

**Form 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1. – Name and Address of Reporting Issuer**

Shore Gold Inc. (the "**Corporation**" or "**Shore**")  
300, 224 – 4<sup>th</sup> Avenue South  
Saskatoon, Saskatchewan  
S7K 5M5

**Item 2. – Date of Material Change**

June 22, 2017

**Item 3. – News Release**

A news release with respect to the material change referred to in this report was disseminated through CNW on June 23, 2017 and was filed on the system for electronic document analysis and retrieval (SEDAR) on June 23, 2017.

**Item 4. – Summary of Material Change**

On June 22, 2017, the Corporation and its wholly owned subsidiary, Kensington Resources Ltd. ("**Kensington**"), entered into a participating interest purchase agreement (the "**Purchase Agreement**") with Newmont Canada FN Holdings ULC ("**Newmont Canada**"), whereby, subject to the terms of the Purchase Agreement, Shore acquired from Newmont Canada all of its participating interest in the Fort à la Corne joint venture (the "**FaIC JV**"), resulting in Shore owning 100% of the Star-Orion South Diamond Project (the "**Project**"), for consideration of 53,764,357 common shares of Shore (the "**Consideration Shares**") and 1,105,556 common share purchase warrants (the "**Consideration Warrants**") exercisable for a period of 45 months from the issuance date of the Consideration Warrants into common shares in the capital of Shore at an exercise price of \$0.349 per common share of Shore (the "**Newmont Acquisition**"). Following the Newmont Acquisition, Kensington transferred its interest in the FaIC JV to Shore and thereafter, the FaIC-JV was terminated, resulting in Shore holding 100% of the Project.

Concurrently, Shore entered into an Option to Joint Venture Agreement (the "**Option Agreement**") with Rio Tinto Exploration Canada Inc. ("**RTEC**") pursuant to which Shore granted RTEC an option to earn up to a 60% interest in the Project and the Properties (as defined below). RTEC also subscribed for units of Shore for an aggregate subscription price of \$1.0 million at a price of \$0.18 per unit, with each unit consisting of one common share in the capital of Shore and one common share purchase warrant, with each warrant entitling RTEC to acquire one additional common share at a price of \$0.205 per common share for a period of 24 months following the closing date.

**Item 5. – Full Description of Material Change**

On June 22, 2017, the Corporation and Kensington entered into the Purchase Agreement with Newmont Canada whereby, subject to the terms of the Purchase Agreement, Shore acquired from Newmont Canada all of its participating interest in the FaIC JV. Prior to the completion of the Newmont Acquisition, Shore held an indirect 69 percent interest in the FaIC JV and Newmont Canada had a 31 percent interest.

Concurrently on June 22, 2017, the Corporation entered into the Option Agreement with RTEC, pursuant to which Shore granted RTEC an option to earn up to a 60% interest in the Project and Properties (defined below) on the terms and conditions contained in the Option Agreement. In connection with the Option Agreement, RTEC agreed to subscribe for Units with an aggregate subscription price of \$1.0

million, each of which entitle RTEC to acquire one additional common share at a price of \$0.205 per common share until June 22, 2019.

### ***Newmont Purchase Agreement***

Under the terms of the Purchase Agreement, Newmont Canada will receive, in exchange for Newmont Canada's interest in the FaIC JV: (i) the Consideration Shares; (ii) the Consideration Warrants; (iii) a participation right to subscribe for and purchase such number of common shares in order to maintain its proportionate interest in the share capital of the Corporation (the "**Participation Right**") and (iv) a contingent payment in the aggregate amount of \$3.2 million if a positive decision is made to develop a mine on the Project (the "**Contingent Payment**"). Shore, in its sole discretion (subject to regulatory approvals), may satisfy the contingent payment due to Newmont Canada through a cash payment or common shares in the capital of Shore equal to \$3.2 million divided by the five day volume weighted average trading price of the common shares of Shore on the principal stock exchange on which such shares are traded at the time of the decision to develop a mine on the Project.

Newmont Canada may exercise the Participation Right each time Shore undertakes financing (subject to certain exemptions) at the same price and terms as the financing. Immediately after the closing of the Newmont Acquisition and issuance of common shares, Newmont Canada will hold approximately 19.9% of the common shares issued and outstanding on a non-diluted basis. Additionally, Newmont Canada is subject to certain limitations on the transfer of Common Shares to RTEC.

The Consideration Shares and Consideration Warrants issued to Newmont Canada pursuant to the Newmont Acquisition are subject to a four month hold period under applicable securities laws. Under the terms of the Consideration Warrants and the rules of the Toronto Stock Exchange, Newmont Canada is not permitted to exercise warrants if, as a result of such exercise, it would beneficially own or control 20% or more of the outstanding shares of the Corporation, subject to certain exceptions including approval by the shareholders of the Corporation.

### ***Rio Tinto Option Agreement***

Under the terms of the Option Agreement, the Corporation has granted to RTEC four options which, in aggregate, permit RTEC to earn a 60% undivided interest in the Properties (defined below) as follows:

- **First Option.** RTEC has the exclusive right to conduct a 10 hole bulk sampling program on the Properties, including processing and diamond recovery, or incur \$18.5 million of direct and indirect expenses in connection with mineral prospecting, exploration, development and mining work performed on or in respect of the Properties or the products derived therefrom (the "**Expenditures**"). Completion of the First Option does not entitle RTEC to an interest in the Project.
- **Second Option.** Provided RTEC completes the First Option, RTEC has the exclusive option to acquire a 51% undivided interest in the Properties. To exercise the option, and acquire the undivided 51% interest in Properties, RTEC must either (i) conduct a 10 hole bulk sampling program on the Project or (ii) incur \$18.5 million of Expenditures.
- **Third Option.** Provided RTEC completes the Second Option, RTEC has the exclusive option to acquire an additional 4% undivided interest in the Properties. To exercise the option, and acquire the additional undivided 4% interest in Properties which will result in RTEC holding a 55% interest, RTEC must either (i) conduct a 10 hole bulk sampling program on the Properties, or (ii) incur \$18.5 million of Expenditures.
- **Fourth Option.** Provided RTEC completes the Third Option, RTEC has the exclusive option to acquire an additional 5% undivided interest in the Properties. To exercise the option, and acquire the additional undivided 5% interest in Properties, which will result in RTEC holding a 60%

interest, RTEC must either (i) complete a feasibility study on or in respect of any of the Properties or (ii) incur an additional \$15 million of Expenditures.

RTEC has three years to complete the First Option, 18 months from completion of the First Option to complete the Second Option, 18 months from completion of the Second Option to complete the Third Option and 18 months from completion of the Third Option to complete the Fourth Option; in aggregate, the time from the effective date to the end of the Fourth Option cannot exceed 7.5 years. RTEC may, at its discretion, conduct operations to exercise the options in parallel, and may at any time make a payment to Shore in lieu of any Expenditures. The calculation of Expenditures will not include costs incurred in connection with rig mobilization or de-mobilization by RTEC.

At any time after RTEC has earned an interest in the Properties, RTEC may elect to form a joint venture with Shore. If after RTEC has earned an interest in the Properties, RTEC allows an option to expire or terminates the Option Agreement, RTEC will be deemed to have elected to form a joint venture with Shore. Under the Option Agreement, each party has granted the other a right of first refusal with respect to the sale of its interest. During the option periods RTEC will conduct all operations, provided that during the First Option RTEC may appoint Shore to conduct operations.

### ***The Project***

The Project is located in central Saskatchewan approximately 60 kilometres east of the city of Prince Albert. The Project is in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development. The Technical Report on the Revised Resource Estimate for the Star-Orion South Diamond Project dated November 9, 2015 provided an updated Mineral Resource Estimate for the Star and Orion South kimberlite deposits: Indicated Mineral Resource of 393 million tonnes containing 55.4 million carats of diamonds at a weighted average price of US\$210 per carat. In addition to the Indicated Mineral Resource Estimate, the Star and Orion South Kimberlites include Inferred Resources containing 11.5 million carats.

References to the Properties in this report include all of Shore's mineral claims in the Fort a la Corne area, including all of the claims held 100% by Shore, as well as the Taurus, Orion North, Orion Centre and other kimberlites which were formerly part of the FaIC JV.

Descriptions in this report of the terms of the Purchase Agreement, the Option Agreement and the Subscription Agreement are qualified in their entirety by the terms of such documents. Copies of the Purchase Agreement and Option Agreement are available on SEDAR under Shore's issuer profile at [www.sedar.com](http://www.sedar.com).

Scientific and technical information in this report as well as the news release dated June 23, 2017 has been prepared under the supervision of George Read, Senior Vice-President of Exploration and Development, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, and Mark Shimell, Project Manager, Professional Geoscientist in the Province of Saskatchewan. Mr. Read and Mr. Shimell are each a "Qualified Person" within the meaning of National Instrument 43-101.

### **Item 6. – Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

### **Item 7. – Omitted Information**

Not applicable.

**Item 8. – Executive Officer**

Inquiries in respect of the material change referred to herein may be made to:

Kenneth E. MacNeill  
(306) 664-2202  
[www.shoregold.com](http://www.shoregold.com)

**Item 9. – Date of Report**

June 30, 2017