

## SHORE GOLD INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF SHORE GOLD INC. JUNE 17, 2014

TAKE NOTICE THAT the Annual General and Special Meeting (the "Meeting") of the shareholders ("Shareholders") of SHORE GOLD INC. (the "Corporation") will be held at the Sheraton Cavalier Hotel, 612 Spadina Crescent East, Saskatoon, Saskatchewan, on Tuesday, June 17, 2014 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, 2013 and the report of the auditors thereon and to receive the annual report for the year ended December 31, 2013;
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, reconfirm the Corporation's Shareholder Rights Plan as more fully described in the information circular (the "Information Circular"); and
5. to transact such other business as may properly come before the Meeting.

This year, as described in the notice and access notification mailed to Shareholders of the Corporation, the Corporation has decided to deliver the Information Circular to Shareholders by posting the Information Circular online at: [http://www.valianttrust.com/securityholders/notice\\_and\\_access/meeting\\_materials.htm](http://www.valianttrust.com/securityholders/notice_and_access/meeting_materials.htm).

The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs. The Information Circular will be available on the above website as of May 16, 2014, and will remain on the website for one full year thereafter. The Information Circular will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

A Shareholder may attend the Meeting in person or may be represented at the meeting by proxy. To be valid, a properly executed form of proxy must be received by Valiant Trust Company not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof. A person appointed as proxy holder need not be a shareholder of the Corporation. Please refer to the Information Circular for more information on how to vote at the Meeting.

Only Shareholders of record as at the close of business on May 7, 2014 are entitled to receive notice of the Meeting.

DATED at Saskatoon, Saskatchewan as of the 7<sup>th</sup> day of May, 2014.

#### BY ORDER OF THE BOARD OF DIRECTORS

"Brian Menell"  
Brian M. Menell  
Chairman



# SHORE GOLD INC.

## INFORMATION CIRCULAR

### ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, JUNE 17, 2014

#### SOLICITATION OF PROXIES

This information circular (the "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, 612 Spadina Crescent East, Saskatoon, Saskatchewan, on Tuesday, June 17, 2014 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 electronic 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. Unless otherwise stated, the information contained in this Information Circular is given as at May 7, 2014 and all dollar amounts are expressed in Canadian dollars, except where otherwise stated.

#### APPOINTMENT OF PROXYHOLDERS

Kenneth E. MacNeill and Brian M. Menell (the designees named in the accompanying form of proxy) are 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 Brian M. Menell 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.

**A form of proxy will not be valid unless it is deposited at the offices of Valiant Trust Company at Suite 310, 606 – 4<sup>th</sup> Street SW, Calgary, Alberta, T2P 1T1, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.**

Registered Shareholders may use the internet site at <https://proxy.valianttrust.com> to transmit their voting instructions. Registered Shareholders should have the form of proxy in hand when they access the web site and will be prompted to enter their control number, which is located on the form of proxy. **The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions.**

#### REVOCAION OF PROXIES

A registered Shareholder who has submitted a form of proxy may revoke it by a document in writing signed by the registered Shareholder or by an authorized attorney or, if the registered Shareholder is a corporation, by a duly authorized officer, and deposited either: (i) at the offices of Valiant Trust Company, Suite 310, 606 – 4th Street SW, Calgary, Alberta, T2P 1T1 (or fax 403-233-2857), 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 registered Shareholder personally attending at the Meeting and voting the securities represented thereby or, if the registered 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. Shareholders who do not have their Common Shares registered in their own name ("Beneficial Shareholders") may change the voting instructions given to an intermediary by notifying such intermediary in accordance with the intermediary's instructions.

#### EXERCISE OF DISCRETION BY PROXYHOLDERS

The designee named in the accompanying form of proxy will vote or withhold from voting the common shares of the Corporation (the "Common 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 Common Shares will be voted accordingly. **In the absence of such direction, the relevant Common 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) the continuation and**

**reconfirmation of the Corporation's 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 (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).

## **NOTICE-AND-ACCESS**

National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("National Instrument 54-101") and National Instrument 51-102 - *Continuous Disclosure Obligations* allow for the use of a "notice-and-access" regime for the delivery of proxy-related materials.

Under the notice-and-access regime, reporting issuers are permitted to deliver proxy-related materials by posting them on SEDAR as well as a website other than SEDAR and sending shareholders a notice package that includes: (i) the voting instruction form or proxy; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the materials; and (iv) a plain-language explanation of how the new notice-and-access system operates and how the materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to shareholders electronically. This notice package must be mailed to shareholders from whom consent to electronic delivery has not been received.

The Corporation has elected to send its Information Circular to Shareholders using the notice-and-access regime. Accordingly, the Corporation will send the above-mentioned notice package to Shareholders which includes instructions on how to access the Corporation's Information Circular online and how to request a paper copy of the Information Circular. Distribution of the Corporation's Information Circular pursuant to the notice-and-access regime has the potential to substantially reduce printing and mailing costs and reduce our impact on the environment.

The Corporation will not send its proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101. The Corporation intends to pay for proximate intermediaries to forward the proxy-related materials and the voting instruction form to objecting beneficial owners under National Instrument 54-101.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

### ***Voting of Common Shares - General***

As at May 7, 2014, there are 224,759,242 Common Shares 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 May 7, 2014 (the "Record Date") are entitled to receive notice of and to vote at the Meeting,** except that any person who acquires Common Shares from a Shareholder after the Record Date may vote the Common 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.

### ***Quorum***

Two persons present and holding or representing by proxy at least 5% of the Common Shares entitled to vote at the Meeting constitute a quorum.

### ***Voting of Common Shares - Advice to Beneficial Shareholders***

**The information set forth in this section is of significant importance to some Shareholders as some Shareholders do not have their Common Shares registered in their own name.** Beneficial Shareholders should note that only proxies

deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person or that the Common Shares are duly registered in their name such that they become a registered holder and can vote as such.**

In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (collectively, the "Meeting Materials") to the clearing agencies, brokers and intermediaries for onward distribution to Beneficial Shareholders. Intermediaries are required to forward meeting materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them.

Applicable Canadian regulatory policy requires intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Each intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. In some cases, the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the intermediary) how to vote on behalf of the Beneficial Shareholder. In Canada, the majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). In most cases, Broadridge mails a scannable voting instruction form (a "VIF") in lieu of the form of proxy provided by the Corporation, and asks Beneficial Shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a VIF from Broadridge cannot use that form to vote their Common Shares directly at the Meeting – the VIF must be returned to Broadridge or, alternatively, instructions must be received by Broadridge, as instructed by them, in order to have such Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting. Beneficial Shareholders 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. Each Common Share gives its holder the right to one vote at the Meeting.

## **BUSINESS OF THE ANNUAL AND SPECIAL MEETING**

### ***Financial Statements and Auditor's Report***

The consolidated financial statements of the Corporation for the fiscal year ended December 31, 2013, together with the auditor's report thereon, will be presented at the Meeting. Any questions the Shareholders have regarding the financial statements may be brought forward at the Meeting. Copies of the Corporation's annual and interim consolidated financial statements, the auditor's reports thereon and the management discussion and analysis thereon are also available via SEDAR at [www.sedar.com](http://www.sedar.com). No vote by the Shareholders is required to be taken on the financial statements.

### ***Election of Directors***


In accordance with the by-laws of the Corporation, the directors have determined that five (5) directors shall be elected at


the Meeting. The five 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 designees named in the accompanying form of proxy intend to vote 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. The directors will be elected individually and not as a slate.

The following table identifies all persons to be nominated for election as directors. Also included in the table is a brief biography of each proposed director, the number of Common Shares each holds and a list of the committees of the Board on which each sits, if applicable.


	<b>Kenneth E. MacNeill President and Chief Executive Officer</b>		<p>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.</p>
	<p>Saskatchewan, Canada</p> <p>Director since: June 30, 1993</p> <p>Not Independent (management)</p> <p>Shares held: 4,302,722 <sup>(1)</sup></p>		
<b>Member of:</b>	<b>2013 Attendance</b>	<b>Attendance (Total)</b>	<b>Membership on boards of other reporting issuers, or equivalent</b>
Board of Directors	4 of 4	4 of 4 (100%)	Wescan Goldfields Inc.
<b>Securities Held at December 31, 2013:</b>			
<b>Shares</b> 4,302,722 <sup>(2)</sup>	<b>Total Market Value</b> \$559,354 <sup>(3)</sup>		<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(7)</sup></b> (Yes/No) N/A
<b>Options (Total/Exercisable)</b> 2,100,000	<b>Average Weighted Exercise Price</b> \$0.52		<b>Total Value of Exercisable Options</b> Nil <sup>(4)</sup>
<b>Compensation<sup>(5)</sup> for the year ended December 31, 2013:</b>			
Salary: \$430,560	Bonus: Nil	Options: \$55,000	Total: \$485,560

	<b>Harvey J. Bay Director</b>		<p>Mr. Bay is a Director of the Corporation. Mr. Bay previously served as the Chief Financial Officer ("CFO") of the Corporation from November 2002 to March 31, 2013 as well as Chief Operating Officer ("COO") of the Corporation from March 2006 to February 2012. 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).</p>
	<p>Saskatchewan, Canada</p> <p>Director since: May 15, 2003</p> <p>Not Independent</p> <p>Shares held: 250,000 <sup>(1)</sup></p>		
<b>Member of:</b>	<b>2013 Attendance</b>	<b>Attendance (Total)</b>	<b>Membership on boards of other reporting issuers, or equivalent</b>
Board of Directors	4 of 4	4 of 4 (100%)	Wescan Goldfields Inc.
<b>Securities Held at December 31, 2013:</b>			
<b>Shares</b> 250,000	<b>Total Market Value</b> \$32,500 <sup>(3)</sup>		<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(7)</sup></b> (Yes/No) Yes
<b>Options (Total/Exercisable)</b> 1,125,000	<b>Average Weighted Exercise Price</b> \$0.57		<b>Total Value of Exercisable Options</b> Nil <sup>(4)</sup>
<b>Total Compensation<sup>(5)</sup> for the year ended December 31, 2013:</b>			
Salary: \$31,500 <sup>(6)</sup>	Bonus: Nil	Options: \$8,250	Total: \$39,750

	<b>Arnie E. Hillier</b> Saskatchewan, Canada  Director since: June 18, 2003  Independent  Shares held: 120,000 <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>2013 Attendance</b>	<b>Attendance (Total)</b>
Board of Directors Audit Committee (Chair) Compensation and Corporate Governance Committee	4 of 4 4 of 4 2 of 2	 10 of 10 (100%)	Pacific and Western Bank of Canada Wescan Goldfields Inc.
<b>Securities Held at December 31, 2013:</b>			
<b>Shares</b> 120,000	<b>Total Market Value</b> \$15,600 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(7)</sup></b> (Yes/No) Yes	
<b>Options (Total/Exercisable)</b> 275,000	<b>Average Weighted Exercise Price</b> \$0.50	<b>Total Value of Exercisable Options</b> Nil <sup>(8)</sup>	
<b>Total Compensation<sup>(9)</sup> for the year ended December 31, 2013:</b>			
Meeting fees and stipends: \$63,000		Options: \$8,250	Total: \$71,250

	<b>A. Neil McMillan</b> Saskatchewan, Canada  Director since: June 18, 2003  Independent  Shares held: 123,855 <sup>(1)</sup>		Mr. McMillan is currently the non-executive chair of the board of Cameco Corporation. He is the former President and CEO of Claude Resources Inc., a Saskatchewan based gold exploration and mining company. Prior to joining Claude Resources Inc. 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 and a past President of the Saskatoon Chamber of Commerce.
	<b>Member of:</b>	<b>2013 Attendance</b>	<b>Attendance (Total)</b>
Board of Directors Audit Committee Compensation and Corporate Governance Committee	4 of 4 3 of 4 2 of 2	 9 of 10 (90%)	Cameco Corporation
<b>Securities Held at December 31, 2013:</b>			
<b>Shares</b> 123,855 <sup>(2)</sup>	<b>Total Market Value</b> \$16,101 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(7)</sup></b> (Yes/No) Yes	
<b>Options (Total/Exercisable)</b> 275,000	<b>Average Weighted Exercise Price</b> \$0.50	<b>Total Value of Exercisable Options</b> Nil <sup>(8)</sup>	
<b>Total Compensation<sup>(9)</sup> for the year ended December 31, 2013:</b>			
Meeting fees and stipends: \$56,000		Options: \$8,250	Total: \$64,250



	<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 a principal and the CEO of the Kemet Group, a group of private companies which invests in and manages a range of mining and other natural resource projects across East, Central and West Africa. He is a former Executive of the De Beers Group having held various executive positions in Antwerp, London, Namibia and South Africa across the mining, rough market management, and diamond trading divisions of the company. Following his time with De Beers, he was a principal and Executive Director of Anglovaal Mining until his exit in 2001 to create much of what is now African Rainbow Minerals. He is also a former CEO of Magma Diamond Resources Ltd. and was Chairman of Energem Resources Inc.
	<b>Member of:</b>	<b>2013 Attendance</b>	<b>Attendance (Total)</b>
Board of Directors Audit Committee Compensation and Corporate Governance Committee	4 of 4 4 of 4 2 of 2	 10 of 10 (100%)	N/A
<b>Securities Held at December 31, 2013:</b>			
<b>Shares</b> 25,000	<b>Total Market Value</b> \$3,250 <sup>(3)</sup>	<b>Meets or Exceeds Minimum Shareholding Requirements<sup>(7)</sup></b> (Yes/No) Yes	
<b>Options (Total/Exercisable)</b> 250,000	<b>Average Weighted Exercise Price</b> \$0.50	<b>Total Value of Exercisable Options</b> Nil <sup>(8)</sup>	
<b>Total Compensation<sup>(9)</sup> for the year ended December 31, 2013:</b>			
Meeting fees and stipends: \$87,000	Options: \$8,250	Total: \$95,250	

**Notes:**

1. Common Shares held as of May 7, 2014. The information as to Common 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 Common Shares disclosed.
2. Based on Common Shares beneficially owned, or controlled or directed, directly or indirectly.
3. Based on the closing price on December 31, 2013 of \$0.13 per Common Share.
4. See "Executive Compensation – Outstanding Option-Based Awards and Share-Based Awards for NEOs".
5. See "Executive Compensation – Summary Compensation Table for NEOs".
6. Mr. Bay ceased his duties as the Corporation's CFO effective March 31, 2013 but continues to serve as a non-independent director. Compensation received by Mr. Bay during 2013 relates to Mr. Bay acting in his capacity as a non-independent director. However, as Mr. Bay served as CFO during 2013 he is considered to be a Named Executive Officer ("NEO") in this Information Circular.
7. The minimum mandatory retention of Common Shares by outside directors is 20,000. The Corporation does not have a policy for minimum mandatory retention of Common Shares by directors that are also officers.
8. See "– Director Compensation – Outstanding Option-Based Awards for Directors".
9. See "– Director Compensation – Director Compensation Table".
10. Mr. Menell also served as a director 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 Common Shares voted and withheld, the nominee will submit his or her resignation promptly after the Meeting for the Compensation and Corporate Governance Committee's consideration. The Compensation and 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.

**Bankruptcies and Cease Trade Orders**

To the knowledge of the Corporation, and based upon information provided to it by the nominees for election as directors, no such nominee has, within the last 10 years, (i) become bankrupt, made a proposal under legislation relating to bankruptcy or insolvency, or become subject to any proceedings, arrangement or compromise with creditors, or had a

receiver, receiver manager or trustee appointed to hold the assets of such nominee, or (ii) been a director or executive officer of any company (including the Corporation) that, while the nominee was acting in that capacity (or within a year of ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such company or other entity, except as provided below. Further, to the knowledge of the Corporation, and based upon information provided to it by the nominees for election as directors, no such nominee has, within the last 10 years, been a director, chief executive officer or chief financial officer of a company (including the Corporation) that, during the time the nominee was acting in such capacity or as a result of events that occurred while the nominee was acting in such capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days.

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.

#### ***Penalties and Sanctions***

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such persons) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for such proposed nominee.

#### ***Director Compensation***

During the financial year ended December 31, 2013 the Corporation compensated its directors who are not also officers of the Corporation a quarterly stipend of \$9,000 (unchanged from the previous year). In addition, the Chairman received a quarterly stipend of \$9,000 (unchanged from the previous year). Each of the Corporation's directors also received \$1,500 per Board and committee meeting attended (Audit Committee members received \$2,000 per meeting attended). The Compensation and Corporate Governance Committee Chair received an additional quarterly stipend of \$1,250 and the Audit Committee Chair received an additional quarterly stipend of \$2,500 (unchanged from the previous year). Officers of the Corporation that also serve as directors do not earn additional remuneration for their activities as directors of the Corporation.

In addition, each director is eligible to receive stock options ("Options") of the Corporation. The aggregate maximum number of Options which may be held by independent directors is limited to 1% of the total issued and outstanding Common Shares of the Corporation. During the financial year ended December 31, 2013, each of the following Directors of the Corporation, who were not officers or employees of the Corporation, were granted 75,000 options to acquire shares of the Corporation at a price of \$0.16: Harvey J. Bay; Arnie E. Hillier; A. Neil McMillan and Brian M. Menell.

*Director Compensation Table*

The following table sets forth the compensation paid by the Corporation to the directors who are not named executive officers (the "NEOs") in 2013:

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>	2013	63,000	Nil	8,250	Nil	Nil	Nil	Nil	71,250
A. Neil McMillan <sup>(2) (3)</sup>	2013	56,000	Nil	8,250	Nil	Nil	Nil	Nil	64,250
Brian M. Menell <sup>(2) (3) (4)</sup>	2013	87,000	Nil	8,250	Nil	Nil	Nil	Nil	95,250

**Notes:**

1. The grant date fair value of the Options granted during 2013 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.16, risk free interest rate of 1.5%, expected stock price volatility of 88.2%, expected dividend yield of 0% and expected term of five years.
2. Member of the Audit Committee at December 31, 2013.
3. Member of the Compensation and Corporate Governance Committee at December 31, 2013.
4. Chairman of the Board at December 31, 2013.

*Outstanding Share-Based Awards and Option-Based Awards for Directors*

The following table sets forth, for each director that is not a NEO, information regarding all share-based awards and option-based awards that are outstanding as of December 31, 2013:

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 (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Arnie E. Hillier	75,000	0.47	July 6, 2014	Nil	Nil	Nil	Nil
	50,000	0.77	June 14, 2015	Nil			
	75,000	0.69	June 14, 2016	Nil			
	75,000	0.16	June 18, 2018	Nil			
A. Neil McMillan	75,000	0.47	July 6, 2014	Nil	Nil	Nil	Nil
	50,000	0.77	June 14, 2015	Nil			
	75,000	0.69	June 14, 2016	Nil			
	75,000	0.16	June 18, 2018	Nil			
Brian M. Menell	50,000	0.47	July 6, 2014	Nil	Nil	Nil	Nil
	50,000	0.77	June 14, 2015	Nil			
	75,000	0.69	June 14, 2016	Nil			
	75,000	0.16	June 18, 2018	Nil			

**Note:**

1. The value of the unexercised in-the-money Options has been calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on December 31, 2013 of \$0.13.

### *Incentive Plan Awards for Directors – Value Vested or Earned*

The following table sets forth, for each director that is not a NEO, the value vested or earned on all share-based awards and option-based awards for the year ended December 31, 2013:

<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
A. Neil McMillan	Nil	Nil	Nil
Brian M. Menell	Nil	Nil	Nil

**Note:**

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 Common Shares on the TSX on the vesting date and the exercise price of the Options. The Options vested on the day they were granted. Accordingly, no value vested during the year.

### ***Appointment of Auditor***

The Audit Committee and the Board recommend the reappointment of KPMG LLP, Chartered Accountants as auditor of the Corporation. KPMG LLP, Chartered Accountants were first appointed auditor of the Corporation in 2002.

The resolution appointing the auditors must be passed by a simple majority (51%) of the votes cast by Shareholders present in person or by proxy at the Meeting.

**Unless otherwise directed, the designees named in the accompanying form of proxy intend to vote FOR 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.**

### ***Reconfirmation of Shareholder Rights Plan***

On April 13, 2011, the Board of Directors adopted the Shareholder Rights Plan (the "Rights Plan") and the Shareholders approved the Rights Plan at the annual general and special meeting of shareholders held on June 14, 2011. At the Meeting, Shareholders will be asked to consider and, if thought appropriate, pass an ordinary resolution to approve the continued existence of the Rights Plan until the termination of the annual meeting of shareholders of the Corporation in the year 2017.

A copy of the Rights Plan Agreement can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Purpose of the Rights Plan**

The 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 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 may 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 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 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 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 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.

The Rights Plan does not affect in any way the Corporation's financial condition. The Rights Plan does not lessen or affect the duty of the Board of Directors to give due and proper consideration to any offer that is made and to act honestly, in good faith, and in the best interests of the Corporation and its Shareholders. The Rights Plan is intended to provide the directors with the means to negotiate with an offeror and with sufficient time to seek out and identify alternative transactions on behalf of the Shareholders.

**At the date of this Information Circular the Board of Directors was not aware of any specific take-over bid for the Common Shares that has been made or is contemplated. The reconfirmation of the 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.**

#### **Reconfirmation of the Rights Plan**

In order to remain effective, the Rights Plan must be approved by a majority (51%) of the votes cast by independent shareholders at the Meeting in favour of the resolution reconfirming the Rights Plan. "Independent Shareholders" is defined in the 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 reconfirm the Rights Plan in the form set out in Appendix "A" of this Information Circular.

In the event the Rights Plan is not reconfirmed by the Shareholders at the Meeting, the Rights Plan 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.

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

#### ***Other Business***

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters identified in the Notice of Meeting. However, if any other matter properly comes before the Meeting or any adjournment thereof, proxies solicited hereunder will be voted on such matter in the discretion of and according to the best judgment of the proxyholder unless otherwise indicated on such proxy.

## **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.

## **EXECUTIVE COMPENSATION**

### ***Compensation Committee and Corporate Governance Committee, Composition and Responsibilities***

The Corporation has a Compensation and Corporate Governance Committee (the "Committee") of its Board comprised of the following three directors, all of whom are independent as defined by National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators and have experience in dealing with compensation matters: A. Neil McMillan (Chair), Arnie E. Hillier and Brian M. Menell. The Committee is responsible for recommending to the Board annually a compensation philosophy and for establishing associated guidelines for which the President and CEO is to be responsible. The Committee is also responsible for reviewing the performance of the Corporation's senior executives, for making recommendations to the Board with respect to compensation of the Corporation's senior executives and for reviewing the compensation of the Corporation's directors (as discussed earlier in this Information Circular). The Committee is also responsible for recommending to the Board on an annual basis the Compensation Discussion and Analysis to be included in the Corporation's information circular. All of the Committee members have experience in the area of executive compensation through their involvement as senior leaders in other organizations. Mr. McMillan (the current Chair of the Committee) is the non-executive chair of the board of Cameco Corporation, a Saskatchewan-based mining company. He has also been a member of Cameco's human resources and compensation committee and reserves oversight committee and is the former president and CEO of Claude Resources Inc., a Saskatchewan-based mining company. Mr. Hillier is a member of Pacific and Western Bank of Canada's Human Resources and Corporate Governance Committee and is also a former Chairman and CEO of Claude Resources Inc. Mr. Menell has senior level management experience of the diamond exploration, mining and marketing industries. Mr. Menell is a principal and the CEO of the Kemet Group, a group of private companies which invest in and manages a range of mining and other natural resource projects across East, Central and West Africa.

### ***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. The policies are designed to preserve cash to the extent practicable, with executives participating in the upside potential of the Corporation through Options that aim to mirror Shareholder returns.

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 Committee will adjust certain elements of total compensation upward or downward to ensure the Corporation's compensation practices align with 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 Option grants.

#### ***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.

*Elements of the Corporation's compensation program*

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

**Base compensation** is designed to provide the executive a portion of his 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 LLP ("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. In addition, the Committee, on an ad hoc basis, may compare the survey information to other Canadian exploration and development companies in a similar stage of development to ensure the levels as proposed from the survey analysis are reasonable.

For purposes of 2013, the Committee used data from the PricewaterhouseCoopers "2012 Mining Industry Salary Survey" (the "Survey") to establish a reasonable basis for the base compensation for the Corporation's NEOs for the 2013 year. The Survey used data from Canadian mining companies with various market capitalizations and at various stages of development. The Committee's review of this data led it to determine that a reasonable base for the Corporation's NEOs is achieved by establishing the midpoint of the third quartile for base compensation of companies of a similar size (based on the number of employees) from the Survey and the first quartile of all companies reporting in this Survey. This midpoint is then adjusted for any projected salary trends anticipated for 2013 salaries based on various industry surveys.

**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 cash bonus ranges based on the executive's level within the organization and comparing bonus payments for similar positions in the Survey. The ranges for cash bonuses are based on the following table:

<u>Position</u>	<u>Range (as a % of base compensation)</u>
President and CEO	0% - 100%
CFO	0% - 80%
Senior Vice President	0% - 60%

The Committee reviews with the President and CEO the performance of each executive 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 Committee's decision regarding any amounts to be ultimately awarded. An executive that meets expectations in his role is targeted to receive 50 percent of the range stated above.

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

Dominion Diamond Corp.	Mountain Province Diamonds Inc.	Rockwell Diamonds Inc.
Firestone Diamonds Inc.	Pele Mountain Resources Inc.	Stornoway Diamond Corp.
Gem Diamonds Ltd.	Peregrine Diamonds Ltd.	

The above group has been chosen so that 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. This is the same group of companies that was used in the 2012 assessment (with the exception of Diamonds North Resources Ltd, which was removed from this list as this company was no longer trading at December 31, 2013). The average change in share price for these companies, from January 1, 2013 to December 31, 2013, was an increase of 7 percent. In comparison, the Corporation's share price decreased by 38 percent over the same period.

**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 Options is designed to motivate and retain the Corporation's personnel in order to achieve the results that ultimately benefit the Shareholders. The Corporation's compensation policy reflects a belief that an element of total compensation for the Corporation's executive officers should be "at risk" and in the form of Options so as to create a strong link to build shareholder value. The Corporation also uses its stock option plan (the "Stock Option Plan") in lieu of post retirement benefits such as a pension plan. The 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 typically follows the guidelines established for the Corporation's NEOs; however, circumstances may arise when the actual amounts awarded may differ from the guidelines established. The Committee also reviews the granting of Options in relation to the amount of cash compensation being granted. The 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. Pricing of Options granted to executives are determined based on the Stock Option Plan as described in this Information Circular. The practice of the Corporation is to grant Options to executives and directors with a five year term and no vesting requirements.

**Termination benefits** are provided to the Corporation's NEOs as described in this Information Circular under the section entitled "Termination of Employment, Change in Responsibilities, and Employment Contracts". The Committee believes that offering termination benefits (which covers events such as change of control) is an effective way of ensuring commitment to the Corporation and its Shareholders. An estimate of the cost of the termination benefits if all NEOs were terminated as at December 31, 2013 is also provided in this section. The Committee believes these levels of termination benefits are consistent with industry practice for such circumstances.

#### *Benchmarking*

Though the Committee does not formally benchmark compensation paid to its senior management or directors, the Committee reviews public information (such as the report published by PricewaterhouseCoopers or from other publicly available information of publicly traded companies of similar size and scope) to ensure the Corporation's compensation is reasonable. When assessing annual cash bonuses, a comparator group has been chosen so that the Corporation can track how companies in the diamond industry generally perform as discussed under "Annual cash bonuses". When the Corporation first established its level of long-term incentives for executives, it reviewed option grants by companies in a similar stage of development. These established levels are not reviewed annually. The Committee has never used a compensation consultant to review its compensation practices or to perform benchmarking research.

#### *Performance Goals*

Given the stage of development of the Corporation, the Committee is unable to focus on objective quantifiable metrics such as earnings per share or return on investment. Though the Committee does not use objective quantifiable metrics to measure performance of the NEOs 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.

The key performance goal of the Corporation is to ultimately develop a commercial diamond mine. The 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, a feasibility study and an environmental impact assessment are steps to achieve this ultimate goal. The completion of these milestones may take several years and does not necessarily match traditional calendar year compensation reviews. As such, when making their assessments for short-term incentives, the Committee reviews progress against such milestones and how senior management has been able to react to changing circumstances.

#### *Implications of Risks of Compensation Policies and Practices*

The Committee has considered the implication of the risks to the Corporation associated with decisions regarding compensation of NEOs. In designing and implementing the Corporation's compensation, the Committee and the Board



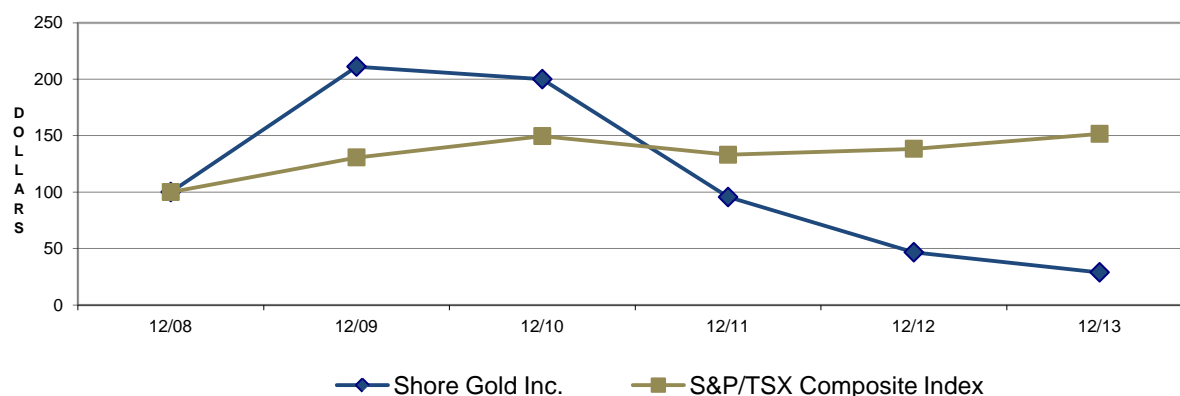
assess the risks associated with the Corporation's compensation policies and practices. The structure of incentive compensation for executives is designed not to focus on a single metric, which in the Corporation's view could be distortive, but instead a combination of both corporate and personal objectives as well as discretion in the ultimate awards, that balance long term objectives and short term objectives.

Compensation of NEOs is determined by negotiation of set amounts between the Corporation and the individual, or at the discretion of the Committee relating to any potential bonus or stock option incentive plan awards, based on subjective performance criteria, rather than tied to quantitative goals. Accordingly, the Committee is of the view that there is no material risk of the Corporation's NEOs or directors taking, as a result of the compensation process, inappropriate or excessive risks during the performance of their duties that are reasonably likely to have a material adverse effect on the Corporation.

To assist in mitigating risk, the Corporation has a policy restricting NEOs and directors from engaging in short selling or trading in puts or calls of securities of the Corporation. In addition, the Corporation also has black out policies pertaining to financial and material information as well as a policy which prohibits the trading of the Corporation's securities (including Options) without prior approval. These policies pertain to employees, officers and directors of the Corporation. Compliance with regulations is also considered when determining incentive compensation (bonus and long-term incentive awards).

### Performance Graph

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five years of the Common Shares of the Corporation (assuming a \$100 investment was made on December 31, 2008) with the cumulative total return of the S&P/TSX Composite Index assuming reinvestment of dividends.



### Cumulative Total Return

	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Shore Gold Inc.	100	211	200	96	47	29
S&P/TSX Composite Index	100	131	150	133	138	152

### Compensation Trend Compared to Performance Graph

During 2008 the Corporation experienced a significant decrease to the Corporation's share price which was primarily the result of volatile market conditions experienced by the majority of junior exploration and development companies during that time. The Corporation's share performance was above the S&P/TSX Composite Index in 2009 and 2010 and was below the S&P/TSX Composite Index for 2011, 2012 and 2013. Overall, the Corporation's total compensation to NEOs (excluding termination benefits paid) over this five year 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). Also contributing to the overall decrease in compensation to NEOs from 2011 to 2013 was the Corporation's decision not to award short-term incentives (cash bonuses) for the 2011 performance year and to limit the awarding of short-term incentives in 2012 and 2013.

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. At the time of the 2012 and 2013 option grants to certain NEOs the share price was lower than the Corporation's share price during 2011, resulting in the fair value of this component of compensation to decrease from 2011. Options granted to NEOs do not have any value to the NEO as at December 31, 2013. See "- Outstanding Option-Based Awards and Share-Based Awards for NEOs".

The 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 Common Shares on the TSX to make its determination.

**Submitted on behalf of the Compensation and Corporate Governance Committee**

A. Neil McMillan, Chairman

Arnie E. Hillier

Brian M. Menell

### Summary Compensation Table for NEOs

The following table sets forth all direct and indirect compensation earned by the NEOs for the years ended December 31, 2013, 2012 and 2011:

Named Executive Officer	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(2)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Kenneth E. MacNeill, President and CEO <sup>(3)</sup>	2013	430,560	Nil	55,000	Nil	Nil	Nil	Nil	485,560
	2012	430,560	Nil	Nil	Nil	Nil	Nil	Nil	430,560
	2011	426,420	Nil	281,000	Nil	Nil	Nil	Nil	707,420
George H. Read, Senior Vice President of Exploration and Development	2013	262,076	Nil	23,200	40,000	Nil	Nil	Nil	325,276
	2012	251,335	Nil	31,400	80,000	Nil	Nil	Nil	362,735
	2011	238,107	Nil	112,400	Nil	Nil	Nil	Nil	350,507
Harvey J. Bay, Former CFO <sup>(4)</sup>	2013	31,500	Nil	8,250	Nil	Nil	Nil	Nil	39,750
	2012	75,075	Nil	Nil	Nil	Nil	Nil	600,600	675,675
	2011	297,413	Nil	168,600	Nil	Nil	Nil	Nil	466,013
Greg P. Shyluk, CFO <sup>(5)</sup>	2013	163,550	Nil	11,600	20,000	Nil	Nil	Nil	195,150
	2012	142,070	Nil	9,200	22,709	Nil	Nil	Nil	173,979
	2011	136,305	Nil	28,175	20,900	Nil	Nil	Nil	185,380

#### 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 2013 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.16-\$0.17, risk free interest rate of 1.2%-1.5%, expected stock price volatility of 87.5%-88.2%, expected dividend yield of 0% and expected term of five years. The grant date fair value of the Options granted during 2012 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.24, risk free interest rate of 1.4%, expected stock price volatility of 82.1%, expected dividend yield of 0% and expected term of five years. The grant date fair value of the Options granted during 2011 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.82, risk free interest rate of 2.8%, expected stock price volatility of 85.6%, expected dividend yield of 0% and expected term of five years.
2. Perquisites and other personal benefits received by NEOs did not exceed the lesser of \$50,000 and 10% of total annual salary and bonus.
3. During the year ended December 31, 2013 Mr. MacNeill also served as a director of the Corporation but did not receive additional remuneration for acting in this capacity.
4. During 2012 the Corporation terminated Mr. Bay's management services contract, resulting in a termination payment of \$600,600. Mr. Bay ceased his duties as the Corporation's Chief Financial Officer effective March 31, 2013 but continues to serve as a non-independent director. Compensation received by Mr. Bay during 2013 relates to Mr. Bay acting in his capacity as a non-independent director after March 31, 2013.
5. Effective April 1, 2013 Mr. Shyluk was appointed Chief Financial Officer of the Corporation. Prior to this, Mr. Shyluk served as the Corporation's Controller.

**Outstanding Option-Based Awards and Share-Based Awards for NEOs**

The following table sets forth, for each NEO, information regarding all Options that are outstanding as of December 31, 2013:

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 (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kenneth E. MacNeill, President and CEO	600,000	0.27	April 9, 2014	Nil	Nil	Nil	Nil
	500,000	0.88	February 17, 2015	Nil			
	500,000	0.82	April 5, 2016	Nil			
	500,000	0.16	June 18, 2018	Nil			
George H. Read, Senior Vice President of Exploration and Development	300,000	0.27	April 9, 2014	Nil	Nil	Nil	Nil
	200,000	0.88	February 17, 2015	Nil			
	200,000	0.82	April 5, 2016	Nil			
	200,000	0.24	October 29, 2017	Nil			
	200,000	0.17	April 15, 2018	Nil			
Harvey J. Bay, Former CFO <sup>(2)</sup>	450,000	0.27	April 9, 2014	Nil	Nil	Nil	Nil
	300,000	0.88	February 17, 2015	Nil			
	300,000	0.82	April 5, 2016	Nil			
	75,000	0.16	June 18, 2018	Nil			
Greg P Shyluk, CFO <sup>(3)</sup>	75,000	0.27	April 9, 2014	Nil	Nil	Nil	Nil
	50,000	1.09	April 6, 2015	Nil			
	50,000	0.82	April 5, 2016	Nil			
	50,000	0.28	April 23, 2017	Nil			
	100,000	0.17	April 15, 2018	Nil			

**Notes:**

1. The value of the unexercised in-the-money Options has been calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on December 31, 2013 of \$0.13.
2. Mr. Bay ceased his duties as the Corporation's Chief Financial Officer effective March 31, 2013 but continues to serve as a director. Options received by Mr. Bay after March 31, 2013 for acting in this capacity are also included in this table.
3. Effective April 1, 2013 Mr. Shyluk was appointed Chief Financial Officer of the Corporation. Prior to this, Mr. Shyluk served as the Corporation's Controller.

### ***NEO Incentive Plan Awards – Value Vested or Earned***

The following table sets forth, for each NEO, the value vested or earned on all option-based awards in 2013:

<b>Name</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>
Kenneth E. MacNeill, Chief Executive Officer and President	Nil	Nil	Nil
George H. Read, Senior Vice President of Exploration and Development	Nil	Nil	Nil
Harvey J. Bay, Former CFO <sup>(2)</sup>	Nil	Nil	Nil
Greg P. Shyluk, CFO <sup>(3)</sup>	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 Common Shares on the TSX on the vesting date and the exercise price of the Options. The Options vested on the day they were granted. Accordingly, no value vested during the year.
2. Mr. Bay ceased his duties as the Corporation's Chief Financial Officer effective March 31, 2013 but continues to serve as a director. Options received by Mr. Bay after March 31, 2013 for acting in this capacity are also included in this table.
3. Effective April 1, 2013 Mr. Shyluk was appointed Chief Financial Officer of the Corporation. Prior to this, Mr. Shyluk served as the Corporation's Controller.

### ***Management and Consulting Contracts***

During 2013, remuneration for the services of Mr. MacNeill (President and CEO) and Mr. Read (Senior Vice President of Exploration and Development), were paid to their respective holding companies, MacNeill Brothers Oil and Gas Ltd. and George Read Consulting Inc., respectively.

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

As of December 31, 2013, Messrs. MacNeill and Read, through their respective consulting companies, held management and consulting contracts with the Corporation for an indefinite period of time, unless earlier terminated by the Corporation or the NEO in accordance with the contract. As of December 31, 2013, Messrs. MacNeill and Read's monthly contracted fee was \$35,880 (previously \$35,880), and \$22,036 (previously \$21,250), 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 of 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 that a material breach of contract occurs, including a change of control of 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. Read: a payment equal to twenty-four months of the NEO's monthly contracted fee.

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, 2013 and are as follows:

<b>Name</b>	<b>Estimated cost of termination of contract by the Corporation (in the absence of a material breach of contract) (\$)</b>	<b>Estimated cost of termination of contract by the Corporation (material breach of contract, including a change of control) (\$)</b>
Kenneth E. MacNeill, President and CEO	\$861,120	\$1,291,680
George H. Read, Senior Vice President of Exploration and Development	\$528,870	\$528,870
Harvey J. Bay, Former CFO <sup>(1)</sup>	\$Nil	\$Nil
Greg P. Shyluk, CFO <sup>(2)</sup>	\$Nil	\$Nil

**Notes:**

1. During 2012 the Corporation terminated Mr. Bay's management services contract.
2. 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 provides information with respect to the total number of Common Shares authorized for issuance upon the exercise of outstanding Options as at December 31, 2013:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
<b>Equity compensation plans approved by shareholders</b>	8,026,000 <sup>(1)</sup>	\$0.53	7,742,360 <sup>(2)</sup>
<b>Equity compensation plans not approved by shareholders</b>	Nil	Nil	Nil
<b>Total</b>	8,026,000	\$0.53	7,742,360

**Notes:**

1. As at May 7, 2014, 7,393,500 Options were issued and outstanding, representing 3% of the issued and outstanding Common Shares of the Corporation.
2. The Stock Option Plan stipulates a maximum number of 15,768,360 Common Shares are issuable under the plan.

***Stock Option Plan***

The Stock Option Plan authorizes the Board to issue Options to directors, officers, employees and consultants (the "Participants"). Under the Stock Option Plan, the aggregate number of Common Shares issuable upon exercise of Options granted thereunder has a prescribed maximum of 15,768,360 Common Shares reserved for issuance. Further, the number of Common Shares reserved for issuance to insiders cannot exceed 10% of the issued and outstanding Common Shares. The Stock Option Plan provides that the number of Common Shares issuable to Outside Directors (as defined in the Stock Option Plan), as a group, at any time cannot exceed 1.0% of the issued and outstanding Common Shares. Options issued pursuant to the Stock Option Plan must have an exercise price not less than the closing price of the Common 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 "Option Period").

The Options granted under the Stock 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, being a resignation or 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 Stock 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 Stock Option Plan, subject to receipt of all necessary regulatory approvals.

### **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of Common Shares or otherwise, of any director or executive officer of the Corporation who has held office as such since January 1, 2013, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting, except as otherwise disclosed herein.

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

No Informed Person (as defined in National Instrument 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.

### **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 – *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canada Securities Administrators, the Corporation annually discloses information related to its system of corporate governance. Appendix "B" 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 the Corporation'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, 2013. 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 27, 2014, which can be viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **SHAREHOLDER PROPOSALS**

To be eligible for inclusion in the Corporation's management information circular for the 2015 annual general meeting of shareholders, shareholder proposals must be received by the Corporation on or before February 7, 2015.

## **DIRECTORS' APPROVAL**

The contents of this Information Circular have been approved by the Board of the Corporation and the Board has authorized the Corporation to send it to you via notice and access.

Saskatoon, Saskatchewan  
May 7, 2014

*"Brian M. Menell"* (signed)  
Brian M. Menell  
Chairman



**SHORE GOLD INC.**

**APPENDIX "A"**

**RESOLUTION RECONFIRMING THE SHAREHOLDER RIGHTS PLAN**

**"BE IT HEREBY RESOLVED THAT:**

1. The shareholder rights plan of Shore Gold Inc. (the "Corporation") be and the same is hereby continued under the terms and conditions set out in the Shareholder Rights Plan Agreement made as of January 19, 2005 and amended and restated as of June 14, 2011 (the "Rights Plan Agreement") between the Corporation and Valiant Trust Company, as rights agent.
2. The Rights Plan Agreement be and the same is hereby reconfirmed and any director or officer of the Corporation be and is hereby authorized and directed to execute and deliver the Rights 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 "B"**

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The table below describes the Corporation's corporate governance practices as required under NI 58-101

<b>Corporate Governance Disclosure Required Under National Instrument 58-101F1</b>	<b>Governance Practices of the Corporation</b>								
<p><b>1. Board of Directors</b></p> <p>a. Disclose the identity of directors who are independent.</p>	<p>The Board has determined that three of the five directors are "independent" within the meaning of National Policy 58-201 – <i>Corporate Governance Guidelines</i>. The three independent directors are Arnie E. Hillier, A. Neil McMillan and Brian M. Menell.</p>								
<p>b. Disclose the identity of directors who are not independent, and describe the basis of that determination.</p>	<p>As of December 31, 2013 Kenneth E. MacNeill and Harvey J. Bay were officers or former officers of the Corporation and are, therefore, not independent.</p>								
<p>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 <i>board</i>) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>Three of five of the Corporation's current and proposed directors are independent.</p>								
<p>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.</p>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Harvey J. Bay</td> <td style="width: 50%;">Wescan Goldfields Inc.</td> </tr> <tr> <td>Arnie E. Hillier</td> <td>Pacific and Western Bank of Canada Wescan Goldfields Inc.</td> </tr> <tr> <td>Kenneth E. MacNeill</td> <td>Wescan Goldfields Inc.</td> </tr> <tr> <td>A. Neil McMillan</td> <td>Cameco Corporation</td> </tr> </table>	Harvey J. Bay	Wescan Goldfields Inc.	Arnie E. Hillier	Pacific and Western Bank of Canada Wescan Goldfields Inc.	Kenneth E. MacNeill	Wescan Goldfields Inc.	A. Neil McMillan	Cameco Corporation
Harvey J. Bay	Wescan Goldfields Inc.								
Arnie E. Hillier	Pacific and Western Bank of Canada Wescan Goldfields Inc.								
Kenneth E. MacNeill	Wescan Goldfields Inc.								
A. Neil McMillan	Cameco Corporation								

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 meetings 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>Brian M. Menell, the Chairman of the Board as of December 31, 2013, 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 Compensation and 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 2013:</p> <table border="1" data-bbox="773 1245 1451 1501"> <thead> <tr> <th data-bbox="773 1245 1052 1337">Director</th> <th data-bbox="1052 1245 1240 1337">Board Meetings Attended</th> <th data-bbox="1240 1245 1451 1337">Committee Meetings Attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="773 1337 1052 1367">Harvey J. Bay</td> <td data-bbox="1052 1337 1240 1367">4 of 4</td> <td data-bbox="1240 1337 1451 1367">n/a</td> </tr> <tr> <td data-bbox="773 1367 1052 1396">Arnie E. Hillier</td> <td data-bbox="1052 1367 1240 1396">4 of 4</td> <td data-bbox="1240 1367 1451 1396">6 of 6</td> </tr> <tr> <td data-bbox="773 1396 1052 1425">Kenneth E. MacNeill</td> <td data-bbox="1052 1396 1240 1425">4 of 4</td> <td data-bbox="1240 1396 1451 1425">n/a</td> </tr> <tr> <td data-bbox="773 1425 1052 1455">A. Neil McMillan</td> <td data-bbox="1052 1425 1240 1455">4 of 4</td> <td data-bbox="1240 1425 1451 1455">5 of 6</td> </tr> <tr> <td data-bbox="773 1455 1052 1501">Brian M. Menell</td> <td data-bbox="1052 1455 1240 1501">4 of 4</td> <td data-bbox="1240 1455 1451 1501">6 of 6</td> </tr> </tbody> </table>	Director	Board Meetings Attended	Committee Meetings Attended	Harvey J. Bay	4 of 4	n/a	Arnie E. Hillier	4 of 4	6 of 6	Kenneth E. MacNeill	4 of 4	n/a	A. Neil McMillan	4 of 4	5 of 6	Brian M. Menell	4 of 4	6 of 6
Director	Board Meetings Attended	Committee Meetings Attended																	
Harvey J. Bay	4 of 4	n/a																	
Arnie E. Hillier	4 of 4	6 of 6																	
Kenneth E. MacNeill	4 of 4	n/a																	
A. Neil McMillan	4 of 4	5 of 6																	
Brian M. Menell	4 of 4	6 of 6																	
<p><b>2. Board Mandate</b> 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 "C".</p>																		

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>3. Position descriptions</b></p> <p>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.</p>	<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>
<p>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.</p>	<p>A written position description for the CEO has been developed by the Board and CEO.</p>
<p><b>4. Orientation and Continuing Education</b></p> <p>a. Briefly describe what measures the board takes to orient new directors regarding:</p> <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>	<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>
<p>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.</p>	<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 at <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 Compensation and 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>

<b>Corporate Governance Disclosure Required Under National Instrument 58-101F1</b>	<b>Governance Practices of the Corporation</b>
<p>c. If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The independent directors of the Corporation have assumed responsibility for nominating new candidates. Based on the recommendations of the Compensation and 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.</p>
<p><b>7. Compensation</b></p> <p>a. Describe the process by which the board determines the compensation for the issuer's directors and officers.</p>	<p>The Board determines the compensation for directors and officers through its Compensation and Corporate Governance 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 compensation earned by the Corporation's directors is included in this Information Circular under "Compensation of Directors for the Year Ended December 31, 2013". Information regarding compensation earned by the NEOs is included in this Information Circular under "Executive Compensation".</p>
<p>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.</p>	<p>The Compensation and Corporate Governance Committee has 3 members: A. Neil McMillan (Chair), Arnie E. Hillier, and Brian M. Menell. Each member is independent.</p>
<p>c. If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Compensation and Corporate Governance 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>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 functions.</p>	<p>The Corporation does not have any standing committees other than the Audit Committee and the Compensation and Corporate Governance Committee.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>9. Assessments</b></p> <p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The Compensation and Corporate Governance Committee completed assessments for the Board, its committees and the Chairman of the Board for the 2013 fiscal year.</p>

# SHORE GOLD INC.

## APPENDIX "C"

### 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.