

Shore Gold Announces Acquisition from Newmont to Consolidate Star‑Orion South Diamond Project and Earn‑In with Rio Tinto

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SASKATOON, June 23, 2017 - [Shore Gold Inc.](#) (TSX: SGF) ("Shore" or the "Corporation") is pleased to announce today that it has acquired (the "Newmont Acquisition") from Newmont Canada FN Holdings ULC ("Newmont Canada") all of Newmont's participating interest in the Fort à la Corne joint venture (the "FaC JV"), resulting in Shore owning 100% of the Star‑Orion South Diamond Project (the "Project"), and has concurrently entered into an Option to Joint Venture Agreement (the "Option Agreement") with Rio Tinto Exploration Canada Inc. ("RTEC") pursuant to which the Corporation has granted RTEC an option to earn up to a 60% interest in the Project on the terms and conditions contained in the Option Agreement. All dollar figures herein are in Canadian dollars unless otherwise indicated.

In connection with the Option Agreement, RTEC has also agreed to subscribe for units of the Corporation for an aggregate subscription price of \$1,000,000 at a price of \$0.18 per unit, with each unit consisting of one common share in the capital of the Corporation and one common share purchase warrant, with each warrant entitling RTEC to acquire one additional common share at a price of \$0.205 per share for a period of 24 months following the issuance of the units.

"We are extremely pleased to partner with Rio Tinto to further develop the potential of the project" said Ken MacNeill, Chief Executive Officer of Shore. "Rio Tinto is one of the few companies in the world with the resources and expertise to move forward with a project of the magnitude of the Star‑Orion South Diamond Project. We are also very pleased to acquire the remaining portion of the project from Newmont and look forward to working with Newmont as a significant shareholder".

Summary of the Newmont Acquisition

The Newmont Acquisition was completed pursuant to a Participating Interest Purchase Agreement effective as of June 22, 2017 between Shore, its wholly owned subsidiary, Kensington Resources Ltd., and Newmont Canada whereby Newmont Canada sold its entire interest in the FaC JV to Shore in consideration for approximately 53.8 million common shares of Shore and 1.1 million common share purchase warrants, with each warrant entitling Newmont Canada to acquire one additional common share at a price of \$0.349 per share for a period of 45 months from the date of issuance. Prior to the completion of the Newmont Acquisition, Shore held a 69 percent interest in the FaC JV and Newmont Canada had a 31 percent interest. Under the terms of the warrants and the rules of the TSX, 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.

As additional consideration for Newmont Canada's interest in the FaC JV, the Corporation has agreed to grant Newmont Canada 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; Newmont Canada may exercise this right each time Shore undertakes financing (subject to certain exemptions) at the same price and terms as the financing. The Corporation has also agreed that Newmont Canada will receive a contingent payment in the aggregate amount of \$3,200,000 if a positive decision is made to develop a mine on the Project. Shore, in its sole discretion (subject to regulatory approvals), may satisfy the contingent payment due to Newmont Canada through a cash payment or the issuance of common shares priced at the VWAP at that time. The Participating Interest Purchase Agreement relating to the Newmont Acquisition contains representations, warranties, covenants and indemnities as customary for transactions of this nature.

Newmont Canada currently holds approximately 17 million common shares in the capital of the Corporation

representing approximately 5.7% of the common shares outstanding and issued on a non-diluted basis. 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.

Consolidation of the Project

Following the Newmont Acquisition, Kensington transferred its interest in the FalC JV to Shore and thereafter, the FalC-JV was terminated, resulting in Shore holding 100% of the Star-Orion South Diamond Project.

Summary of the Rio Tinto Option Agreement

Pursuant to the Option Agreement, the Corporation has granted to RTEC four options which in aggregate permit RTEC to earn a 60% interest in the Project, as follows:

First Option. RTEC has the exclusive right to conduct a 10 hole bulk sampling program on the Project, including processing and diamond recovery, or incur \$18.5 million of direct and indirect expenses in connection with mineral prospecting, exploration, development, mining, and related expenses ("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 51% of the Project by conducting a 10 hole bulk sampling program on the Project or incurring \$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 Project by conducting a 10 hole bulk sampling program on the Project or incurring \$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 Project by completing a feasibility study in respect of the Project or incurring 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.

At any time after RTEC has earned an interest in the Project, RTEC may elect to form a joint venture with Shore. If after RTEC has earned an interest in the Project, 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 Star-Orion South Diamond 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.

All technical information in this press release 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, who are the Corporation's "Qualified Persons" under the definition of NI 43-101.

Advisors

Canaccord Genuity Corp. acted as financial advisor and Bennett Jones LLP acted as legal advisor to Shore. Lawson Lundell LLP acted as legal advisor to RTEC. Goodmans LLP acted as legal advisor to Newmont.

About Shore

Shore is a Canadian based corporation engaged in the acquisition, exploration and development of mineral properties. Shares of the Corporation trade on the TSX Exchange under the trading symbol "SGF".

About Newmont

Newmont Canada is a subsidiary of [Newmont Mining Corp.](#) ("Newmont"). Newmont is a leading gold and copper producer. Newmont's operations are primarily in the United States, Australia, Ghana, Peru and Suriname. Newmont is the only gold producer listed in the S&P 500 Index and was named the mining industry leader by the Dow Jones Sustainability World Index in 2015 and 2016. Newmont is an industry leader in value creation, supported by its leading technical, environmental, social and safety performance. Newmont was founded in 1921 and has been publicly traded since 1925.

Newmont Canada will evaluate its investment in the Corporation from time to time and may, based on such evaluation, market conditions and other circumstances, increase or decrease shareholdings as circumstances require. The exemption relied on for the acquisition of the common shares in connection with the Newmont Acquisition is Section 2.12 of National Instrument 45-106 – Prospectus and Registration Exemptions. A copy of the early warning report filed by Newmont Canada in connection with the acquisition will be available on Shore's SEDAR profile. In order to obtain a copy of the early warning report, please contact Meredith H. Bandy, Vice President, Investor Relations at Newmont Canada, at telephone number: 303-837-5143. Newmont Canada's head office is located at 6363 South Fiddler's Green Circle, Suite 800, Greenwood Village, CO 80111.

Caution Regarding Forward-Looking Statements

This press release contains "forward-looking statements" and/or "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements, other than statements of historical fact, are forward-looking statements. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expect", "is expected", "in order to", "is focused on" (a future event), "estimates", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", or the negative connotation thereof. In particular, statements regarding Shore's future operations, future exploration and development activities or other development plans constitute forward-looking statements. By their nature, statements referring to mineral reserves or mineral resources constitute forward-looking statements. Forward-looking statements in this press release include, but are not limited to statements with respect to the work programs under the Option Agreement and estimates of mineral resources.

These forward-looking statements are based on Shore's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific.

Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world diamond markets, changes in diamond prices, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or

mining plans due to exploration results and changing budget priorities of Shore or its joint venture partners, the effects of competition in the markets in which Shore operates, the impact of changes in the laws and regulations regulating mining exploration, development, closure, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in Shore's most recently filed Annual Information Form, annual and interim MD&A. Shore's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although management considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to Shore, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities law, Shore does not undertake to update any forward-looking statement that is made herein.

Note Regarding Mineral Resources

Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimation of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues

SOURCE [Shore Gold Inc.](#)

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