May 28, 2013	Nil		
	50,000	0.47	July 6, 2014	21,500		
	50,000	0.77	June 14, 2015	6,500		
James R. Rothwell	25,000	5.40	November 7, 2011	Nil	Nil	Nil
	25,000	3.40	May 28, 2013	Nil		
	75,000	0.47	July 6, 2014	32,250		
	50,000	0.77	June 14, 2015	6,500		
William E. Stanley	25,000	5.40	November 7, 2011	Nil	Nil	Nil
	25,000	3.40	May 28, 2013	Nil		
	75,000	0.47	July 6, 2014	32,250		
	50,000	0.77	June 14, 2015	6,500		

**Notes:**

1. The value of the unexercised in-the-money Options as of December 31, 2010 is determined based on the excess of the closing price on December 31, 2010 of \$0.90 per share over the applicable exercise price.

**INCENTIVE PLAN AWARDS FOR DIRECTORS – VALUE VESTED OR EARNED DURING THE YEAR  
ENDED DECEMBER 31, 2010**

<b>Director</b>	<b>Option-based awards – Value vested during the year <sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year</b>
Arnie E. Hillier	Nil	Nil	Nil
Robert A. McCallum	Nil	Nil	Nil
A. Neil McMillan	Nil	Nil	Nil
Brian M. Menell	Nil	Nil	Nil
James R. Rothwell	Nil	Nil	Nil
William E. Stanley	Nil	Nil	Nil

**Notes:**

1. Represents the aggregate dollar value that would have been realized if options had been exercised on the vesting date, based on the difference between the closing price of the Corporation's shares on the Toronto Stock Exchange ("TSX") on the vesting date and the exercise price of the options.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors and officers of the Corporation, any proposed nominee for election as a director of the Corporation or any associate of any director, officer or proposed nominee is or has been indebted to the Corporation at any time during the last completed financial year.

**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation has insurance policies for the benefit of its directors and officers against liability incurred by them in the performance of their duties as directors and officers of the Corporation. These policies do not specify that any part of the premium is to be paid in respect of either directors as a group or officers as a group. Premiums are paid by the Corporation. The current annual limit is \$25 million per claim per policy period, subject to a corporate deductible of \$75,000 per claim.

**CEASE TRADING ORDERS**

A cease trade order was issued against DiamondWorks Ltd. (the predecessor of Energem Resources Inc.), Mr. Menell and others, on April 25, 2002 by the Ontario Securities Commission for failure to file annual financial statements for the year ended November 30, 2001. The order expired on June 10, 2002. A cease trade order was issued against Energem Resources Inc., Mr. Menell and others on April 20, 2005 by the British Columbia Securities Commission for failure to file annual financial statements for the year ended November 30, 2004, and interim financial statements and Management's Discussion and Analysis for the period ended February 28, 2005. The order was revoked on June 2, 2005. A cease trade order was issued against Energem Resources Inc., Mr. Menell and others on March 7, 2006 by the British Columbia Securities Commission for failure to file annual financial statements, Management's Discussion and Analysis and an Annual Information Form for the year ended November 30, 2005. The order was revoked on May 31, 2006. A cease trade order was issued against Energem Resources Inc., Mr. Menell and others on April 8, 2008 by the British Columbia Securities Commission for failure to file annual financial statements, Management's Discussion and Analysis and an Annual Information Form for the year ended December 31, 2007. The order was revoked on April 9, 2008. A cease trade order was issued against Energem Resources Inc., Mr. Menell and others on April 8, 2009 by the British Columbia Securities Commission and on April 27, 2009 by the Ontario Securities Commission for failure to file annual financial statements, Management's Discussion and Analysis and an Annual Information Form for the year ended December 31, 2008. The order has not been revoked. Energem Resources Inc. applied to be voluntarily delisted from the TSX in May 2009.

## EXECUTIVE COMPENSATION

### Compensation Committee, Composition and Responsibilities

The Corporation has a Compensation Committee of its Board of Directors comprised of three directors, all of whom are independent as defined by National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators (“NI 58-101”) - William E. Stanley (Chair), A. Neil McMillan and Arnie E. Hillier. The Compensation Committee is responsible to recommend to the Board annually a compensation philosophy and establish associated guidelines for which the CEO is to be responsible. The Compensation Committee is also responsible for making recommendations to the Board with respect to compensation of the Corporation's senior executives and the Corporation's Directors.

### Report on Executive Compensation

The Compensation Committee has reviewed and discussed the “Compensation Discussion and Analysis” for 2010 with the management of the Corporation. Based on that review and discussion, the Committee recommended to the Board that the “Compensation Discussion and Analysis” be included in the Corporation’s Information Circular for the 2011 Annual General and Special Meeting.

### Compensation Discussion and Analysis

#### Compensation Philosophy and Objectives

The objectives of the Corporation's compensation program are to provide a competitive base compensation as well as current and long-term rewards to the NEOs and other senior executives that are consistent with their individual performance and contribution to the Corporation's objectives. Levels of compensation must be established and maintained with the intent of attracting, retaining and motivating superior quality executives and providing a level of compensation competitive with the rates paid to executives in other companies who have similar responsibilities and technical experience.

#### *What the Corporation's Compensation program is designed to reward*

The Corporation's executive compensation practices are designed to attract and retain talented personnel capable of achieving the Corporation's objectives. The Corporation also utilizes compensation programs to motivate and reward the Corporation's executives for the ultimate achievement of the Corporation's goals. The Corporation makes use of complementary short-term and long-term incentive programs intended to provide fair, competitive and motivational rewards in the short-term while ensuring that the executives' long-term objectives remain aligned with those of the Corporation's shareholders. The compensation practices employed by the Corporation are also designed to protect its executives from potential risks by providing reasonable benefits in the event a change of control occurs.

#### *Each element of the Corporation's compensation program*

The Corporation's executive compensation is comprised of four components: (1) base compensation, (2) annual cash bonuses, (3) long-term incentive in the form of stock options and (4) termination benefits.

**Base compensation** is designed to provide the executive a portion of their compensation with limited risk. The Corporation has established levels for the executives based on the individual's level of responsibility, the importance of the position to the Corporation, the individual's contribution to the Corporation's performance and comparisons of compensation for similar positions in the Canadian mining industry (as reported by independent national mining compensation surveys such as the report published by PricewaterhouseCoopers or from other publicly available information of publicly traded companies of similar size and scope). Once the level has been established, the Corporation targets the executive's base compensation within 20 percent of the midpoint; however, individual performance and the individual's experience may influence whether their compensation is below or above the target level.

**Annual cash bonuses** are based on subjective criteria, including the Corporation's ability to pay such bonuses, individual performance, the executive's contributions to achieving the Corporation's objectives, progress towards publicly stated milestones that lead to the maximization of the Corporation's assets, and other competitive considerations. To facilitate the process, the Corporation has established annual cash bonus ranges based on the executive's level within the organization and comparing total compensation of similar companies. The ranges for annual cash bonuses are based on the following table:

Position	Range (as a % of base compensation)
President/CEO	0% - 100%
COO/CFO	0% - 80%
Senior Vice President	0% - 60%
Vice President	0% - 50%

The Compensation Committee reviews with the CEO the performance of each executive at the end of the calendar year and has the ability to award bonuses within the established ranges based on the criteria listed above, as well as the accomplishment of the Corporation's goals. Movements in the Corporation's share price in relation to the accomplishment of the publicly stated objectives and its performance in relation to its peer group may influence the Compensation Committee's decision regarding any amounts to be ultimately awarded.

**Stock options** are designed to provide executives with a long-term incentive to achieve the Corporation's objectives and contribute to shareholder value. The use of stock options is designed to motivate and retain the Corporation's personnel in order to achieve the results that ultimately benefit the shareholders. The Corporation also uses the Stock Option Plan in lieu of post retirement benefits such as a pension plan. The Compensation Committee believes the use of the Corporation's limited resources for retirement benefits is not prudent given the stage of development of the Corporation. Though the potential upside for a NEO may be significant under this scenario, the risk of a NEO not realizing any retirement benefit also exists.

The Corporation has established option levels to be granted on an annual basis, based on the Executive's experience and relative importance to the organization in achieving its long-term objectives. The number of options granted is based on the review of other companies' grants in a similar stage of development and the limits imposed by the Corporation's Stock Option Plan, and may be influenced when reviewing all other forms of compensation. The Compensation Committee does not use the fair value (as determined by the Black-Scholes Option Pricing Model) as a basis for determining the number of options to award, as the ultimate realization of the option's value may be significantly different from that determined using the fair value models, especially in a development stage company. The Compensation Committee reviews the number of options awarded annually in the context of how other companies of similar size and stage of development award stock options. The Committee also reviews the granting of options in relation to the amount of cash compensation being granted.

The Compensation Committee and the Board review any proposed amendments to the Stock Option Plan that may arise due to newly incorporated requirements from the Toronto Stock Exchange or establishing best practices as part of their review of the Corporation's Information Circular.

**Termination benefits** are provided to the Corporation's NEOs as described in this Information Circular under the section entitle "Termination of Employment, Change in Responsibilities, and Employment Contracts". An estimate of the cost of the termination benefits if all NEOs were terminated as at December 31, 2010 is also provided in this section. The Compensation Committee believes these levels of termination benefits are consistent with industry practice for such circumstances.

#### **Compensation Decision Making Process and Considerations**

The Compensation Committee uses the above criteria as a guide when determining the compensation for the Corporation's NEOs and other senior executives. The compensation program emphasizes individual experience and performance. As such, executives holding similar positions may receive substantially different levels of compensation. If circumstances dictate, the Compensation Committee will adjust certain elements of total compensation upward or downward to ensure the Corporation's compensation practices align shareholder interests while providing fair compensation to the Corporation's NEOs. For example, when resources are limited, the short-term incentive program may be reduced or eliminated and replaced with higher levels of stock option grants.

#### **Base Compensation**

The Compensation Committee used data from the PricewaterhouseCoopers "2009 Mining Industry Salary Survey" (the "Survey") to establish levels for the Corporation's NEOs base compensation for the 2010 year. The Survey uses data from over 70 Canadian mining companies with various market capitalizations and at various stages of development. The Compensation Committee's review of this data led them to determine that a reasonable base for the Corporation's NEOs is achieved by establishing the midpoint at the third quartile for base compensation of companies of a similar size (based on employees) from the survey. The Compensation Committee also corroborates this information by reviewing the data between the first and second quartile of all companies reporting in this survey. In addition, the Compensation Committee, on an ad hoc basis, will compare this survey information to other Canadian exploration and development companies in a similar stage of development to ensure the levels as proposed from the survey are reasonable. Once the midpoint is established, the Committee will determine whether the NEO's base compensation should be adjusted up or down (within 20%) based on the factors outlined under the section entitled "*Each element of the Corporation's compensation program*".

#### **Short-term incentive (Annual Cash Bonus) programs**

The key performance goal of the Corporation is to ultimately develop a commercial diamond mine. The Compensation Committee assesses the senior executive officer's performance against short-term milestones to achieve this ultimate goal. The completion of a National Instrument 43-101 mineral resource, a mineral reserve and a final feasibility study are steps to achieve this ultimate goal. The completion of these milestones may take several years and do not necessarily match

traditional calendar year compensation reviews. As such, when making their assessments for short-term incentives, the Compensation Committee reviews progress against these milestones and how senior management is able to react to changing circumstances. An executive that meets expectations in their role is targeted to receive 50 percent of the range stated earlier in this Compensation Discussion and Analysis.

As part of the assessment, the Compensation Committee also considers the change in the Corporation's share price when reviewing senior executive compensation. The Corporation analyzed the movement of the following companies' share prices when comparing the Corporation's share performance during the past year:

Diamonds North Resources	Mountain Province Diamonds Inc.	Shear Minerals Ltd.
Firestone Diamonds Inc.	Pele Mountain Resources Inc.	Stornoway Diamond Corp.
Gem Diamonds Ltd.	Peregrine Diamonds Ltd.	Vaaldiam Resources Ltd.
Harry Winston Diamond Corp.	Rockwell Diamonds Inc.	

The above group has been chosen so the Corporation can track how companies in the diamond industry generally perform. These companies range from small exploration companies to large producers and retailers of diamonds. The average change in share price for these companies, from January 1, 2010 to December 31, 2010, was an increase of 20 percent. The Corporation's share price decreased by 5 percent over the same period.

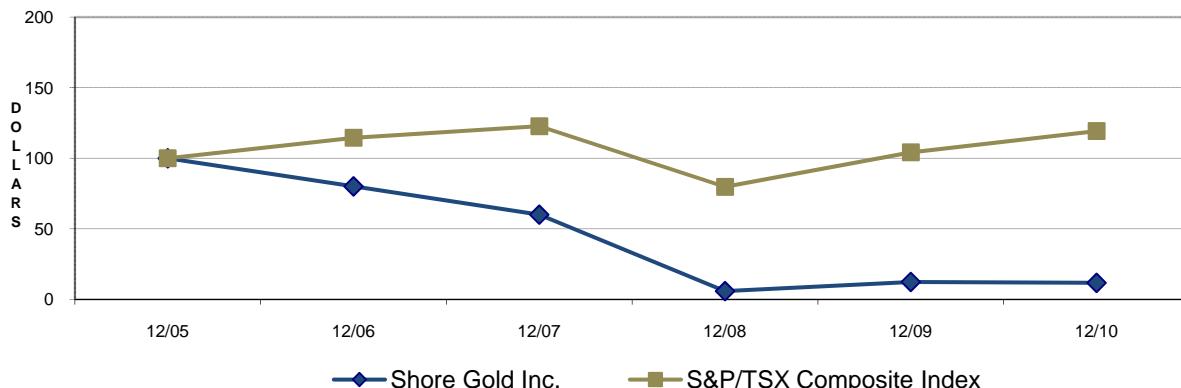
The delivery of the Corporation's Prefeasibility Study in early 2010 and the submission of the Environmental Impact Statement in late 2010, along with progress made on the Corporation's Final Feasibility Study were all milestones the Corporation expected to achieve during the 2010 year. Given the stage of development of the Corporation, the Compensation Committee is unable to focus on other objective quantifiable metrics such as earnings per share or return on investment. Though the Compensation Committee does not use objective quantifiable metrics to measure performance of the Corporation's NEO's at this stage of the Corporation's development, the Corporation, as part of its Code of Ethics, has put in place requirements for the CEO and CFO to reimburse the Corporation if it is required to restate its financial statements due to material non-compliance with any financial reporting requirement under securities law as a result of misconduct.

#### ***Long-term incentives***

The Compensation Committee typically awards stock options near the beginning of each fiscal year to coincide with the finalization of the annual performance reviews for the previous year. The number of options granted typically follows the guidelines established for the Corporation's NEOs; however, circumstance may arise when the actual amounts awarded may differ from the guidelines established. Options granted in 2010 decreased from the 2009 level. In making its recommendation for 2010 the Compensation Committee determined a reduction was appropriate given cash bonuses had been reinstated.

### Performance Graph

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five years on the common shares of the Corporation (assuming a \$100 investment was made on December 31, 2005) with the cumulative total return of the S&P/TSX Composite Index assuming reinvestment of dividends.



	Cumulative Total Return					
	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010
Shore Gold Inc.	100	80	60	6	12	12
S&P/TSX Composite Index	100	115	123	80	104	119

### Compensation Trend Compared to Performance Graph

The Corporation's share performance has been below the S&P/TSX Composite Index for the last five years. The significant decrease to the Corporation's share price during 2008 was primarily the result of volatile market conditions experienced by the majority of junior exploration and development companies during that time. Overall, the Corporation's total compensation to NEOs over this same period was significantly influenced by the impact the Corporation's share price (and related volatility) had to the fair value determination of the non-cash compensation awarded (stock options). The calculation of the fair value of stock options, using option pricing models such as the Black-Scholes pricing model, can cause total compensation calculations to be very volatile when dealing with a Company in the development stage. The 2008 overall compensation was high in relation to 2009 and 2010 due to the fair value of options granted that year. The options granted in 2008 occurred early in the year when the share price was significantly higher than the Corporation's share price at the end of the year. As such, the fair value of the compensation (as determined by the Black-Scholes pricing model) was also high. The options granted in 2009 occurred early in the year when the share price had fallen by 92 percent from the previous grant date. As such, total compensation for the Corporation's NEOs also fell significantly. Consistent with prior years, the options granted in 2010 occurred early in the year; however, the Corporation's share price had increased by 226 percent over the previous year's grant date and as such total 2010 compensation increased. The "Summary Compensation Table" on page 15 of this Information Circular shows that though the fair value of options granted in 2008 are significantly higher than those in 2009 or 2010, those specific options do not have any value to the NEO at December 31, 2010 (as shown in the table entitled "NEO OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS AS OF DECEMBER 31, 2010").

The Compensation Committee considers a number of factors in connection with its determination of appropriate levels of compensation which is discussed in the "Compensation Discussion and Analysis" and does not look exclusively at the trading price of the Commons shares on the TSX to make its determination.

### Submitted on behalf of the Compensation Committee

William E. Stanley, Chairman

A. Neil McMillan

Arnie E. Hillier

**Summary Compensation Table**

The following table sets forth information concerning the total compensation paid to the Corporation's named executive officers (the "Named Executive Officers" or "NEOs"), who received remuneration, determined on the basis of total compensation, during the financial year ended December 31:

Named Executive Officer	Year Ended Dec. 31	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Kenneth E. MacNeill, Chief Executive Officer and President	2010	400,500	Nil	309,050	207,000 <sup>(2)</sup>	Nil	Nil	Nil	916,550
	2009	360,000	Nil	112,200	180,000 <sup>(3)</sup>	Nil	Nil	Nil	652,200
	2008	351,250	Nil	802,960	Nil	Nil	Nil	Nil	1,154,210
Harvey J. Bay, Chief Financial Officer and Chief Operating Officer	2010	285,313	Nil	185,430	144,375 <sup>(2)</sup>	Nil	Nil	Nil	615,118
	2009	275,000	Nil	84,150	137,500 <sup>(3)</sup>	Nil	Nil	Nil	496,650
	2008	268,750	Nil	602,220	Nil	Nil	Nil	Nil	870,970
George H. Read, Senior Vice President of Exploration and Development	2010	227,454	Nil	123,620	80,910 <sup>(2)</sup>	Nil	Nil	Nil	431,984
	2009	214,725	Nil	56,100	60,000 <sup>(3)</sup>	Nil	Nil	Nil	330,825
	2008	206,500	Nil	200,740	Nil	Nil	Nil	Nil	407,240
Eric H. Cline, Vice President of Corporate Affairs	2010	179,213	Nil	77,263	46,000 <sup>(2)</sup>	Nil	Nil	Nil	302,476
	2009	162,264	Nil	28,050	39,000 <sup>(3)</sup>	Nil	Nil	Nil	229,314
	2008	153,000	Nil	Nil	Nil	Nil	Nil	Nil	153,000
Duane D. DeRosier, Vice President of Administration	2010	179,107	Nil	77,263	46,000 <sup>(2)</sup>	Nil	Nil	Nil	302,370
	2009	161,831	Nil	28,050	39,000 <sup>(3)</sup>	Nil	Nil	Nil	228,881
	2008	154,040	Nil	Nil	Nil	Nil	Nil	Nil	154,040

**Notes:**

1. Amounts represent the grant date fair value of options granted and may not represent the amounts the NEOs will actually realize from the awards. The grant date fair value of the options granted during 2010 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.88, risk free interest rate of 2.5%, expected stock price volatility of 89.4%, expected dividend yield of 0% and expected term of five years. The grant date fair value of the options granted during 2009 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.27, risk free interest rate of 1.9%, expected stock price volatility of 88.6%, expected dividend yield of 0% and expected term of five years. The grant date fair value of the options granted during 2008 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$3.52, risk free interest rate of 3.3%, expected stock price volatility of 64.9%, expected dividend yield of 0% and expected term of five years.
2. Bonuses relating to 2010 were approved in March of 2011 and paid in 2011.
3. Bonuses relating to 2009 were approved in February of 2010 and paid in 2010.
4. Perquisites and other personal benefits received by NEOs did not exceed the lesser of \$50,000 and 10% of total annual salary and bonus.

**NEO OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS AS OF DECEMBER 31, 2010**

Named Executive Officer	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Kenneth E. MacNeill, Chief Executive Officer and President	400,000	6.18	January 9, 2012	Nil	Nil	Nil
	400,000	3.52	January 22, 2013	Nil		
	600,000	0.27	April 9, 2014	378,000		
	500,000	0.88	February 17, 2015	10,000		
Harvey J. Bay, Chief Financial Officer and Chief Operating Officer	300,000	6.18	January 9, 2012	Nil	Nil	Nil
	300,000	3.52	January 22, 2013	Nil		
	450,000	0.27	April 9, 2014	283,500		
	300,000	0.88	February 17, 2015	6,000		
George H. Read, Senior Vice President of Exploration and Development	100,000	6.18	January 9, 2012	Nil	Nil	Nil
	100,000	3.09	September 26, 2012	Nil		
	100,000	3.52	January 22, 2013	Nil		
	300,000	0.27	April 9, 2014	189,000		
	200,000	0.88	February 17, 2015	4,000		
Eric H. Cline, Vice President of Corporate Affairs	100,000	4.23	October 31, 2012	Nil	Nil	Nil
	150,000	0.27	April 9, 2014	94,500		
	125,000	0.88	February 17, 2015	2,500		
Duane D. DeRosier, Vice President of Administration	50,000	6.18	January 9, 2012	Nil	Nil	Nil
	100,000	3.00	Aug 29, 2012	Nil		
	150,000	0.27	Apr 9, 2014	94,500		
	125,000	0.88	February 17, 2015	2,500		

**Notes:**

1. The value of the unexercised in-the-money Options as of December 31, 2010 is determined based on the excess of the closing price on December 31, 2010 of \$0.90 per share over the applicable exercise price.

**NEO INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR ENDED DECEMBER 31, 2010**

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year
Kenneth E. MacNeill, Chief Executive Officer and President	Nil	Nil	Nil
Harvey J. Bay, Chief Financial Officer and Chief Operating Officer	Nil	Nil	Nil
George H. Read, Senior Vice President of Exploration and Development	Nil	Nil	Nil
Eric H. Cline, Vice President of Corporate Affairs	Nil	Nil	Nil
Duane D. DeRosier, Vice President of Administration	Nil	Nil	Nil

**Notes:**

1. Represents the aggregate dollar value that would have been realized if options had been exercised on the vesting date, based on the difference between the closing price of the Corporation's shares on the TSX on the vesting date and the exercise price of the options.

**Termination of Employment, Change in Responsibilities, and Employment Contracts**

Messrs. MacNeill, Bay, and Read, through their respective consulting companies, hold management and consulting contracts with the Company for an indefinite period of time, unless earlier terminated by the Corporation or the NEO in accordance with the contract. As of April 1, 2010, Messrs. MacNeill, Bay and Read's monthly contracted fee was \$34,500 (previously \$30,000), \$24,063 (previously \$22,917), and \$19,264 (previously \$18,025), respectively.

The NEO may terminate the contract, in the absence of a material breach of contract by the Corporation, by providing the Corporation 30 days notice. In the event a material breach of the contract by the NEO, the contract may be terminated without notice or payment. The Corporation may terminate a NEO's contract at any time, in the absence of a material breach of contract by the consultant, upon payment equal to twenty-four months of the NEO's monthly contracted fee. In the event a material breach of contract occurred, including a change in control, by the Corporation, the NEO shall have the right to terminate the consulting contract within six months following the material breach of the contract. In this event, the NEO shall be entitled to receive within 30 days of the date of termination a payment equal to the following:

- Mr. MacNeill: a payment equal to thirty-six months of the NEO's monthly contracted fee plus an amount equal to three times the greater of the bonus for the previous year or the average of bonuses paid for the last two fiscal years.
- Mr. Bay: a payment equal to twenty-four months of the NEO's monthly contracted fee plus an amount equal to two times the greater of the bonus for the previous year or the average of bonuses paid for the last two fiscal years.
- Mr. Read: a payment equal to twenty-four months of the NEO's monthly contracted fee.

The Corporation also has an agreement with Messrs. Cline and DeRosier in which a termination payment equivalent to two times Messrs. Cline and DeRosier's base salary would be payable to Messrs. Cline and DeRosier within 30 days due to a material breach by the Corporation of the agreement, including a change in control.

Obligations to the NEOs due to termination of contracts, in the absence of a material breach by the Corporation as well as with a material breach by the Corporation, were estimated based on the assumption that the triggering event took place on December 31, 2010 and are as follows:

Name	Estimated cost of termination of contract by the Corporation (in the absence of a material breach of contract) (\$)	Estimated cost of termination of contract by the Corporation (material breach of contract, including a change of control) (\$)
Kenneth E. MacNeill, Chief Executive Officer and President	\$828,000	\$1,822,500
Harvey J. Bay, Chief Financial Officer and Chief Operating Officer	\$577,500	\$859,400
George H. Read, Senior Vice President of Exploration and Development	\$462,300	\$462,300
Eric H. Cline, Vice President of Corporate Affairs	Nil <sup>(1)</sup>	\$368,000
Duane D. DeRosier, Vice President of Administration	Nil <sup>(1)</sup>	\$368,000

**Notes:**

- Employment contract does not stipulate cost of termination of contract in this instance. Termination costs would be determined in accordance with common law.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out, as of the end of the Corporation's financial year ended December 31, 2010, the information required with respect to compensation plans under which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
<b>Equity compensation plans approved by shareholders</b>	9,820,000 <sup>(1)</sup>	\$2.05	5,948,360 <sup>(2)</sup>
<b>Equity compensation plans not approved by shareholders</b>	Nil	Nil	Nil
<b>Total</b>	9,820,000	\$2.05	5,948,360

**Notes:**

- As at April 13, 2011, 12,035,000 options were issued and outstanding, representing 5% of the issued and outstanding shares of the Corporation.
- The Corporation's Stock Option Plan stipulates a maximum number of 15,768,360 common shares are issuable under the plan.

#### **STOCK OPTION PLAN**

The Corporation's Stock Option Plan ("Option Plan") authorizes the Board to issue options to directors, officers, employees and consultants. Under the Option Plan, the aggregate number of shares issuable upon exercise of options granted thereunder has a prescribed maximum of 15,768,360 shares reserved for issuance. Further, the number of shares reserved for issuance to insiders cannot exceed 10% of the outstanding issue. The Option Plan provides that the number of shares issuable to Outside Directors (as defined in the Option Plan), as a group, at any time cannot exceed 1.0% of the issued and

outstanding shares. Options issued pursuant to the Option Plan must have an exercise price not less than the closing price of the shares on the TSX on the day prior to the day of grant. The period during which an option may be exercised shall be determined by the Board at the time the option is granted, subject to any vesting limitations which may be imposed by the Board at the time such option is granted, provided no option shall be exercisable for a period exceeding 10 years from the date the option is granted.

The options granted under the Option Plan expire on the earlier of the date of the expiration of the option period and 90 days after the date a holder ceases to hold the position or positions of director, officer, employee or service provider of the Corporation, as the case may be. If a Participant is an officer or director and a Termination occurs as a result of retirement (being a resignation by a Participant and, in the case of a director, not being re-elected as a director) such Participant's Options shall expire on the earlier of the date of expiration of the Option Period and three years (in the case of officers) or one year (in the case of directors) after the effective date of Termination. In the event of the death or permanent disability of a holder, any option previously granted shall expire on the earlier of the date of expiration of the Option Period and three years (in the case of directors) or one year (in the case of all other Participants) after the date of death or permanent disability of such Participant. In the event of a sale by the Corporation of all or substantially all of its assets or in the event of a change in control of the Corporation, each holder shall be entitled to exercise, in whole or in part, the options granted to such holder, either during the term of the option or within 90 days after the date of the sale or change of control, whichever first occurs. Options are non-assignable, although they contain provisions permitting the legal personal representative of an optionee, for a period of 12 months, to exercise the option in the event of the death of the optionee. The Option Plan also includes a comprehensive amendment procedure which specifically sets out the amendments to the plan which require the approval of the Shareholders and those which do not. For those amendments that do not require the approval of the Shareholders, the Board may amend or revise the terms of the Option Plan, subject to receipt of all necessary regulatory approvals.

### **SHAREHOLDER RIGHTS PLAN**

On January 19, 2005, the Corporation implemented a Shareholder Rights Plan (the "Current Rights Plan"), the terms and conditions of which are set out in the ***Shareholder Rights Plan Agreement dated January 19, 2005*** (the "Current Rights Plan Agreement") between the Corporation and Valiant Trust Company, as rights agent. The Current Rights Plan was approved by Shareholders on June 28, 2005 and reconfirmed by Shareholders on May 28, 2008. The Current Rights Plan was adopted by the Corporation to ensure the fair and equal treatment of all Shareholders in the event of an unsolicited take-over bid for the Common Shares. The Current Rights Plan was also adopted by the Corporation to provide all Shareholders of the Corporation with an equal opportunity to share in any premium paid upon an acquisition of control of the Corporation and to allow both the Shareholders and the Board of Directors adequate time to assess a take-over bid made for the Common Shares in relation to the circumstances and prospects of the Corporation and to allow a reasonable period of time for the Board of Directors to explore and develop alternative courses of action in an attempt to maximize Shareholder value, if the Board of Directors is of the opinion that it is appropriate to do so.

The Current Rights Plan will expire at the close of the Corporation's 2011 Annual and Special Meeting of Shareholders unless it is reconfirmed at such meeting or it is otherwise terminated in accordance with its terms. On April 13, 2011, the Board of Directors adopted an Amended and Restated Shareholders Rights Plan ("New Rights Plan") for the Corporation and authorized it to be submitted to the Shareholders for approval at the Meeting, in lieu of submitting the Current Rights Plan Agreement to the Shareholders for reconfirmation. Particulars pertaining to the New Rights Plan are provided on page 20 of this Information Circular.

A copy of the Current Rights Plan (dated as of January 19, 2005) is available at [www.sedar.com](http://www.sedar.com).

## PARTICULARS OF MATTERS TO BE ACTED UPON

### APPOINTMENT OF AUDITOR

**Unless otherwise directed, the management designees named in the accompanying Form of Proxy intend to vote FOR of the appointment of KPMG LLP, Chartered Accountants, Saskatoon, Saskatchewan, as auditor of the Corporation, to hold office until the next annual meeting of the Shareholders, at a remuneration to be determined by the Board of Directors of the Corporation.**

### AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass an ordinary resolution to approve and adopt an amended and restated Shareholder Rights Plan (the "New Rights Plan") to replace the Current Rights Plan.

On April 13, 2011, the Board of Directors adopted the New Rights Plan and authorized it to be submitted to the Shareholders for approval at the Meeting, in lieu of submitting the Current Rights Plan Agreement to the Shareholders for reconfirmation. Under the listing policies of the TSX, an amended shareholder rights plan must be submitted to the TSX for approval and then ratified by a corporation's shareholders within six months of its adoption. As the New Rights Plan has been approved by the TSX, these requirements will be satisfied if the New Rights Plan is approved by the Shareholders at the Meeting. The terms and conditions of the New Rights Plan are set out in the 2011 Amended and Restated Shareholders Rights Plan Agreement ("New Rights Plan Agreement") between the Corporation and Valiant Trust Company, as rights agent (the "Rights Agent"). A copy of the New Rights Plan Agreement is attached to this Information Circular as Appendix "D".

The differences between the Current Rights Plan and the New Rights Plan consist of amendments to allow for partial bids in the context of a "Permitted Bid" as well as additional amendments reflecting enhanced corporate governance expectations.

#### Purpose of the New Rights Plan

The New Rights Plan is intended to ensure, to the extent possible, the fair and equal treatment of all Shareholders in connection with any take-over bid or similar proposal to acquire Common Shares. The New Rights Plan is also intended to provide all Shareholders of the Corporation with an equal opportunity to share in any premium paid upon an acquisition of control of the Corporation and to allow both the Shareholders and the Board of Directors adequate time to assess a take-over bid made for the Common Shares in relation to the circumstances and prospects of the Corporation and to allow a reasonable period of time for the Board of Directors to explore and develop alternative courses of action in an attempt to maximize Shareholder value, if the Board of Directors is of the opinion that it is appropriate to do so.

Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it will be difficult for the Board of Directors to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in the Corporation.

The New Rights Plan discourages the making of any such offers by creating the potential of significant dilution to any offeror who does so. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors.

An offeror can avoid that potential by making an offer that either: (i) qualifies as a "permitted bid" under the New Rights Plan, and therefore meets certain specified conditions (including a minimum deposit period of 60 days) which aims to ensure that all Shareholders are treated fairly and equally; or (ii) does not qualify as a "permitted bid" but is negotiated with the Corporation and has been exempted by the Board of Directors from the application of the Shareholder Rights Plan in light of the opportunity to bargain for agreed terms and conditions to the offer that are believed to be in the best interests of Shareholders.

Under current Canadian securities laws, any party wishing to make a formal take-over bid for the Common Shares will be required to leave the offer open for acceptance for at least 35 days. To qualify as a "permitted bid" under the

New Rights Plan, however, a take-over bid must remain open for acceptance for not less than 60 days. The Board of Directors believes that the statutory minimum period of 35 days may be insufficient for the Board of Directors to: (i) evaluate a take-over bid (particularly if the consideration consists, wholly or in part, of shares or units of another issuer); (ii) explore, develop and pursue alternative transactions that could better maximize Shareholder value; and (iii) make reasoned recommendations to the Shareholders. The additional time afforded under a “permitted bid” is intended to address these concerns by providing the Board of Directors with a greater opportunity to assess the merits of the offer and identify other possible suitors or alternative transactions, and by providing other bidders or proponents of alternative transactions with time to come forward with competing, and potentially superior, proposals.

**Neither at the time of the adoption of the New Rights Plan Agreement nor at the date of this Information Circular was the Board of Directors aware of any specific take-over bid for the Common Shares that has been made or is contemplated. The adoption of the New Rights Plan is not intended as a means to prevent a take-over of the Corporation, to secure the continuance of management or the Board of Directors in their respective offices, or to deter fair offers for the Common Shares.**

#### **Approval of the New Rights Plan**

In order to be effective, the New Rights Plan must be approved by a majority of the votes cast by independent shareholders at the Meeting in favour of the resolution approving the New Rights Plan. “Independent Shareholders” is defined in the New Rights Plan as all holders of Common Shares, excluding any Acquiring Person (as defined in the Rights Plan Agreement), any person that is making or has announced a current intention to make a take-over bid for the Common Shares, affiliates, associates and persons acting jointly or in concert with such excluded persons, and any person who is a trustee of any employee benefit, share purchase, deferred profit sharing or other plan or trust for the benefit of employees of the Corporation. As of the date hereof, the Corporation is not aware of any holder of Common Shares that would be excluded from the vote on the basis that such holder is not an Independent Shareholder. Accordingly, at the Meeting the Shareholders will be asked to consider and approve the ordinary resolution of the Shareholders to approve the New Rights Plan in the form set out in Appendix "C" of this Information Circular.

In the event the New Rights Plan is not approved by the Shareholders at the Meeting, it shall not become effective and the Current Rights Plan Agreement shall also cease to be effective.

#### **Directors’ Recommendation**

For the reasons indicated above, the Board of Directors and management of the Corporation believe that the New Rights Plan is in the best interest of the Corporation and its Shareholders and, accordingly, **unanimously recommend that Shareholders vote FOR the resolution ratifying, confirming and approving the New Rights Plan. Unless otherwise directed, the management designees named in the accompanying Form of Proxy intend to vote FOR the resolution ratifying, confirming and approving the New Rights Plan.**

#### **INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS**

No Informed Person (as defined in NI 51-102 *Continuous Disclosure Obligations*) of the Corporation and no person nominated for election as a director of the Corporation (nor any associate or affiliate of any such person) had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year which has materially affected the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

#### **MANAGEMENT AND CONSULTING CONTRACTS**

Remuneration for the services of Mr. MacNeill (Chief Executive Officer and President), Mr. Bay (Chief Operating Officer and Chief Financial Officer), and Mr. Read (Senior Vice President of Exploration and Development), are paid to their respective holding companies, MacNeill Brothers Oil and Gas Ltd., Baywatch Industries Inc., and George Read Consulting Inc., respectively.

## CORPORATE GOVERNANCE

The Corporation and the Board recognize the importance of corporate governance for the effective management of the Corporation and to its Shareholders. The Corporation's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance Shareholder value.

The Board and management endorse the need to establish forward-looking governance policies and to continuously evaluate and modify them to ensure their effectiveness.

In accordance with National Instrument 58-101 of the Canada Securities Administrators "Disclosure of Corporate Governance Practices", the Corporation annually discloses information related to its system of corporate governance. Appendix "A" to this Information Circular details the Corporation's governance practices.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). Historical information on the Corporation is also located on Shore Gold Inc.'s website at [www.shoregold.com](http://www.shoregold.com). Financial information concerning the Corporation is provided in the Corporation's consolidated financial statements and Management's Discussion and Analysis for its most recently completed financial year ended December 31, 2010. Shareholders may contact the Corporation's Manager, Investor Relations (tel: 306-664-2202 or fax: 306-664-7181) in order to request copies of the financial statements and Management's Discussion and Analysis.

For information pertaining to the Audit Committee as prescribed by Form 52-110F1 *Audit Committee Information Required in an AIF*, please refer to the information disclosed under "Audit Committee" in the Corporation's AIF dated March 23, 2011, which can be viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## APPROVAL OF DIRECTORS AND CERTIFICATE

The Board of Directors of the Corporation has approved the contents of this Information Circular.

*The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

DATED at Saskatoon, Saskatchewan, this 13<sup>th</sup> day of April 2011.



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**James R. Rothwell**  
Chairman



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**Kenneth E. MacNeill**  
President and  
Chief Executive Officer

**SHORE GOLD INC.**

**APPENDIX "A"**

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The table below describes the Corporation's corporate governance practices as compared to National Instrument 58-101

<b>Corporate Governance Disclosure Required Under National Instrument 58-101F1</b>	<b>Governance Practices of the Corporation</b>														
<b>1. Board of Directors</b> a. Disclose the identity of directors who are independent.	The Board has determined that six of the eight directors are "independent" within the meaning of Multilateral Instrument 52-110. The six independent directors are Arnie E. Hillier, Robert A. McCallum, A. Neil McMillan, Brian M. Menell, James R. Rothwell, and William E. Stanley.														
b. Disclose the identity of directors who are not independent, and describe the basis of that determination.	Kenneth E. MacNeill and Harvey J. Bay are officers of the Corporation and are, therefore, not independent.														
c. Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the <b>board</b> ) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	Six of eight of the Corporation's current and proposed directors are independent.														
d. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<table><tbody><tr><td>Harvey J. Bay</td><td>Wescan Goldfields Inc.</td></tr><tr><td>Arnie E. Hillier</td><td>Pacific and Western Credit Corp. Wescan Goldfields Inc.</td></tr><tr><td>Kenneth E. MacNeill</td><td>Wescan Goldfields Inc.</td></tr><tr><td>Robert A. McCallum</td><td>First Majestic Silver Corp.</td></tr><tr><td>A. Neil McMillan</td><td>Cameco Corporation Claude Resources Inc.</td></tr><tr><td>Brian M. Menell</td><td>Energem Resources Inc. First Africa Oil PLC</td></tr><tr><td>William E. Stanley</td><td>Farallon Resources Ltd.</td></tr></tbody></table>	Harvey J. Bay	Wescan Goldfields Inc.	Arnie E. Hillier	Pacific and Western Credit Corp. Wescan Goldfields Inc.	Kenneth E. MacNeill	Wescan Goldfields Inc.	Robert A. McCallum	First Majestic Silver Corp.	A. Neil McMillan	Cameco Corporation Claude Resources Inc.	Brian M. Menell	Energem Resources Inc. First Africa Oil PLC	William E. Stanley	Farallon Resources Ltd.
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William E. Stanley	Farallon Resources Ltd.														

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation																											
<p>e. Disclose whether or not the independent directors hold regularly scheduled meeting at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p>	<p>An Independent Directors meeting is part of the agenda at each regularly scheduled board meeting.</p>																											
<p>f. Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>James R. Rothwell, the Chairman of the Board, is an independent director. A position description for the Chair of the Board has been developed and approved by the Board. The role and responsibilities of the Chairman include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Ensure that the responsibilities of the Board are carried out as defined in the Board of Directors' Mandate;</li> <li>• Act as an effective liaison with management;</li> <li>• Ensure effective functioning of the Board and its committees; and</li> <li>• Ensure, through the Corporate Governance Committee, that a process for evaluating the effectiveness of the Board is in place.</li> </ul>																											
<p>g. Disclose the attendance record of each director for all board meetings held since the beginning of the Issuer's most recently completed financial year.</p>	<p>The following table summarizes the attendance of the meetings of the Board and its committees held during 2010:</p> <table border="1" data-bbox="775 1256 1455 1594"> <thead> <tr> <th data-bbox="775 1256 979 1341">Director</th><th data-bbox="979 1256 1224 1341">Board Meetings Attended</th><th data-bbox="1224 1256 1455 1341">Committee Meetings Attended</th></tr> </thead> <tbody> <tr> <td data-bbox="775 1341 979 1372">Harvey J. Bay</td><td data-bbox="979 1341 1224 1372">5 of 5</td><td data-bbox="1224 1341 1455 1372">0 of 0</td></tr> <tr> <td data-bbox="775 1372 979 1404">Arnie E. Hillier</td><td data-bbox="979 1372 1224 1404">5 of 5</td><td data-bbox="1224 1372 1455 1404">6 of 6</td></tr> <tr> <td data-bbox="775 1404 979 1436">Kenneth E. MacNeill</td><td data-bbox="979 1404 1224 1436">5 of 5</td><td data-bbox="1224 1404 1455 1436">0 of 0</td></tr> <tr> <td data-bbox="775 1436 979 1467">Robert A. McCallum</td><td data-bbox="979 1436 1224 1467">4 of 5</td><td data-bbox="1224 1436 1455 1467">1 of 1</td></tr> <tr> <td data-bbox="775 1467 979 1499">A. Neil McMillan</td><td data-bbox="979 1467 1224 1499">5 of 5</td><td data-bbox="1224 1467 1455 1499">6 of 6</td></tr> <tr> <td data-bbox="775 1499 979 1531">Brian M. Menell</td><td data-bbox="979 1499 1224 1531">4 of 5</td><td data-bbox="1224 1499 1455 1531">1 of 1</td></tr> <tr> <td data-bbox="775 1531 979 1562">James R. Rothwell</td><td data-bbox="979 1531 1224 1562">5 of 5</td><td data-bbox="1224 1531 1455 1562">4 of 4</td></tr> <tr> <td data-bbox="775 1562 979 1594">William E. Stanley</td><td data-bbox="979 1562 1224 1594">5 of 5</td><td data-bbox="1224 1562 1455 1594">3 of 3</td></tr> </tbody> </table>	Director	Board Meetings Attended	Committee Meetings Attended	Harvey J. Bay	5 of 5	0 of 0	Arnie E. Hillier	5 of 5	6 of 6	Kenneth E. MacNeill	5 of 5	0 of 0	Robert A. McCallum	4 of 5	1 of 1	A. Neil McMillan	5 of 5	6 of 6	Brian M. Menell	4 of 5	1 of 1	James R. Rothwell	5 of 5	4 of 4	William E. Stanley	5 of 5	3 of 3
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William E. Stanley	5 of 5	3 of 3																										
<p><b>2. Board Mandate</b></p> <p>Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>The Board's Charter is attached to this Information Circular as Appendix "B".</p>																											

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<b>3. Position descriptions</b> <ul style="list-style-type: none"><li>a. Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</li></ul>	<p>A position description for the chair of the Board has been developed and approved by the Board.</p> <p>The other committees have specific mandates documented and the Chair of each committee is responsible to fulfill the documented mandate.</p>
<ul style="list-style-type: none"><li>b. Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</li></ul>	<p>A written position description for the Chief Executive Officer has been developed by the Board and Chief Executive Officer.</p>
<b>4. Orientation and Continuing Education</b> <ul style="list-style-type: none"><li>a. Briefly describe what measures the board takes to orient new directors regarding:<ul style="list-style-type: none"><li>(i) the role of the board, its committees and its directors; and</li><li>(ii) the nature and operation of the issuer's business.</li></ul></li></ul>	<p>New directors meet with the Board and senior management to discuss the business activities of the Corporation and are given the opportunity to familiarize themselves with the Corporation and gain insight into the Corporation's business and operations by visiting the Corporation's offices and mineral properties. Each director is provided with a copy of the Directors' Manual which contains information about the Corporation, as well as charters of the Board and its Committees, and other relevant corporate and business information.</p>
<ul style="list-style-type: none"><li>b. Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</li></ul>	<p>Continuing education opportunities are directed at enabling individual directors to maintain or enhance their skills and abilities as directors, as well as ensuring that their knowledge and understanding of the Corporation's industry and affairs remain current. The Board has the authority to obtain third-party consultation to further its knowledge about industry issues and other matters as it sees fit. All of the Board members currently are or have been directors or officers of other resource companies. As such, they are able to stay current regarding the resource industry.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>5. Ethical Business Conduct</b></p> <p>a. Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> <li>(i) disclose how a person or company may obtain a copy of the code;</li> <li>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</li> <li>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</li> </ul>	<p>The Board has adopted a code of ethics policy for directors, officers and employees. The complete text of these codes can be found on SEDAR <a href="http://www.sedar.com">www.sedar.com</a>.</p> <p>Before a director, officer or employee is appointed or hired, the individual is required to read the code of ethics and report in writing any breaches of the policy. Annually, the officers, senior employees and directors of the Corporation update their compliance with the policy. Any conflicts of interest arising will be brought to the attention of the Corporation's Corporate Secretary or directly to the Corporate Governance Committee Chairman.</p> <p>No material change reports have been filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Corporation's Code of Ethics policy.</p>
<p>b. Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Each director must disclose all actual or potential conflicts of interests and refrain from voting on matters in which the director has a conflict. In addition, the director must excuse himself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest.</p>
<p>c. Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board has approved a policy entitled "Reporting Concerns over Accounting and Auditing Matters". The policy is designed to promote the disclosure and reporting of questionable accounting or auditing matters, fraudulent activities or misleading financial information. As per the policy, employees who observe unethical behavior are encouraged to report such incidents without recourse.</p>
<p><b>6. Nomination of Directors</b></p> <p>a. Describe the process by which the board identifies new candidates for board nomination.</p>	<p>The independent directors of the Corporation are responsible for proposing new nominees to the Board. The independent directors will determine what competencies and skills are considered necessary to discharge the Board's duties and will identify potential candidates based on the skills required to fulfill the Board's needs. Other factors considered are an individual's experience, expertise and reputation.</p>
<p>b. Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>The Board has designated the independent directors of the Board the responsibility for nominations of Board members. No changes to the existing Board have been proposed for the ensuing year.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
c. If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The independent directors of the Corporation have assumed responsibility for nominating new candidates. Based on the recommendations of the Corporate Governance Committee, the independent directors will review on a periodic basis the composition of the Board, ensure that an appropriate number of independent directors sit on the Board, analyze the needs of the Board, and recommend nominees for appointment or election to the Board.
<b>7. Compensation</b> a. Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Board determines the compensation for directors and officers through its Compensation Committee. The Committee considers responsibilities involved with being an effective director or officer, risks, and the time commitment involved. The performance of the directors and officers is also compared to that of stated objectives. The Corporation also periodically compares publicly available survey information on peer group companies. Information regarding the details of the Corporation's Directors' compensation is included in this Information Circular under "Compensation of Directors for the Year Ended December 31, 2010". Information regarding the Corporation's Named Executive Officers' compensation is included in this Information Circular under "Executive Compensation".
b. Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The Compensation Committee has 3 members: William E. Stanley (Chair), A. Neil McMillan, and Arnie E. Hillier. Each member is independent.
c. If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Compensation Committee is responsible for reviewing and approving all compensation paid by the Corporation to its directors and senior officers. During the course of such review, the Committee evaluates the performance and objectives of senior officers of the Corporation.
d. If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	The Compensation Committee has not retained a compensation consultant or advisor to assist in determining the compensation for directors and officers in 2010. The Compensation Committee utilizes the PricewaterhouseCoopers Annual Survey of Compensation and other publicly available information as a benchmark in determining the compensation of officers. The Compensation Committee utilizes the Korn/Ferry International Corporate Board Governance and Director Compensation in Canada annual survey and other publicly available information as a benchmark in determining the compensation of directors.

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>8. Other Board Committees</b></p> <p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has created three committees:</p> <ul style="list-style-type: none"><li>• The Audit Committee</li><li>• The Compensation Committee</li><li>• The Corporate Governance Committee</li></ul> <p>In addition, the Board has designated the independent directors of the Board the responsibility for nominations of Board members. The Board has also assumed responsibility for the Corporation's safety, health and environmental matters.</p> <p>The members of the Audit and Compensation committees are all independent directors.</p> <p>The following is a description of each committee:</p> <p><b>The Audit Committee</b></p> <p>The Committee has 3 members: Arnie E. Hillier (Chair), James R. Rothwell, and A. Neil McMillan. Each member is independent and financially literate.</p> <p>This Committee reviews and approves the quarterly financial statements to determine whether the financial practices of the Corporation are reasonable and responsible and whether the Corporation is meeting its obligation to the Board and shareholders. The Audit Committee also reviews the annual financial statements prior to the submission to the Board for approval and also provides the auditors with an opportunity to discuss the adequacy and accuracy of the financial reporting without management representatives being present. Audit Committee meetings are called prior to the public release of the audited and non-audited financial statements so that the financial statements receive approval before publication.</p> <p>Additional information on the Audit Committee's mandate is provided as Schedule "1" of the Corporation's Annual Information Form.</p> <p><b>The Compensation Committee</b></p> <p>The Compensation Committee has 3 members: William E. Stanley (Chair), A. Neil McMillan, and Arnie E. Hillier. Each member is independent.</p> <p>The Compensation Committee is responsible for reviewing and approving all compensation paid by the Corporation to its directors and senior officers. During the course of such review, the Committee evaluates the performance and objectives of senior officers of the Corporation.</p> <p><b>The Corporate Governance Committee</b></p> <p>The Corporate Governance Committee has 3 members: Robert A. McCallum (Chair), Brian M. Menell and William E. Stanley. Each member is independent.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
	The Corporate Governance Committee is responsible for annually reviewing the mandate of the Board, preparing and recommending to the Board annually the "Statement of Corporate Governance Practices" included in this Information Circular, reviewing the composition of the Board and its committees, and assessing the effectiveness of the Board and its committees.
<b>9. Assessments</b> Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	The Corporate Governance Committee completed assessments for the Board, its committees and the Chairman of the Board for the 2010 fiscal year.

## **SHORE GOLD INC.**

### **APPENDIX "B"**

#### **BOARD OF DIRECTORS - MANDATE**

##### **1. General Powers of the Board of Directors**

The Board of Directors has a duty to manage the business and affairs of the Company. Directors must comply with the Canada Business Corporations Act and the regulations thereunder and the articles and by-laws of the Company. The powers of the Board of Directors may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all directors entitled to vote on such resolution.

The principal responsibility of the Board of Directors is to promote the best interests of the Company and its shareholders. This responsibility includes: (i) approving fundamental operating, financial and other corporate plans, strategies and objectives; (ii) evaluating the performance of the Company and its senior management; (iii) selecting, regularly evaluating and fixing the compensation of executive officers; (iv) adopting policies of corporate governance and conduct, including compliance with applicable laws and regulations, financial and other controls; (v) reviewing the process of providing appropriate financial and operational information to the shareholders and the public generally; and (vi) evaluating the overall effectiveness of the Board of Directors.

##### **2. General Fiduciary Duties**

The Board of Directors must act with a view to the best interests of the Company and its shareholders generally. Every director of the Company in exercising their powers and discharging their duties must:

- (a) act honestly and in good faith with a view to the best interests of the Company; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Fiduciary duties include, by way of example, the obligation to refrain from voting on contracts where personal financial or other interests conflict with those of the Company, using insider information in securities transactions and appropriating a corporate opportunity for personal benefit. Directors must act with such care as would reasonably be expected of a person having the knowledge and experience of the director in question.

Directors should have sufficient information to enable them to make knowledgeable decisions on all matters coming before the Board of Directors. It is the responsibility of each director to ask such questions as may be necessary to satisfy that the director has been supplied with all the necessary information on which to base the director's decisions. Directors should be familiar with all aspects of the business and affairs of the Company and have a basic understanding of the principal operational and financial objectives, strategies and plans of the Company, the results of operations and the financial condition of the Company.

Directors are entitled to rely in good faith on: (i) financial statements of the Company that are represented to them by an officer of the Company or in a written report of the auditors of the Company as fairly reflecting the financial condition of the Company; or (ii) an opinion or report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person.

In order to fulfill the director's fiduciary duties to the Company and its shareholders, each director should: (i) prepare for (i.e. make all necessary investigations and reviews) and attend all meetings of the Board of Directors; (ii) be sufficiently informed about the current and proposed activities of the Company; (iii) review the minutes of any meeting not attended as well as any resolutions passed or actions taken; (iv) obtain advice from outside or independent advisors and consultants when necessary; (v) ensure that all Board meeting agendas include a review of the minutes of the previous meeting of the Board of Directors to ensure they accurately represent the discussions that took place and the resolutions that were passed; and (vi) be especially attentive to specific aspects of the Company's activities according to the director's own experience and occupation.

### **3. Conflicts of Interest**

A director who is a party to a material contract or proposed material contract with the Company, or who is a director or officer of or has a material interest in any person who is a party to a material contract or proposed material contract with the Company, must disclose in writing to the Company, or request to have entered in the minutes of meetings of directors, the nature and extent of the director's interest.

The disclosure required to be made by a director where there is a conflict of interest must be made at the meeting at which a proposed contract is first considered by the Board of Directors or, if the director had no interest in a proposed contract at the time of such meeting, at the first meeting of the Board of Directors after he acquires an interest. If the director acquires an interest after a contract is made, the director must disclose this interest at the first meeting of the Board of Directors after the director becomes so interested. If a person who has an interest in a contract later becomes a director of the Company, the director must disclose this interest at the first meeting of the Board of Directors.

Where a proposed contract is dealt with by a written resolution signed by all directors in lieu of a meeting of the Board of Directors, the disclosure must be made immediately upon receipt of the resolution or, if the director had no interest at the time of receipt of the resolution, at the first meeting of the Board of Directors after the director acquires the interest.

A director who discloses a conflict of interest must refrain from taking part in any discussions or voting on any resolution to approve the contract, unless the contract is:

- (a) an arrangement by way of security for money loaned to or obligations undertaken by the director, or by a body corporate in which the director has an interest, for the benefit of the Company or an affiliate;
- (b) a contract relating primarily to the director's remuneration as a director, officer, employee or agent of the Company or an affiliate;
- (c) a contract for indemnity or insurance with respect to a director or officer of the Company, a former director or officer of the Company or a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor; or
- (d) a contract with an affiliate of the Company, provided however, that directors who serve on boards of affiliated corporations are not required to refrain from voting on contracts between the two corporations.

Any profits or gains realized by a director as a result of the director's privileged position on the Board of Directors must be reimbursed to the Company, except in the case of gains resulting from contracts with respect to which the director has complied with the obligation to disclose this interest and refrain from voting.

### **4. Stewardship of the Corporation**

The Board of Directors is responsible for the stewardship of the Company and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:

- (a) the adoption of a strategic planning process;
- (b) the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- (c) succession planning, including appointing, training and monitoring senior management;
- (d) the implementation of a communications policy for the Company; and
- (e) monitoring the integrity of the Company's internal control and management information systems.

### **5. Corporate Opportunity**

A director is precluded from obtaining or diverting to another person or corporation with whom or with which the director is associated, either secretly or without the approval of the Company, any property or business advantage either belonging to the Company or for which it has been negotiating.

A director is also precluded from so acting even after the director's resignation where the resignation may fairly be said to have been prompted or influenced by a wish to acquire the opportunity sought by the Company, or where it was the director's position with the Company that led to the opportunity.

A director may not use his or her position as a director to make a profit even if it was not open to the Company to participate in the transaction.

## **6. Duty of Independence**

A director must act strictly in the best interests of the Company and its shareholders generally and not in the interest of any one shareholder or group of shareholders. In determining whether a particular transaction or course of action is in the best interests of the Company, a director, if elected or appointed by holders of a class or series of shares, may give special, but not exclusive, consideration to the interests of those who elected or appointed the director.

## **7. Duty of Confidentiality**

Directors of the Company have an obligation to maintain the confidentiality of matters discussed at meetings of the Board of Directors unless:

- (a) it was clearly understood at the Board meeting that the information was not required to be kept in confidence;
- (b) the director was required or authorized by law to disclose the information; or
- (c) the director was authorized expressly or implicitly by the Board of Directors to make disclosure of the information.

## **8. Duty Not to Misuse Information or Position**

A director must not misuse his or her position or make improper use of information acquired by virtue of the director's position to gain, directly or indirectly, an advantage for themselves or any other person or to cause detriment to the Company. Directors are insiders of the Company and, as such, must not use information about the Company to trade in securities or to assist others to trade in securities of the Company before the information is available to the public.

## **9. Insider reporting**

Directors are required to report any changes in their direct or indirect beneficial ownership of or control or direction over securities of the Company within 5 days of the change. The Company has established a procedure for assisting insiders with the reporting of insider trades. A copy of this procedure is attached hereto together with an election form whereby the insider is to elect to either file insider reports directly (through SEDI) or through a Company designated person.

## **10. Communication to Shareholders**

The Board of Directors must ensure that the Company has in place a policy to enable the Company to communicate effectively with its shareholders and the public generally. Directors have a duty to ensure that the appropriate procedures are in place and being complied with so that accurate, appropriate and timely disclosure is being made to the Company's shareholders and to the public.

## **11. Delegation of Authority to Officers and Committees**

The Board of Directors may delegate authority and functions to officers and to committees of directors. The Board of Directors has the right to appoint officers to perform such duties assigned to them by the Board of Directors. The persons holding such offices shall also have the powers assigned to them from time to time by the Chief Executive Officer of the Company.

The following matters are within the sole purview of the Board of Directors and may not be delegated by the Board to a committee of directors or to an officer of the Company:

- (a) the submission to the shareholders of any question or matter requiring the approval of the shareholders;

- (b) the filling of a vacancy among the directors or in the office of the auditor;
- (c) the issuance of securities, except in the manner and on the terms authorized by the directors;
- (d) the declaration of dividends;
- (e) the purchase, redemption or other acquisition of shares of the Company, except in the manner and on the terms authorized by the directors;
- (f) the payment of a commission to any person in consideration of: (i) purchasing or agreeing to purchase shares of the Company or from any other person; or (ii) procuring or agreeing to procure purchasers for shares of the Company;
- (g) the approval of a management proxy circular;
- (h) the approval of annual financial statements; or
- (i) the adoption, amendment or repealing of any by-laws of the Company.

## **12. Financial Statements**

The Board of Directors has a duty to approve the annual financial statements of the Company and to submit the financial statements of the Company, and the auditors' report thereon, for the preceding year to the shareholders of the Company.

A director is required to forthwith notify both the Audit Committee and the Company's auditors of any error or misstatement of which the director becomes aware in the audited financial statements of the Company. The Board of Directors has a duty to prepare and issue corrected financial statements on being informed of an error or misstatement by an auditor or former auditor and the duty to file these statements with or inform the appropriate securities commissions.

## **13. Auditors**

On demand from the Company's auditors, each present and former director of the Company has a duty to furnish to the Company's auditors any information and explanations and allow access to any books, records, documents, accounts or vouchers of the Company or its subsidiaries that the director is reasonably able to furnish and which the Company's auditors consider necessary to enable them to report on the annual financial statements.

## **14. Shareholder Meetings**

The Board of Directors is required to call the annual meeting of the shareholders and may, at any time, call a special meeting of shareholders. The Board of Directors has a duty to call a special meeting of the shareholders to approve any matter that requires the approval of shareholders by special resolution.

## **15. Safety, Health and Environment (SHE)**

The Board of Directors will assume responsibility for developing the approach of the Corporation relating to matters of safety, health and environment. Specifically, the Board of Directors will be responsible for:

- (a) establishing and periodically reviewing safety, health and environmental policies to ensure compliance with "SHE" legislation;
- (b) overseeing the management of the implementation of systems necessary for compliance with all safety, health and environmental policies;
- (c) monitoring the effectiveness of the policies, systems and monitoring processes in place to manage the safety and health of employees, contractors, visitors and the general public and to manage environmental impacts;
- (d) reviewing regular updates from management on the safety, health and environmental performance of the corporation by receiving reports from management on:
  - (i) significant safety, health and environmental issues,
  - (ii) compliance with safety, health and environmental legislation and licenses;
  - (iii) monitoring significant event trends; and

- (iv) benchmarking of the policies, systems and monitoring processes of the corporation against industry best practices;
- (e) reviewing audit results and findings on safety, health and environmental audits, the action plans pursuant to the findings and the result of investigations into significant events, if any; and
- (f) conducting any actions to supervise management respecting all other matters relating to safety, health and environmental consistent with the policies, including, but not limited to engaging third party consultants, if necessary.

**SHORE GOLD INC.**

**APPENDIX "C"**

**RESOLUTION APPROVING THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN**

**BE IT HEREBY RESOLVED THAT:**

1. The shareholder rights plan of the Corporation be and the same is hereby continued under the terms and conditions set out in the Shareholder Rights Plan Agreement dated January 19, 2005, as amended and restated on the date hereof (the "2011 Amended and Restated Rights Plan Agreement"), between the Corporation and Valiant Trust Company, as rights agent.
2. The 2011 Amended and Restated Rights Plan Agreement be and the same is hereby ratified and approved and any director or officer of the Corporation be and is hereby authorized and directed to execute and deliver the 2011 Amended and Restated Plan Agreement on behalf of the Corporation.
3. Any officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute and deliver all documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolution and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action.
4. Notwithstanding the confirmation of holders of the Common Shares of the above resolutions, the directors of the Corporation may revoke the foregoing resolutions before they are acted on without any further approval by the holders of Common Shares of the Corporation.

**SHORE GOLD INC.**

**APPENDIX "D"**

**2011 AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT**

## **SHAREHOLDER RIGHTS PLAN AGREEMENT**

between

**SHORE GOLD INC.**

and

**VALIANT TRUST COMPANY**  
as Rights Agent

**Bennett Jones LLP**

Made as of January 19, 2005  
and amended and restated as of June 14, 2011.

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## SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS AGREEMENT dated as of the 19<sup>th</sup> day of January, 2005, as amended and restated on June 14, 2011,

BETWEEN:

**SHORE GOLD INC.**, a corporation incorporated under the laws of Canada (hereinafter referred to as the "**Corporation**")

OF THE FIRST PART,

- and -

**VALIANT TRUST COMPANY**, a trust company existing under the laws of Alberta (hereinafter referred to as the "**Rights Agent**")

OF THE SECOND PART.

WHEREAS:

- A. the board of directors of the Corporation (the "**Board of Directors**"), in the exercise of its fiduciary duties to the Corporation, has determined that it is advisable for the Corporation to implement a shareholder rights plan (the "**Rights Plan**"), the terms and conditions of which are set out in this Shareholder Rights Plan Agreement (the "**Agreement**") between the Corporation and Valiant Trust Company, as rights agent, to ensure, to the extent possible, the fair treatment of all holders of Common Shares in connection with any take-over bid for the securities of the Corporation and, in the event of an unsolicited take-over bid, to provide the Board of Directors with sufficient time to evaluate the bid and to explore and develop alternatives to maximize shareholder value;
- B. in order to implement the Rights Plan, the Board of Directors has:
  - (i) authorized the issuance of one Right in respect of each Common Share outstanding at the Record Time;
  - (ii) authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time; and
  - (iii) authorized the issuance of Rights Certificates to holders of Rights pursuant to the terms and subject to the conditions set forth in this Agreement;
- C. each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth in this Agreement;
- D. the Board of Directors desires to re-appoint the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent is willing to continue to act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereafter defined), the exercise of rights and other matters referred to herein;

- E. the foregoing recitals and statements of fact are made by the Corporation and not the Rights Agent; and
- F. all capitalized terms used in the foregoing recitals which are not otherwise defined shall have the meanings attributed thereto in this Agreement;

NOW THEREFORE in consideration of the premises and the respective agreements set forth herein, the parties hereby agree as follows:

## **ARTICLE I** **CERTAIN DEFINITIONS**

### **1.1 Certain Definitions**

For purposes of this Agreement, the following terms have the meanings indicated:

- (a) "**Acquiring Person**" shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Common Shares; provided, however, that the term "Acquiring Person" shall not include:
  - (i) the Corporation or any Subsidiary of the Corporation;
  - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares as a result of any one or a combination of:
    - (A) an acquisition or redemption or conversion by the Corporation of Common Shares which, by reducing the number of Common Shares outstanding, increases the percentage of Common Shares Beneficially Owned by such Person to 20% or more of the Common Shares then outstanding ("**Share Acquisitions or Redemptions**");
    - (B) share acquisitions made pursuant to a Permitted Bid or a Competing Permitted Bid ("**Permitted Bid Acquisitions**");
    - (C) share acquisitions (1) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to Sections 5.1(b), (c) or (d); or (2) which were made on or prior to the Record Time; or (3) which were made pursuant to a dividend reinvestment plan of the Corporation; or (4) pursuant to the receipt and/or exercise of rights issued by the Corporation to all the holders of the Common Shares to subscribe for or purchase Common Shares or Convertible Securities, provided that such rights are acquired directly from the Corporation and not from any other Person and provided that such Person does not thereby acquire a greater percentage of Common Shares or Convertible Securities than the Person's percentage of Common Shares Beneficially Owned immediately prior to the receipt and/or exercise of such rights; or (5) pursuant to a distribution by the Corporation of Common Shares or Convertible Securities (and the conversion of such Convertible Securities) made pursuant to a prospectus or by way of private placement, provided that such Person does not thereby acquire a greater percentage of such

Common Shares or Convertible Securities than the Person's percentage of Common Shares Beneficially Owned immediately prior to such distribution; or (6) pursuant to a plan of arrangement, amalgamation or other statutory procedure requiring shareholder approval; or (7) pursuant to a distribution by the Corporation of Common Shares or Convertible Securities upon the exercise by an individual employee of stock options granted under a stock option plan of the Corporation or rights to purchase securities granted under a share purchase plan of the Corporation, provided that (i) all necessary stock exchange approvals for such stock option plan or share purchase plan have been obtained and such stock option plan or share purchase plan complies with the terms and conditions of such approvals and (ii) such Person does not become the Beneficial Owner of more than 25% of the Common Shares outstanding immediately prior to the distribution, and in making this determination the Common Shares to be issued to such Person in the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Common Shares immediately prior to the distribution ("**Exempt Acquisitions**");

- (D) the acquisition of Common Shares upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition (as defined below) ("**Convertible Security Acquisitions**"); or
- (E) acquisitions as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Common Shares or Convertible Securities on the same pro rata basis as all other holders of Common Shares, provided that such Person does not thereby acquire a greater percentage of such Common Shares or Convertible Securities than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition ("**Pro Rata Acquisitions**");

provided, however, that if such Person shall become the Beneficial Owner of 20% or more of the Common Shares then outstanding by reason of any one or a combination of (i) Share Acquisitions or Redemptions, (ii) Permitted Bid Acquisitions, (iii) Exempt Acquisitions, (iv) Convertible Security Acquisitions, or (v) Pro Rata Acquisitions and, after such Share Acquisitions or Redemptions or Permitted Bid Acquisitions or Exempt Acquisitions or Convertible Security Acquisitions or Pro Rata Acquisitions, such Person becomes the Beneficial Owner of more than an additional 1.00% of the number of Common Shares outstanding other than pursuant to any one or combination of Share Acquisitions or Redemptions, Permitted Bid Acquisitions, Exempt Acquisitions or Convertible Security Acquisitions or Pro Rata Acquisitions, then as of the date of any such acquisition such Person shall become an "Acquiring Person";

- (iii) a Person who is the Beneficial Owner of 20% or more of the outstanding Common Shares at the Record Time provided, however, that if such Person shall after the Record Time become the Beneficial Owner of more than an additional 1.00% of the number of Common Shares outstanding other than pursuant to Share Acquisitions or Redemptions, Permitted Bid Acquisitions, Exempt Acquisitions, Convertible Security Acquisitions or Pro Rata Acquisitions, then as

of the date of any such acquisition such Person shall become an "Acquiring Person";

- (iv) for a period of 10 days after the Disqualification Date, any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares as a result of such Person becoming disqualified from relying on clause 1.1(d)(B) solely because such Person makes or announces an intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, "**Disqualification Date**" means the first date of public announcement that any Person is making or intends to make a Take-over Bid; or
  - (v) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Common Shares in connection with a distribution of securities.
- (b) "**Affiliate**", when used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.
- (c) "**Associate**" of a specified individual shall mean any individual to whom such specified individual is married or with whom such specified individual is living in a conjugal relationship outside marriage, or any relative of such specified individual who has the same residence as such specified individual.
- (d) A Person shall be deemed the "**Beneficial Owner**", and to have "**Beneficial Ownership**", of, and to "**Beneficially Own**":
- (i) any securities which such Person or any of such Person's Affiliates or Associates owns at law or in equity and includes any Common Shares in respect of which such Person or any of such Person's Affiliates or Associates owns at law or in equity and any related instalment receipts;
  - (ii) any securities which such Person or any of such Person's Affiliates or Associates has the right to acquire (A) upon the exercise of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding provided such right is exercisable immediately or within a period of 60 days thereafter and whether or not on condition or the happening of any contingency or the making of any payment (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities or pursuant to a pledge of securities); and
  - (iii) any securities which are Beneficially Owned within the meaning of clauses 1.1(d)(i) or (ii) above by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "Beneficial Owner", or to have "Beneficial Ownership", of, or to "Beneficially Own", any security:

- (A) where (1) the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(d)(iii) or (2) such security has

been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(d)(iii) until the earliest time at which any such tendered security is accepted unconditionally for payment or exchange or is taken up and paid for; or

- (B) where such Person, any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(d)(iii), holds such security provided that (1) the ordinary business of such Person (the "**Investment Manager**") includes the management of investment funds for others and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person, including non-discretionary accounts held on behalf of a client by a broker or dealer registered under applicable laws, or (2) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons or in relation to other accounts and holds such security in the ordinary course of such duties for the estates of deceased or incompetent Persons or for such other accounts, or (3) such Person (the "**Plan Trustee**") is the administrator or trustee of one or more pension funds or plans (each a "**Plan**") registered under applicable laws and holds such security for the purposes of its activity as such, or (4) such Person is a Plan or is a Person established by statute (the "**Statutory Body**") for purposes that include, and the ordinary business or activity of such Person includes the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) or various public bodies, or (5) such Person is a Crown agent or agency; provided in any of the above cases, that the Investment Manager, the Trust Company, the Plan Trustee, the Plan, the Statutory Body or the Crown agent or agency, as the case may be, is not then making a Take-over Bid or has not announced a current intention to make a Take-over Bid, other than an Offer to Acquire Common Shares or other securities pursuant to a distribution by the Corporation, by means of a Permitted Bid or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market, alone or by acting jointly or in concert with any other Person; or
- (C) because such Person is a client of or has an account with the same Investment Manager as another Person on whose account the Investment Manager holds such security, or where such Person is a client of or has an account with the same Trust Company as another Person on whose account the Trust Company holds such security, or where such Person is a Plan and has a Plan Trustee who is also a Plan Trustee for another Plan on whose account the Plan Trustee holds such security; or
- (D) where such Person (i) is a client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, or (ii) has an account with a Trust Company and such security is owned at law

or in equity by the Trust Company, or (iii) is a Plan and such security is owned at law or in equity by the Plan Trustee; or

- (E) where such Person is the registered holder of securities as a result of carrying on the business of, or acting as a nominee of, a securities depositary.

For purposes of this Agreement, the percentage of Common Shares Beneficially Owned by any Person shall be and be deemed to be the product determined by the formula:

$$100 \times A/B$$

Where:

A = the number of votes for the election of all directors generally attaching to the Common Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Common Shares.

For the purposes of the foregoing formula, where any Person is deemed to Beneficially Own unissued Common Shares which may be acquired pursuant to Convertible Securities, such Common Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Common Shares Beneficially Owned by such Person in both the numerator and the denominator, but no other unissued Common Shares which may be acquired pursuant to any other outstanding Convertible Securities held by other Persons shall, for the purposes of that calculation, be deemed to be outstanding.

- (e) "**Board of Directors**" has the meaning ascribed to such term in the first recital hereof.
- (f) "**Business Day**" shall mean any day other than a Saturday, Sunday or a day that is treated as a holiday at the Corporation's principal executive offices in Saskatoon, Saskatchewan.
- (g) "**Canada Business Corporations Act**" shall mean the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto.
- (h) "**Canadian-U.S. Exchange Rate**" shall mean on any date the inverse of the U.S.-Canadian Exchange Rate.
- (i) "**Canadian Dollar Equivalent**" of any amount which is expressed in United States dollars shall mean on any day the Canadian dollar equivalent of such amount determined by reference to the Canadian-U.S. Exchange Rate on such date.
- (j) "**Close of Business**" on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the office of the transfer agent for the Common Shares in Calgary, Alberta (or, after the Separation Time, the offices of the Rights Agent in Calgary, Alberta) becomes closed to the public.
- (k) "**Closing Price Per Security**" has the meaning ascribed to such term in the definition of "Market Price".

- (l) "**Common Shares**" shall mean the common shares in the capital of the Corporation as constituted on the date hereof and any other shares of the Corporation into which such common shares may be subdivided, consolidated, reclassified or changed.
- (m) "**Competing Permitted Bid**" shall mean a Take-over Bid that:
  - (i) is made after a Permitted Bid or another Competing bid has been made and prior to the expiry of the Permitted Bid or Competing Permitted Bid ;
  - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of that definition; and
  - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Common Shares will be taken up or paid for pursuant to the Take-over Bid prior to the Close of Business on the date that is no earlier than the later of (1) the 60th day after the date on which the earliest Permitted Bid or Competing Permitted Bid which preceded the Competing Permitted Bid was made, and (2) 35 days after the date of the Take-over Bid constituting the Competing Permitted Bid.
- (n) "**Convertible Securities**" shall mean at any time:
  - (i) any right (contractual or otherwise and regardless of whether such right constitutes a security) to acquire Common Shares; and
  - (ii) any securities issued by the Corporation from time to time (other than the Rights) carrying any exercise, conversion or exchange right;which is then exercisable or exercisable within a period of 60 days from that time pursuant to which the holder thereof may acquire Common Shares or other securities which are convertible into or exercisable or exchangeable for Common Shares (in each case, whether such right is then exercisable or exercisable within a period of 60 days from that time and whether or not on condition or the happening of any contingency).
- (o) "**Exercise Price**" shall mean, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right and, until adjustment thereof in accordance with the terms hereof, the Exercise Price shall be:
  - (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and
  - (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share;
- (p) "**Expiration Time**" shall mean the earlier of:
  - (i) the Termination Time; and
  - (ii) the termination of the annual meeting of the shareholders of the Corporation in the year 2014;

or, if the continued existence of this Agreement is ratified at such annual meeting by resolution passed by a majority of votes cast by Independent Shareholders who vote in respect thereof in accordance with Section 5.18, "Expiration Time" shall mean the earlier of the Termination Time and the termination of the annual meeting of shareholders of the Corporation in the year 2017;

- (q) A "**Flip-in Event**" shall mean a transaction occurring as a result of which any Person shall become an Acquiring Person provided, however, that a Flip-in Event shall be deemed to occur at the Close of Business on the tenth day after the Stock Acquisition Date.
- (r) "**Independent Shareholders**" shall mean holders of Common Shares excluding (i) any Acquiring Person; or (ii) any Person that is making or has announced a current intention to make a Take-over Bid for Common Shares (including a Permitted Bid and a Competing Permitted Bid) other than a Person referred to in Section 1.1(d)(B), but excluding any such Person if the Take-over Bid so announced or made by such Person has been withdrawn, terminated or expired; or (iii) any Affiliate or Associate of such Acquiring Person or Persons referred to in clause (ii); or (iv) any Person acting jointly or in concert with such Acquiring Person or a Person referred to in clause (ii); or (v) a Person who is a trustee of any employee benefit plan, share purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Common Shares are to be voted or direct whether the Common Shares are to be tendered to a Take-over Bid.
- (s) "**Market Price**" per security of any securities on any date of determination shall mean the average of the daily Closing Prices Per Security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the price used to determine the Closing Price Per Security on any Trading Day not to be fully comparable with the price used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price per security used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The "**Closing Price Per Security**" of any securities on any date shall be:
  - (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for such securities as reported by the principal Canadian stock exchange (as determined by the Board of Directors) on which such securities are listed or admitted to trading, or if for any reason neither of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for such securities as reported by such other securities exchange on which such securities are listed or admitted for trading;
  - (ii) if, for any reason, none of such prices is available on such date or the securities are not listed or admitted to trading on a Canadian stock exchange or other

securities exchange, the last sale price, or in case no sale takes place on such date, the average of the high bid and low asked prices for such securities in the over-the-counter market, as quoted by any reporting system then in use (as selected in good faith by the Board of Directors); or

- (iii) if the securities are not listed or admitted to trading as contemplated in clause 1.1(q)(i) or (ii), the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected by the Board of Directors;

provided, however, that if on any such date the Closing Price Per Security cannot be determined in accordance with the foregoing, the Closing Price Per Security of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally recognized investment dealer or investment banker with respect to the fair value per share of such securities; provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof has caused any price used to determine the Market Price on any Trading Day not to be fully comparable with the price as so determined on the Trading Day immediately preceding such date of determination, each price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price on the Trading Day immediately preceding such date of determination. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars at the Canadian Dollar Equivalent thereof.

- (t) **"Offer to Acquire"** shall include:

- (i) an offer to purchase, or a solicitation of an offer to sell, Common Shares, or a public announcement of an intention to make such offer or solicitation; and
- (ii) an acceptance of an offer to sell Common Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an offer to acquire to the Person that made the offer to sell.

- (u) **"Offeror's Securities"** shall mean Common Shares Beneficially Owned on the date of an Offer to Acquire by any Person who is making a Take-over Bid and by such Person's Affiliates and Associates and by any Person acting jointly and in concert with such Person or such Person's Affiliate and Associates and **"Offeror"** means a Person who has announced (and has not withdrawn) an intention to make or who has made (and has not withdrawn) a Take-over Bid other than a Person who has completed a Permitted Bid or a Competing Permitted Bid.

- (v) **"Permitted Bid"** shall mean a Take-over Bid made by a Person by means of a take-over bid circular and which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of record of Common Shares, other than the Offeror;

- (ii) the Take-over Bid contains, and the take-up and payment for Common Shares tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Common Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the Close of Business on a date which is not less than 60 days following the date of the Take-over Bid; and
- (iii) the Take-over Bid contains an irrevocable and unqualified condition that, unless the Take-over Bid is withdrawn, Common Shares may be deposited pursuant to the Take-over Bid at any time prior to the Close of Business on the date of first take-up or payment for Common Shares and that all Common Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the Close of Business on such date;

provided that if a Take-over Bid constitutes a Competing Permitted Bid, the term "Permitted Bid" shall also mean the Competing Permitted Bid.

- (w) "**Permitted Lock-up Agreement**" shall mean an agreement (the "**Lock-up Agreement**") between a Person, any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(d)(iii) and one or more holders of Common Shares (each such holder herein referred to as a "**Locked-up Person**"), the terms of which are publicly disclosed and a copy of which is made available to the public, including the Corporation, not later than the date the Lock-up Bid (as defined below) is publicly announced or, if the Lock-up Bid has been publicly announced prior to the date of the Lock-up Agreement, forthwith and in any event not later than the first Business Day immediately following the date of the Lock-up Agreement) pursuant to which each such Locked-up Person agrees to deposit or tender Common Shares to a Take-over Bid (the "**Lock-up Bid**") made or to be made by the Person, any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(d)(iii), provided that:
  - (i) the Lock-up Agreement permits the Locked-up Person to withdraw its Common Shares from the Lock-up Agreement in order to deposit or tender the Common Shares to another Take-over Bid or to support another transaction prior to the Common Shares being taken up and paid for under the Lock-up Bid, so long as the other Take-over Bid or transaction:
    - (A) (1) offers a price or value per Common Share that exceeds the price or value per Common Share offered under the Lock-up Bid; or
    - (2) is for a number of Common Shares which is greater than the number of Common Shares that the Offeror has offered to purchase under the Lock-up Bid by such number as may have been agreed to in the Lock-up Agreement, provided that such agreed upon number is not greater than 7% of the number of Common Shares offered to be purchased under such Lock-up Bid at a price or value per Common Share that is not less than the price or value per Common Share offered under such Lock-up Bid; or
  - (3) offers a price or value for each Common Share which is greater than the price or value for each Common Share offered under the Lock-up Bid by as much as or more than a specified amount

provided that such specified amount is not greater than 7% of the price or value offered under such Lock-up Bid; and,

- (B) if the number of Common Shares offered to be purchased under the Lock-Up Bid is less than 100% of the Common Shares held by Independent Shareholders, where the number of Common Shares to be purchased under such other Take-over Bid or transaction at a price or value per Common Share that is not less than the price or value per Common Share offered under the Lock-Up Bid:
  - (1) is greater than the number of Common Shares that the Offeror has offered to purchase under the Lock-Up Bid; or
  - (2) exceeds by as much as or more than a specified number (the "Specified Number") the number of Voting Shares that the Offeror has offered to purchase under the Lock-Up Bid, provided that the Specified Number is not greater than 7% of the number of Common Shares offered to be purchased under the Lock-Up Bid,

and, for greater clarity, the Lock-up Agreement may (1) contain a right of first refusal, (2) require a period of delay to give the Person who made the Lock-up Bid an opportunity to match or better the consideration or value offered in the other Take-over Bid or transaction or to offer to purchase or otherwise acquire the same number of Common Shares subject to the other Take-over Bid or transaction or (3) contain other similar limitations on a Locked-up Person's right to withdraw Common Shares from the Lock-up Agreement, so long as any such limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Common Shares during the period of the other Take-over Bid or transaction; and

- (ii) no "break-up" fees, "top-up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
  - (A) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-up Bid to the Locked-up Person; and
  - (B) 50% of the amount by which the price or value of the consideration payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid;

shall be payable by such Locked-up Person pursuant to the Lock-up Agreement in the event such Locked-up Person fails to deposit or tender Common Shares to the Lock-up Bid or withdraws Common Shares previously tendered thereto in order to deposit or tender such Common Shares to another Take-over Bid or support another transaction.

- (x) "**Person**" shall mean any individual, firm, partnership, association, trust, trustee, personal representative, body corporate, corporation, unincorporated organization, syndicate, government or governmental agency, or other entity.

- (y) "**Record Time**" shall mean the Close of Business on the date of this Agreement;
- (z) "**Right**" has the meaning ascribed to that term in Section 2.1(a);
- (aa) "**Rights Certificate**" has the meaning ascribed to that term in Section 2.2(c);
- (bb) "**Securities Act**" shall mean the *Securities Act*, R.S.A. 2000, c. S-4, as amended, and the rules and regulations thereunder, and any comparable or successor laws, rules or regulations thereto.
- (cc) "**Separation Time**" shall mean, subject to Section 5.1(d), the Close of Business on the tenth Business Day after the earlier of:
  - (i) the Stock Acquisition Date;
  - (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Take-over Bid which is a Permitted Bid or a Competing Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived the application of Section 3.1), provided that, if any Take-over Bid referred to in this clause (ii) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for purposes of this Section 1.1(cc), never to have been made; and
  - (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such.
- (dd) "**Stock Acquisition Date**" shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 182.1 of the Securities Act or Section 13(d) of the 1934 Exchange Act) by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person.
- (ee) "**Subsidiary**" of any specified Person shall mean any corporation or other entity controlled by such specified Person.
- (ff) "**Take-over Bid**" shall mean an Offer to Acquire Common Shares or securities convertible into Common Shares, where the Common Shares subject to the Offer to Acquire, together with the Common Shares into which the securities subject to the Offer to Acquire are convertible, and the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Common Shares at the date of the Offer to Acquire.
- (gg) "**Termination Time**" shall mean the time at which the right to exercise Rights shall terminate pursuant to Section 5.1 or 5.17 hereof.
- (hh) "**Trading Day**", when used with respect to any securities, shall mean a day on which the principal securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any securities exchange, a Business Day.
- (ii) "**U.S.-Canadian Exchange Rate**" shall mean on any date:

- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange with a conversion of one United States dollar into Canadian dollars, such rate;
  - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith.
- (jj) "**U.S. Dollar Equivalent**" of any amount which is expressed in Canadian dollars shall mean on any day the United States dollar equivalent of such amount determined by reference to the U.S.-Canadian Exchange Rate on such date.
  - (kk) "**1933 Securities Act**" shall mean the United States *Securities Act of 1933*, as amended, and the rules and regulations thereunder, and any comparable or successor laws or regulations thereto.
  - (ll) "**1934 Exchange Act**" shall mean the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations thereunder, and any comparable or successor laws or regulations thereto.

## 1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## 1.3 Acting Jointly or in Concert

For purposes of this Agreement, a Person is acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire or Offer to Acquire any Common Shares (other than (i) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities, and (ii) pursuant to a pledge of securities in the ordinary course of business).

## 1.4 Control

A Person is "**controlled**" by another Person or two or more other Persons acting jointly or in concert if:

- (a) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or
- (b) in the case of a Person which is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert;

and "**controls**", "**controlling**" and "**under common control with**" shall be interpreted accordingly.

## 1.5    Definition of Agreement

For purposes of this Agreement, "Agreement" means this Rights Plan Agreement as the same may be further amended or supplemented from time to time. References in this Agreement to "hereto", "hereof", "herein", "hereby" and "hereunder" and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement.

## ARTICLE II THE RIGHTS

### 2.1    Issue of Rights; Legend on Common Share Certificates

- (a)    One right ("Right") has been issued in respect of each Common Share outstanding as at the Record Time and in respect of each Common Share issued after the Record Time. One Right shall continue to be issued in respect of each Common Share issued after the date of this Agreement and prior to the earlier of the Separation Time and the Expiration Time.
- (b)    Certificates for the Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence one Right for each Common Share represented thereby and, commencing as soon as reasonably practicable after the Record Time, shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Rights Plan Agreement, dated January 19, 2005, as such may from time to time be amended, restated, varied or replaced, (the "Rights Agreement") between Shore Gold Inc. (the "Corporation") and Valiant Trust Company, as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive office of the Corporation and may be inspected by shareholders of the Corporation during normal business hours. In certain circumstances, as set forth in the Rights Agreement, such Rights may be amended or redeemed, may expire, may become void (if, in certain cases, they are "Beneficially Owned" by an "Acquiring Person", as such terms are defined in the Rights Agreement, or a transferee thereof) or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate, without charge, as soon as practicable after the receipt of a written request therefor.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

## 2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price, or its U.S. Dollar Equivalent as at the Business Day immediately preceding the day of exercise of the Right, one Common Share. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
  - (i) no Right may be exercised; and
  - (ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) After the Separation Time and prior to the Expiration Time, the Rights (i) may be exercised; and (ii) the registration and transfer of the Rights shall be independent of Common Shares. Promptly following the Separation Time the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "Nominee")) and to each holder of Convertible Securities (other than an Acquiring Person or the Nominee of an Acquiring Person) at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose), (x) a certificate (a "**Rights Certificate**") in substantially the form of Exhibit A hereto with registration particulars appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and (y) a disclosure statement prepared by the Corporation describing the Rights; provided that a Nominee shall be sent the materials provided for in (x) and (y) above in respect of all Common Shares or Convertible Securities held of record by it which are not Beneficially Owned by an Acquiring Person.
- (d) Rights may be exercised in whole or in part on any Business Day (or on any other day which, in the city at which an Election to Exercise (as hereinafter defined) is duly submitted to the Rights Agent in accordance with this Agreement, is not a Saturday, Sunday or a day that is treated as a holiday in such city) after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent (at its office in Calgary, Alberta or at any other office of the Rights Agent in the cities designated from time to time for that purpose by the Corporation with the approval of the Rights Agent), the Rights Certificate evidencing such Rights together with an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent,

accompanied by payment by certified cheque, banker's draft or money order payable to the order of the Corporation, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.

- (e) Upon receipt of a Rights Certificate, with an Election to Exercise accompanied by payment as set forth in Section 2.2(d) above, which does not indicate that the Rights represented thereby are null and void as provided by Section 3.1(b), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
  - (i) requisition from the transfer agent of the Common Shares certificates for the number of Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
  - (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
  - (iii) after receipt of the Common Share certificates, deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
  - (iv) when appropriate, after receipt, deliver such cash to or to the order of the registered holder of the Rights Certificate; and
  - (v) tender to the Corporation all payments received on the exercise of the Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
  - (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
  - (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the Canada Business Corporations Act, the Securities Act, the securities acts or comparable legislation of each of the other provinces of Canada, the 1933 Securities Act and the 1934 Exchange Act, and the rules and regulations thereunder and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any shares upon exercise of Rights;

- (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal exchanges or traded in the over-the-counter markets on which the Common Shares were traded immediately prior to the Stock Acquisition Date;
- (iv) cause to be reserved and kept available out of its authorized and unissued Common Shares a number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
- (v) pay when due and payable any and all Canadian and United States federal, provincial, and state transfer taxes (for greater certainty not including any income taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Common Shares, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for shares in a name other than that of the holder of the Rights being transferred or exercised; and
- (vi) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

### **2.3      Adjustments to Exercise Price; Number of Rights**

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

- (a) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:
  - (i) declare or pay a dividend on the Common Shares payable in Common Shares (or other shares or securities exchangeable for or convertible into or giving a right to acquire Common Shares or other shares of the Corporation) other than pursuant to any optional stock dividend program;
  - (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares;
  - (iii) combine or change the then outstanding Common Shares into a smaller number of Common Shares; or
  - (iv) issue any Common Shares (or other shares or securities exchangeable for or convertible into or giving a right to acquire Common Shares or other shares) in respect of, in lieu of or in exchange for existing Common Shares in a reclassification, amalgamation, merger, statutory arrangement or consolidation;

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted in the manner set forth below. If the Exercise Price and number of Rights outstanding are to be adjusted (x) the Exercise Price in effect after such adjustment shall be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other shares) (the "**Expansion Factor**") that a holder of one Common Share immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof and (y) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be allocated among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, combination or issuance, so that each such Common Share (or other share) will have exactly one Right associated with it. If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the number of securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof. If after the Record Time and prior to the Expiration Time the Corporation shall issue any shares other than Common Shares in a transaction of a type described in Section 2.3(a)(i) or (iv), such shares shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment, and will not consolidate with, amalgamate with or into or enter into a statutory arrangement with, any other Person unless such Person agrees to be bound by the terms of an amendment effecting such treatment. If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1 hereof, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 3.1 hereof. Adjustments pursuant to this Section 2.3(a) shall be made successively whenever an event referred to in this Section 2.3(a) occurs.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in the preceding paragraph, each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such share.

- (b) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Common Shares of rights or warrants entitling them (for a period expiring within 60 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right per share)) less than the Market Price per Common Share on such record date, the Exercise Price shall be adjusted in the manner set forth below. The Exercise Price in effect after such record date shall equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction, of which the numerator shall be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial

conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered (including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price and of which the denominator shall be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed. For purposes of this paragraph (b), the granting of the right to purchase Common Shares (whether from treasury shares or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that in the case of any dividend or interest reinvestment plan, the right to purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of the Common Shares.

- (c) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Common Shares (including any such distribution made in connection with a merger or amalgamation) of evidences of indebtedness or assets (other than a regular periodic cash dividend or a dividend paid in Common Shares) or rights or warrants (excluding those referred to in Section 2.3(b)), the Exercise Price shall be adjusted in the manner set forth below. The Exercise Price in effect after such record date shall equal the Exercise Price in effect immediately prior to such record date less the fair market value (as determined in good faith by the Board of Directors) of the portion of the assets, evidences of indebtedness, rights or warrants so to be distributed applicable to each of the securities purchasable upon exercise of one Right (such determination to be described in a statement filed with the Rights Agent and the holders of the Rights). Such adjustment shall be made successively whenever such a record date is fixed.
- (d) Each adjustment made pursuant to this Section 2.3 shall be made as of:
  - (i) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to paragraph (a) above; and
  - (ii) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to paragraph (b) or (c) above subject to readjustment to reverse the same if such distribution shall not be made.
- (e) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time issue any shares (other than Common Shares), or rights or warrants to subscribe for or purchase any such shares, or securities convertible into or exchangeable for any such shares, in a transaction referred to in clause (a)(i) or (a)(iv) above, or if the

Corporation shall take any other action (other than the issue of Common Shares) which might have a negative effect on the holders of Rights, if the Board of Directors acting in good faith determines that the adjustments contemplated by paragraphs (a), (b) and (c) above are not applicable or will not appropriately protect the interests of the holders of Rights, the Corporation may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, if the adjustments contemplated by paragraphs (a), (b) and (c) above are applicable, notwithstanding such paragraphs, the adjustments so determined by the Corporation, rather than the adjustments contemplated by paragraphs (a), (b) and (c) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement in accordance with Section 5.4(b) and (c), as the case may be, to provide for such adjustments.

(f) Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:

- (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment;
- (ii) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate; and
- (iii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights by way of press release or by such other means as the Corporation may determine.

Failure to file such certificate or to cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of such adjustment.

(g) Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.

(h) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one per cent in the Exercise Price; provided, however, that any adjustments which by reason of this Section 2.3(h) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a share. Notwithstanding the first sentence of this Section 2.3(h), any adjustment required by Section 2.3 shall be made no later than the earlier of:

- (i) three years from the date of the transaction which gives rise to such adjustment;  
or
- (ii) the Expiration Date.

(i) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon

exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.

- (j) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.
- (k) Notwithstanding anything contained in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Board of Directors determines to be advisable, in order that any:
  - (i) consolidation or subdivision of Common Shares;
  - (ii) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares;
  - (iii) stock dividends; or
  - (iv) issuance of rights, options or warrants referred to in this Section 2.3,

hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders or shall subject such shareholders to a lesser amount of tax.

#### **2.4 Date on Which Exercise is Effective**

Each Person in whose name any certificate for Common Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

#### **2.5 Execution, Authentication, Delivery and Dating of Rights Certificates**

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two officers or directors of the Corporation. The signature of any of these officers or directors on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers or directors of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the

countersignature and delivery of such Rights Certificates. Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and mail such Rights Certificates to the holders of the Rights pursuant to Section 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

- (b) Each Rights Certificate shall be dated the date of countersignature thereof.

## **2.6 Registration, Registration of Transfer and Exchange**

- (a) The Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed "Rights Registrar" for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.
- (b) After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Section 2.6(d) below, the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.
- (c) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (d) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) in connection therewith.

## **2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates**

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate and (ii) such security or indemnity as may be required by them in their sole discretion to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.
- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence an original additional contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

## **2.8 Persons Deemed Owners of Rights**

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

## **2.9 Delivery and Cancellation of Certificates**

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable law, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation.

## **2.10 Agreement of Rights Holders**

Every holder of Rights by accepting the same consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights that:

- (a) he will be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;

- (b) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;
- (c) after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) such holder of Rights has waived his right to receive any fractional Rights or any fractional shares or other securities upon exercise of a Right (except as provided herein);
- (f) subject to the provisions of Section 5.4, without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith this Agreement may be supplemented or amended from time to time to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with the intent of this Agreement or is otherwise defective; and
- (g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

### **ARTICLE III** **ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS**

#### **3.1 Flip-in Event**

- (a) Subject to Sections 3.1(b), 5.1(b), 5.1(c) and 5.1(d) hereof, in the event that prior to the Expiration Time a Flip-in Event shall occur, the Corporation shall take such action as shall be necessary to ensure and provide, within 10 Business Days thereafter or such longer period as may be required to satisfy the requirements of the Securities Act, the 1933 Securities Act and the applicable securities acts or comparable legislation of each of the provinces of Canada and of the United States and each of the states thereof so that, except as provided below, each Right shall thereafter constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such date

of consummation or occurrence an event of a type analogous to any of the events described in Section 2.3 shall have occurred with respect to such Common Shares).

- (b) Notwithstanding the foregoing or any other provisions of this Agreement, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Stock Acquisition Date by:
- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or
  - (ii) a transferee, direct or indirect, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming such, whether or not for consideration, that the Board of Directors acting in good faith has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding clause (i) of this Section 3.1(b),

shall become void without any further action and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and shall not have any other rights whatsoever in respect of such Rights, whether under any provision of this Agreement or otherwise.

- (c) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either clauses (i) or (ii) of Section 3.1(b) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were Beneficially Owned by a Person who was an Acquiring Person or who was an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person who was acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Section 3.1(b) of the Rights Agreement

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Corporation or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not an Acquiring Person or an Affiliate or Associate thereof and provided further that the fact that such legend does not appear on a certificate is not determinative of whether any Rights represented thereby are void under this Section.

- (d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to

satisfy the requirements of the Canada Business Corporations Act, the Securities Act and the securities laws or comparable legislation of each of the provinces of Canada and of the United States and each of the states thereof in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

### **3.2 Fiduciary Duties**

Nothing contained in this Agreement shall be considered to affect the obligations of the members of the Board of Directors to exercise their fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Common Shares reject or accept any Take-over Bid or take any other action including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to holders of Common Shares that the Board of Directors believes is necessary or appropriate in the exercise of their fiduciary duties.

## **ARTICLE IV** **THE RIGHTS AGENT**

### **4.1 General**

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-rights agents ("Co-Rights Agents") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and the Co-Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the execution and administration of this Agreement and the exercise and performance of its duties hereunder (including the reasonable fees and other disbursements of any expert retained by the Rights Agent with the approval of the Corporation, such approval not to be unreasonably withheld). The Corporation also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done, suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the exercise and performance of its duties hereunder, including legal costs and expenses of defending against any claim or liability, which right to indemnification will survive the termination of this Agreement and the resignation or removal of the Rights Agent.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, opinion, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent.

#### **4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent**

- (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case, at the time such successor Rights Agent succeeds to the agency created by this Agreement, any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.
- (b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

#### **4.3 Duties of Rights Agent**

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of certificates for Common Shares and Convertible Securities and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) The Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation), and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (such approval not to be unreasonably withheld) and at the expense of the Corporation, consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert.
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be

conclusively proved and established by a certificate signed by persons believed by the Rights Agent to be any two officers or directors of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

- (c) The Rights Agent will be liable hereunder only for its own negligence, bad faith or willful misconduct.
- (d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only.
- (e) The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable.
- (f) The Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.
- (g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any persons believed by the Rights Agent to be any two officers or directors of the Corporation, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in reliance upon instructions of any such persons; it is understood that instructions to the Rights Agent shall, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions shall be confirmed in writing as soon as reasonably possible after the giving of such instructions.
- (h) The Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing

herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity.

- (i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

#### **4.4 Change of Rights Agent**

The Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 5.8. The Corporation may remove the Rights Agent upon 30 days' notice in writing given to the Rights Agent and to each transfer agent of the Common Shares (by personal delivery, or registered or certified mail). If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then the resigning Rights Agent (at the Corporation's expense) or any holder of any Rights (which holder of Rights shall also submit his Rights Certificate for inspection by the Corporation) may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Alberta. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

#### **4.5 Privacy Provision**

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

#### **4.6 Compliance with Money Laundering Legislation**

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act under this Agreement if, due to a lack of information or for any other reason whatsoever, the Rights Agent, in its sole judgment, reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent, in its sole judgment, reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right, notwithstanding Section 4.4, to resign on 10 days' prior written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

### **ARTICLE V**

#### **MISCELLANEOUS**

#### **5.1 Redemption and Termination**

- (a) The Board of Directors may, with the prior consent of holders of Common Shares or of the holders of Rights given in accordance with Section 5.1(f) or (g), as the case may be, and in each case prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to the provisions of this Section 5.1, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) The Board of Directors may, with the prior consent of the holders of Common Shares given in accordance with Section 5.1(f), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Common Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular sent to all holders of record of Common Shares and otherwise than in the circumstances set forth in Section 5.1(d), to waive the application of Section 3.1, on the same terms and conditions, to such Flip-in Event. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of shareholders called to approve such waiver.
- (c) The Board of Directors acting in good faith may, at its option, prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived under this clause, determine, upon prior written notice to the Rights Agent, to waive the application of Section 3.1 to that Flip-in Event provided that the Flip-in Event would occur by reason of a Take-over Bid made by means of a take-over bid circular sent to all holders of record of Common Shares; further provided that if the Board of Directors waives the application of Section 3.1 to such a Flip-in Event, the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a take-over bid circular to all holders of record of Common Shares which is made prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this Section 5.1(c).

- (d) The Board of Directors may, in respect of any Flip-in Event, waive the application of Section 3.1 to that Flip-in Event, provided that both of the following conditions are satisfied:
- (i) the Board of Directors has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and
  - (ii) such Acquiring Person has reduced its Beneficial Ownership of Common Shares such that at the time of waiver pursuant to this Section 5.1(d) it is no longer an Acquiring Person and has provided the Board of Directors with satisfactory evidence thereof;
- and in the event of any such waiver, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred and the Separation Time shall be deemed not to have occurred as a result of such Person having inadvertently become an Acquiring Person.
- (e) The Board of Directors shall, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the date that a Person who has made a Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to Section 5.1(c), the application of Section 3.1, takes up and pays for the Common Shares pursuant to the terms and conditions of the Permitted Bid or Take-over Bid, as the case may be.
- (f) If a redemption of Rights pursuant to Section 5.1(a) or a waiver of a Flip-in Event pursuant to Section 5.1(b) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Common Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and the Corporation's by-laws.
- (g) If a redemption of Rights pursuant to Section 5.1(a) is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of such holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in applicable laws and the Corporation's constating documents with respect to meetings of shareholders of the Corporation.
- (h) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price and reissue Rights under this Agreement to holders of record of Common Shares immediately following such time of redemption. Notwithstanding such redemption, all of the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and it shall be deemed not to have occurred and Rights shall remain attached

to the outstanding Common Shares, subject to and in accordance with the provisions of this Agreement.

- (i) If the Board of Directors elects or is deemed to have elected to redeem the Rights, and, in circumstances where Section 5.1(a) is applicable, such redemption is approved by the holders of Common Shares or the holders of Rights in accordance with Section 5.1(f) or (g), as the case may be, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights will be to receive the Redemption Price.
- (j) Within 10 Business Days after the Board of Directors electing or having been deemed to have elected to redeem the Rights or, if Section 5.1(a) is applicable within 10 Business Days after the holders of Common Shares or the holders of Rights have approved a redemption of Rights in accordance with Section 5.1(f) or (g), as the case may be, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at its last address as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Transfer Agent for the Common Shares. Any notice which is mailed in the manner herein provided will be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 or in connection with the purchase of Common Shares prior to the Separation Time.
- (k) The Corporation shall give prompt notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Board of Directors under this Section 5.1.

## **5.2      Expiration**

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.1(a) of this Agreement.

## **5.3      Issuance of New Rights Certificates**

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the number of or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

## **5.4      Supplements and Amendments**

- (a) The Corporation may make amendments to this Agreement without the approval of any holders of Rights or Common Shares to correct any clerical or typographical error. The Corporation may make amendments to this Agreement without the approval of any holders of Rights or Common Shares, but subject to confirmation at the next meeting of the holders of Common Shares: (i) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder; or (ii) to take into account the issuance by the Corporation of classes or series of shares other than the Common Shares of the Corporation. Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the

provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.

- (b) Subject to Section 5.4(a), the Corporation may, with the prior consent of the holders of Common Shares obtained as set forth below, at any time prior to the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally) provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by i) holders of Common Shares; and ii) Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Common Shares duly called and held in compliance with applicable laws and the Corporation's constating documents.
- (c) Subject to Subsection 5.4(a), the Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders and representing a majority of the votes cast in respect thereof.
- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in applicable laws the Corporation's constating documents with respect to meetings of shareholders of the Corporation.
- (e) Any amendments made by the Corporation to this Agreement pursuant to Section 5.4(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder, or to take into account the issuance by the Corporation of classes or series of shares other than common shares of the Corporation, shall:
  - (i) if made before the Separation Time, be submitted to the shareholders of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in Section 5.4(b), confirm or reject such amendment;
  - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Subsection 5.4(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights as the case may be.

- (f) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to Section 5.4 within five Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

## **5.5 Fractional Rights and Fractional Shares**

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time there shall be paid to the registered holders of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Section 3.1(b)) with regard to which fractional Rights would otherwise be issuable, an amount in cash (rounded to the nearest cent) equal to the same fraction of the Market Price of a whole Right in lieu of such fractional Rights as of the date such fractional Rights would otherwise be issuable.
- (b) The Corporation shall not be required to issue fractional Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holder of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash (rounded to the nearest cent) equal to the same fraction of the Market Price of one Common Share at the date of such exercise.
- (c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to paragraph (a) or (b) above, respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares as the case may be.

## **5.6 Rights of Action**

Subject to the terms of this Agreement, rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights, or Rights to which he is entitled, in the manner provided in this Agreement and in such holder's Rights Certificate.

Without limiting the foregoing or any remedies available to the holders of Rights it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Agreement.

### **5.7 Holder of Rights Not Deemed a Shareholder**

No holder, as such, of any Rights shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Common Shares or any other securities which may at any time be issuable on the exercise of Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights, as such, any of the rights of a shareholder of the Corporation or any right to vote in respect of recommending persons to be elected as directors of the Corporation or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting Shareholders (except as provided in Section 5.8 hereof), or to receive dividends or subscription rights or otherwise, until such Rights, or Rights to which such holder is entitled, shall have been exercised in accordance with the provisions hereof.

### **5.8 Notices**

- (a) Notices or demands to be given or made in connection with this Agreement by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by mail, postage prepaid or by fax or other form of recorded electronic communication (with, in the case of fax or other form of recorded electronic communication, an original copy of the notice or demand sent by first class mail, postage prepaid, to the Corporation following the giving of the notice or demand by fax or other form of recorded electronic communication), addressed (until another address is filed in writing with the Rights Agent) as follows:

Shore Gold Inc.  
300, 224 – 4<sup>th</sup> Avenue South  
Saskatoon, Saskatchewan S7K 5M5

Attention: Chief Executive Officer

Fax: (306) 664-7181  
Phone: (306) 664-2202

- (b) Notices or demands to be given or made in connection with this Agreement by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by mail, postage prepaid, or by fax or other form of recorded electronic communication (with, in the case of fax or other form of recorded electronic communication, an original copy of the notice or demand sent by first class mail, postage prepaid, to the Rights Agent following the giving of the notice or demand by fax or other form of recorded electronic communication), addressed (until another address is filed in writing with the Corporation) as follows:

Valiant Trust Company  
310, 606 – 4<sup>th</sup> Street S.W.  
Calgary, Alberta T2P 1T1

Attention: Manager, Client Services

Fax: (403) 233-2857  
Phone: (403) 233-2801

- (c) Notices or demands to be given or made in connection with this Agreement by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for the Common Shares. Any notice that is made in the manner herein provided shall be deemed give, whether or not the holder receives the notice.
- (d) Any notice given or made in accordance with this Section 5.8 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of faxing or sending by other means of recorded electronic communication (provided such faxing or sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.
- (e) If mail service is or is threatened to be interrupted at a time when the Corporation or the Rights Agent wishes to give a notice or demand hereunder to or on the holders of the Rights, the Corporation or the Rights Agent may, notwithstanding the foregoing provisions of this Section 5.8, give such notice by means of publication once in each of two successive weeks in the business section of the National Post or the national edition of the Globe and Mail and, if the Corporation has a transfer agent in the United States, in a daily publication in the United States designated by the Corporation, or in such other publication or publications as may be designated by the Corporation and notice so published shall be deemed to have been given on the date on which the first publication of such notice in any such publication has taken place.

## **5.9 Costs of Enforcement**

The Corporation agrees that if the Corporation fails to fulfill any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

## **5.10 Successors**

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

## **5.11 Benefits of this Agreement**

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement and this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

## **5.12 Descriptive Headings**

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

## **5.13 Governing Law**

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Alberta and for all purposes shall be governed by and construed in accordance with the laws of such Province applicable to contracts to be made and performed entirely within such Province.

## **5.14 Language**

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découlent soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

## **5.15 Counterparts**

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

## **5.16 Severability**

If any term or provision hereof or the application thereof to any circumstance is, in any jurisdiction and to any extent, invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable.

## **5.17 Reconfirmation**

At or prior to the annual meeting of shareholders of the Corporation in the year 2014, provided that a Flip-in Event has not occurred prior to such time (other than a Flip-in-Event which has been waived by the Board of Directors in accordance with the terms of this Agreement), the Board of Directors shall submit a resolution ratifying the continued existence of this Agreement until the termination of the annual meeting of shareholders of the Corporation in the year 2017 to the Independent Shareholders for their consideration and, if thought advisable, approval. Unless a majority of the votes cast by: (i) the Shareholders; and (ii) the Independent Shareholders who vote in respect of such resolution are voted in favour of the continued existence of this Agreement until the termination of the annual meeting of shareholders of the Corporation in the year 2017, this Agreement and all outstanding Rights shall terminate and be of no further force and effect as at and after the termination of such annual meeting.

## **5.18 Regulatory Approvals**

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority having jurisdiction in respect of such matter including, without limiting the generality of the foregoing, any necessary approvals of the Toronto Stock Exchange or any other applicable stock exchange or market. Without limiting the generality of the foregoing, any issuance or delivery of debt or equity securities (other than non-convertible debt securities) of the Corporation upon the exercise of Rights and any amendment or supplement to this Agreement shall be subject to the prior consent of the Toronto Stock Exchange or any other stock exchange on which the Common Shares may then be listed. For greater certainty, unless advised in writing by the Corporation to the contrary, the Rights Agent shall be entitled to assume that all such required approvals and consents have been obtained.

## **5.19 Determinations and Actions by the Board of Directors**

All actions and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors, in good faith pursuant to or in connection with the administration of this Agreement, shall not subject any member of the Board of Directors to any liability whatsoever to the holders of the Rights.

## **5.20 Notice of Proposed Actions**

In case the Corporation shall propose after the Separation Time and prior to the Expiration Time:

- (a) to effect or permit (in cases where the Corporation's permission is required) any Flip-in Event; or
- (b) to effect the liquidation, dissolution or winding up of the Corporation or the sale of all or substantially all of the Corporation's assets,

then, in each such case, the Corporation shall give to each holder of a Right, in accordance with Section 5.8 hereof, a notice of such proposed action, which shall specify the date on which such Flip-in Event, liquidation, dissolution, or winding up is to take place, and such notice shall be so given at least 10 Business Days prior to the date of taking of such proposed action by the Corporation.

## **5.21 Time of the Essence**

Time shall be of the essence in this Agreement.

## **5.22 Declaration as to Non-Canadian Holders**

In no event has the Corporation or the Rights Agent an obligation to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada in which jurisdiction such issue or delivery would be unlawful without registration of the relevant Persons, securities or issue or delivery for such purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**SHORE GOLD INC.**

Per:

Name: Harvey J. Bay, CMA  
Title: Chief Financial Officer

**VALIANT TRUST COMPANY**

Per:

Name:  
Title:

Per:

Name:  
Title:

**EXHIBIT A**  
**FORM OF RIGHTS CERTIFICATE**

Certificate No. \_\_\_\_\_ Rights \_\_\_\_\_

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. IN CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(b) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR TRANSFEREES OF AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM, MAY BECOME VOID.

**Rights Certificate**

This certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement dated January 19, 2005, as amended and restated on June 14, 2011, as such may, from time to time, be further amended, restated, varied or replaced (the "Rights Agreement") between Shore Gold Inc., a corporation incorporated under the laws of Canada (the "Corporation"), and Valiant Trust Company, a trust company incorporated under the laws of Alberta, as rights agent (the "Rights Agent", which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the earlier of (i) the Termination Time (as such term is defined in the Rights Agreement) and (ii) the termination of the annual meeting of the Corporation in the year 2014(or, if the continued existence of the Rights Agreement is ratified at such annual meeting by a resolution passed by a majority of votes cast by Independent Shareholders (as such term is defined in the Rights Agreement) who vote in respect thereof, the termination of the annual meeting of shareholders of the Corporation in the year 2017), one fully paid common share of the Corporation (a "Common Share") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in Calgary, Alberta or in such other cities as may be designated by the Corporation from time to time. The Exercise Price per Right shall be, until the Separation Time, an amount equal to three times the Market Price (as such term is defined in the Rights Agreement), from time to time, per Common Share; and from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share, and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, the number of Common Shares which each Right entitles the registered holder thereof to purchase shall be adjusted as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal executive office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Corporation at a redemption price of \$.00001 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No fractional Common Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation.

Date: \_\_\_\_\_

**SHORE GOLD INC.**

By: \_\_\_\_\_  
Authorized Officer

By: \_\_\_\_\_  
Authorized Officer

Countersigned:

**VALIANT TRUST COMPANY**

By: \_\_\_\_\_  
Authorized Officer

## FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights represented by this Rights Certificate.)

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells, assigns and transfers to

(Please print name and address of transferee) the Rights represented by this Rights Certificate, together with all right, title and interest therein, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program.

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(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing (all capitalized terms are used as defined in the Rights Agreement).

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

## NOTICE

In the event the certification set forth above in the Form of Election to Exercise is not completed upon exercise of the Right(s) evidenced hereby or in the event that the certification set forth above in the Form of Assignment is not completed upon the assignment of the Right(s) evidenced hereby, the Corporation will deem the Beneficial Owner of the Right(s) evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment, will affix a legend to that effect on any Rights Certificates issued in exchange for this Rights Certificate.

(To be attached to each Rights Certificate)

**FORM OF ELECTION TO EXERCISE**

TO: SHORE GOLD INC.

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ whole Rights represented by the attached Rights Certificate to purchase the Common Shares (or other securities or property) issuable upon the exercise of such Rights and requests that certificates for such shares (or other securities or title to such property) be issued in the name of:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street)

\_\_\_\_\_  
(City and State or Province)

\_\_\_\_\_  
(Country, Postal Code or Zip Code)

\_\_\_\_\_  
**SOCIAL INSURANCE, SOCIAL SECURITY OR  
OTHER TAXPAYER IDENTIFICATION NUMBER**

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

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(Name)

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(Street)

---

(City and State or Province)

---

(Country, Postal Code or Zip Code)

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SOCIAL INSURANCE, SOCIAL SECURITY OR  
OTHER TAXPAYER IDENTIFICATION NUMBER

Dated: \_\_\_\_\_

Signature Guaranteed:

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Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program.

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(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing (all capitalized terms are used as defined in the Rights Agreement).

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

## NOTICE

In the event the certification set forth above in the Form of Election to Exercise is not completed upon exercise of the Right(s) evidenced hereby or in the event that the certification set forth above in the Form of Assignment is not completed upon the assignment of the Right(s) evidenced hereby, the Corporation will deem the Beneficial Owner of the Right(s) evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment, will affix a legend to that effect on any Rights Certificates issued in exchange for this Rights Certificate.