



MEMO

TO: Mai-Linh Huynh, Canadian Environmental Assessment Agency
Ann Riemer, Saskatchewan Ministry of Environment

FROM: Ethan Richardson, Shore Gold Inc.

DATE: May 30, 2014

Response to comments received by the Canadian Environmental Assessment Agency regarding the draft Comprehensive Study Report for the proposed Star-Orion South Diamond Project

Shore Gold Inc (Shore) has reviewed the information contained in the Canadian Environmental Assessment Agency's (CEAA) May 26, 2014 information request. Within this, CEAA requested that Shore provide its' views on comments made by Aboriginal groups during CEAA's consultations on the draft Comprehensive Study Report. Additionally, on May 27, 2014, CEAA requested that Shore confirm if new information was contained in the comments received.

As described in the Revised Environmental Impact Statement (REIS), Shore funded Traditional Land Use Studies with seven Aboriginal groups: the three Bands of the James Smith Cree Nation, Muskoday First Nation, Wahpeton Dakota Nation, Surgeon Lake First Nation, Red Earth Cree Nation, Metis Nation Eastern Region II and Metis Nation Western Region II. Study authors were selected and managed by each Aboriginal group. Appropriate summaries of these studies are included in the REIS.

Examination of the Traditional Land Use (TLU) studies confirms that the whole of the Fort à la Corne (FalC) forest is used for Traditional activities, with Traditional hunting and gathering identified across the FalC. Calliou (2011; Appendix 5.4.2-B of the REIS) indicates that JSCN Traditional Hunting alone occurs over the majority (76.8%) of the Regional Study Area (RSA), as well as identifying hunting polygons outside of the FalC forest. When combined with Traditional Use polygons from Wahpeton Dakota Nation,

Muskoday First Nation, Surgeon Lake First Nation, Red Earth Cree Nation, Metis Nation Eastern Region II and Metis Nation Western Region II, Traditional Use is demonstrated over virtually 100% of the FalC. In order to adequately account for this extensive use, and to correlate to the biophysical assessment on wildlife, the RSA (i.e., the entire FalC forest) was determined to be the appropriate areal extent for Traditional Use assessments. Examination of the RSA considers both local and regional effects on Traditional Use, and places a holistic context to the assessment. The assessment does not consider that Traditional Users could go elsewhere to continue Traditional Uses, rather, the assessment only considers potential effects within the FalC forest.

As mentioned in the REIS and in Shore's July 23, 2013 and December 12, 2013 supplemental information, the Project is expected to exclude Traditional Land Use from up to 5,381 ha of the FalC forest. The total area of the FalC forest is 132,684 ha. This exclusion area represents less than 4.1% of the FalC forest, and leads to a low magnitude potential effect on spatially based aspects of Traditional Use Valued Components. The conclusions of 'not significant' for hunting and gathering Valued Components remain valid as outlined in the REIS and supplemental information.

Bingo (Spy) Hill was identified by one interviewee as a sacred site as part of the JSCN TLU study (Calliou 2011; Appendix 5.4.2-B of the REIS). Bingo (Spy) Hill was discussed in response to Federal Round 3 Supplemental Information Request #17 in July 2013, and is the only identified site within the Project footprint. The conclusions of 'not significant' for the Sites Valued Component remain valid as outlined in the REIS and supplemental information.

Even though these potential effects are 'not significant', Shore is committed to the following measures, as stated in the REIS and December 12, 2013 supplemental information, that will further reduce potential effects on Traditional Land Use. These commitments, similar to any commitment in the REIS, can be formally included in permit conditions attached to the Provincial Surface Lease Agreement or attached to the Provincial Approval to Operate, and once attached, are legally binding. Shore is committed to the following:

- supporting Aboriginal education and training, to obtain skills and qualifications necessary for employment related to the Project;
- supporting community development in the region through donations and sponsorships;
- Shore's Representative Workforce Policy will provide employment opportunities for Aboriginal community members. As described in Section 5.4.1.3 of the REIS, 27.2% of the population in the RSA self identified as Aboriginal. As such, Shore anticipates that about 27 to 30% of the Project Workforce will be Aboriginal;

- Shore will continue to develop procedures that facilitate and support Aboriginal business participation in the Project;
- Shore will continue community engagement activities throughout the Project in order to share and exchange information to increase the transparency of the Project and to develop community level understanding;
- Establishing a notification procedure in cooperation with potentially affected Aboriginal groups to facilitate traditional activities within the Project area; and
- Shore will compensate for direct trapping losses due to the Project.

Shore has not identified any new information that would alter the Assessment in the REIS and supplemental information. Shore maintains that these commitments, as well as the biophysical mitigation within the REIS, are appropriate.

Sincerely,

<original signed by>

Ethan Richardson, M.Sc., P.Eng.
Environment Manager, Shore Gold Inc.