

# Lake Shore Gold

Annual General Meeting  
May 10, 2012

TSX, NYSE Amex: LSG



# Forward Looking Statements

Information included in this presentation relating to the Company's expected production levels, production growth, costs, cash flows, economic returns, exploration activities, potential for increasing resources, project expenditures and business plans are "forward-looking statements" or "forward-looking information" within the meaning of certain securities laws, including under the provisions of Canadian provincial securities laws and under the United States Private Securities Litigation Reform Act of 1995 and are referred to herein as "forward-looking statements." The Company does not intend, and does not assume any obligation, to update these forward-looking statements. These forward-looking statements represent management's best judgment based on current facts and assumptions that management considers reasonable, including that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts, labour disturbances, interruption in transportation or utilities, or adverse weather conditions, that there are no material unanticipated variations in budgeted costs, that contractors will complete projects according to schedule, and that actual mineralization on properties will be consistent with models and will not be less than identified mineral reserves. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In particular, delays in development or mining and fluctuations in the price of gold or in currency markets could prevent the Company from achieving its targets. Readers should not place undue reliance on forward-looking statements. More information about risks and uncertainties affecting the Company and its business is available in the Company's most recent Annual Information Form and other regulatory filings with the Canadian Securities Administrators, which are posted on [sedar.com](http://www.sedar.com), or the Company's most recent Annual Report on Form 40-F and other regulatory filings with the Securities and Exchange Commission.

## **QUALITY CONTROL**

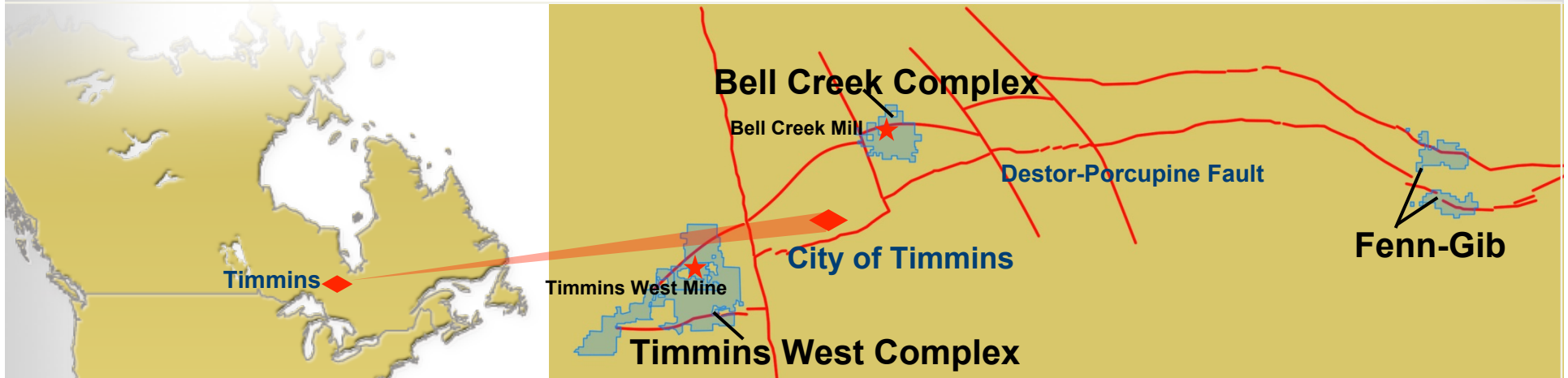
Lake Shore Gold has a quality control program to ensure best practices in the sampling and analysis of drill core. A total of three Quality Control samples consisting of 1 blank, 1 certified standard and 1 reject duplicate are inserted into groups of 20 drill core samples. The blanks and the certified standards are checked to be within acceptable limits prior to being accepted into the GEMS SQL database. Routine assays have been completed using a standard fire assay with a 30-gram aliquot. For samples that return a value greater than three grams per tonne gold on exploration projects and greater than 10 gpt at the Timmins mine and Thunder Creek underground project, the remaining pulp is taken and fire assayed with a gravimetric finish. Select zones with visible gold are typically tested by pulp metallic analysis on some projects. NQ size drill core is saw cut and half the drill core is sampled in standard intervals. The remaining half of the core is stored in a secure location. The drill core is transported in security-sealed bags for preparation at ALS Chemex Prep Lab located in Timmins, Ontario, and the pulps shipped to ALS Chemex Assay Laboratory in Vancouver, B.C. ALS Chemex is an ISO 9001-2000 registered laboratory preparing for ISO 17025 certification.

## **QUALIFIED PERSON**

The Company's Qualified Persons ("QPs") (as defined in National Instrument 43-101, "Standards of Disclosure for Mineral Projects") for diamond drilling projects at the Timmins deposit surface; Thunder Creek, Gold River Trend and 144 properties; Bell Creek Mine; and Casa Berardi optioned property are Jacques Samson, P.Geo., Stephen Conquer, P.Geo, and Keith Green, respectively. Dean Crick, P.Geo. is the QP for the Timmins deposit and Thunder Creek underground drilling projects, and Bob Kusins, P.Geo., is the QP for resource estimation at all of the Company's properties. As QPs, Messrs. Samson, Conquer, Green, Crick and Kusins have prepared or supervised the preparation of the scientific or technical information for their respective properties as provided in this presentation. Messrs., Samson, Conquer, Kusins, Crick and Green are employees of the Company.



# LSG: Three Multi-Million Ounce Gold Complexes in Century-Old Timmins Camp



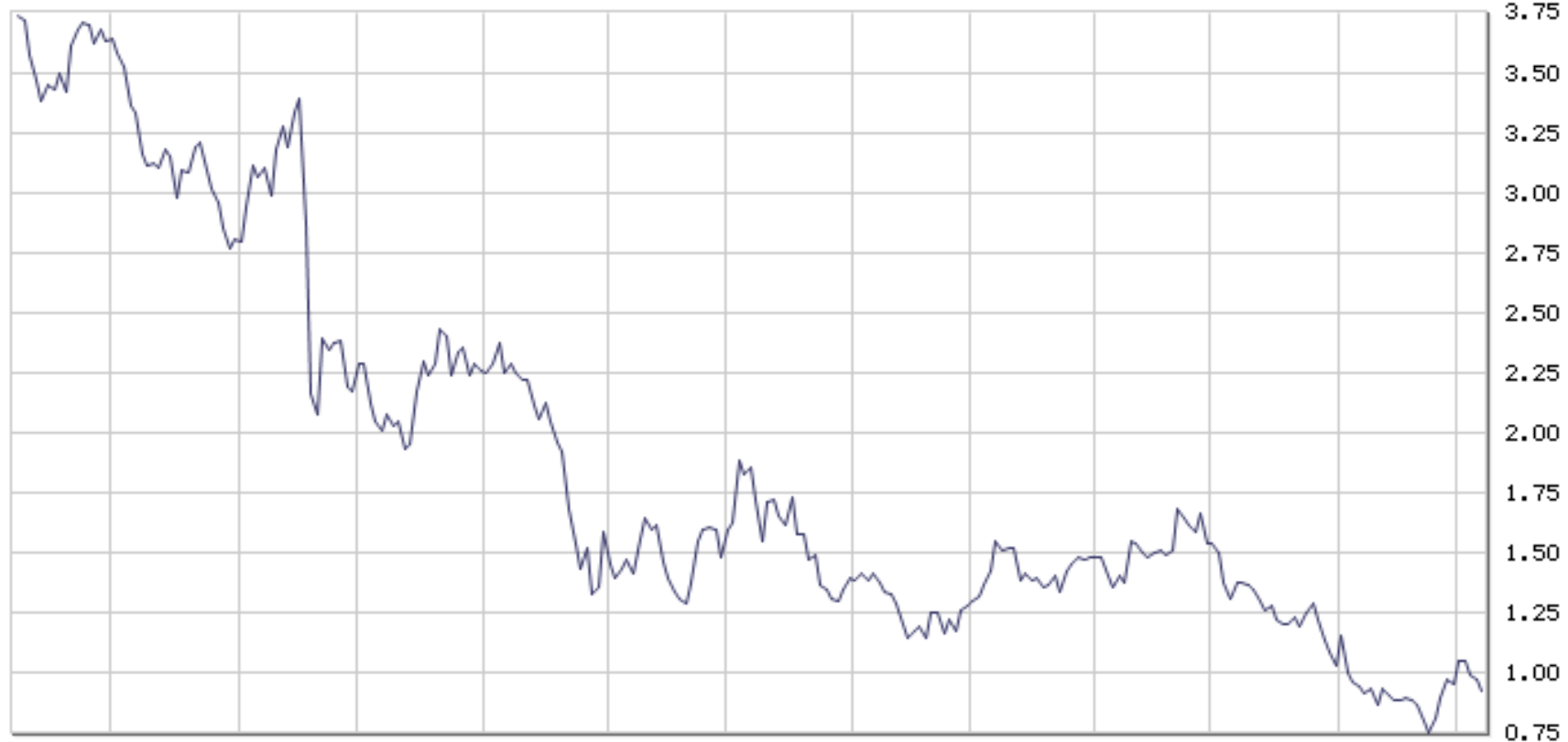
- **Large and growing reserve/resource base:**
  - 823,800 ounces probable reserves (Timmins West Mine)
  - 3.4M ozs indicated resources (inclusive of reserves)
  - 3.7M ozs inferred resources
- **Doubled production<sup>(1)</sup>**
  - >86,000 ounces poured in 2011
- **Continued exploration success**
  - 3 ■ New discoveries and extensions

(1) Examples of forward-looking information  
(2) Guidance for total Company production

# Lake Shore Gold – Share Price Performance

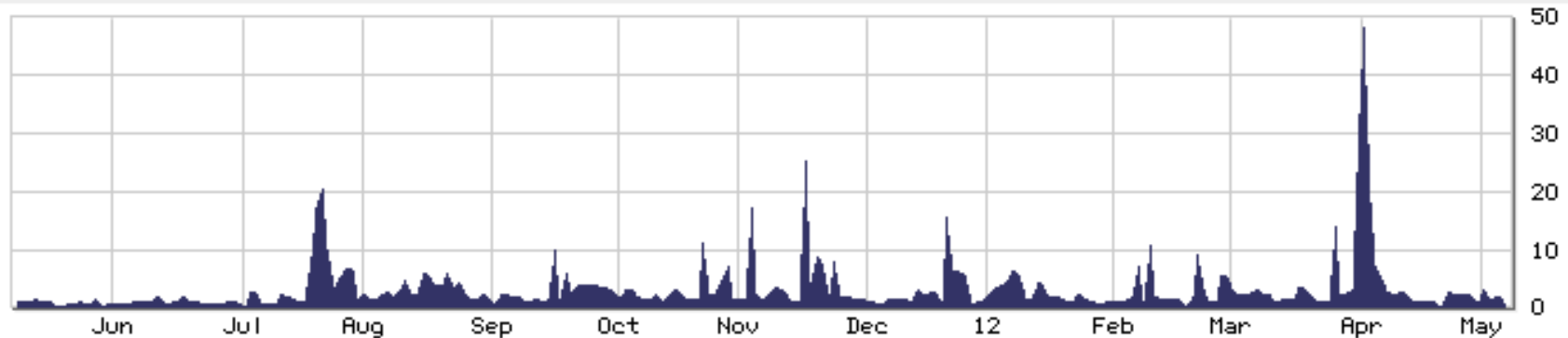
CR:LSC Daily

5/07/12



Volume

©BigCharts.com



# LSG – The Road Ahead

By late in 2012:

- 25,000 to 30,000 ounces quarterly production
- Multiple quarters of meeting or exceeding production targets
- Capital program at Timmins West Mine and Mill largely complete
- Timmins West Mine project de-risked
- Positioned for strong production growth and positive free cash flow from Timmins West Mine entering 2013

**Moving Towards Positive Free Cash Flow**

# LSG – Key Questions

1. How have we done so far in 2012
2. What does the rest of the year look like?
3. How does LSG expect to create value going forward?

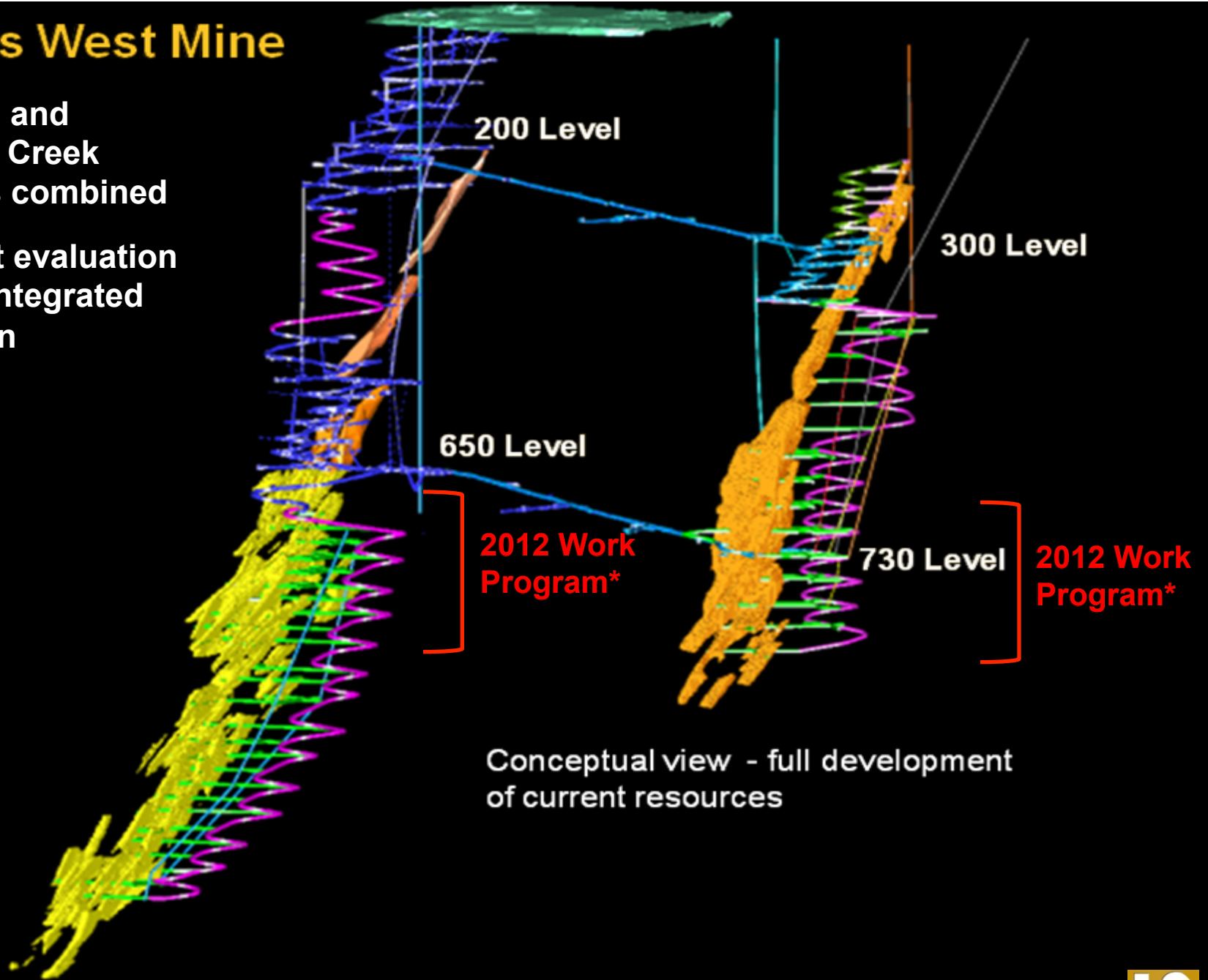
## LSG – First Quarter 2012

- 16,180 ounces poured, exceeded target of 15,000 ounces
- Cash costs of US\$1,048 per ounce, better than budget of US \$1,450 per ounce
- Remain on track for 85,000 to 100,000 ozs in 2012, at cash costs of US\$825 to US\$875 per ounce
- Work plan focused on development and stope preparation in order to establish multiple headings on multiple levels
- Mill expansion on track for 3,000 tonnes per day by late 2012
- Building capacity to support >150,000 ozs per year

Timmins Deposit reaches 100,000 ounces of gold production

# Timmins West Mine

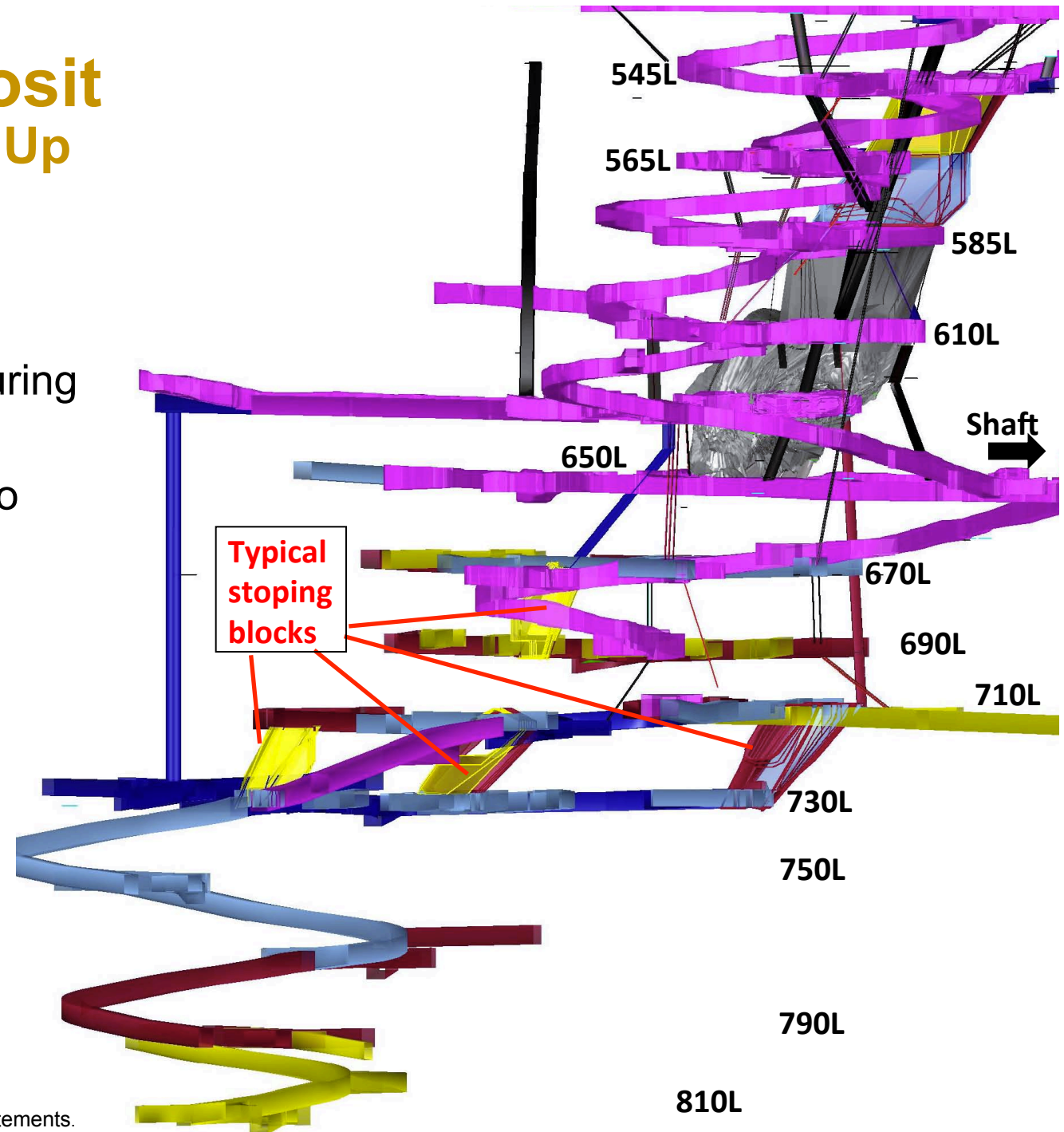
- Timmins and Thunder Creek deposits combined
- PEA first evaluation of fully integrated operation



# Timmins Deposit Setting Ourselves Up For Rapid Growth

## In 2012:

- Ore delineation and infrastructure focus during early part of year
- Production weighted to H2/12\*



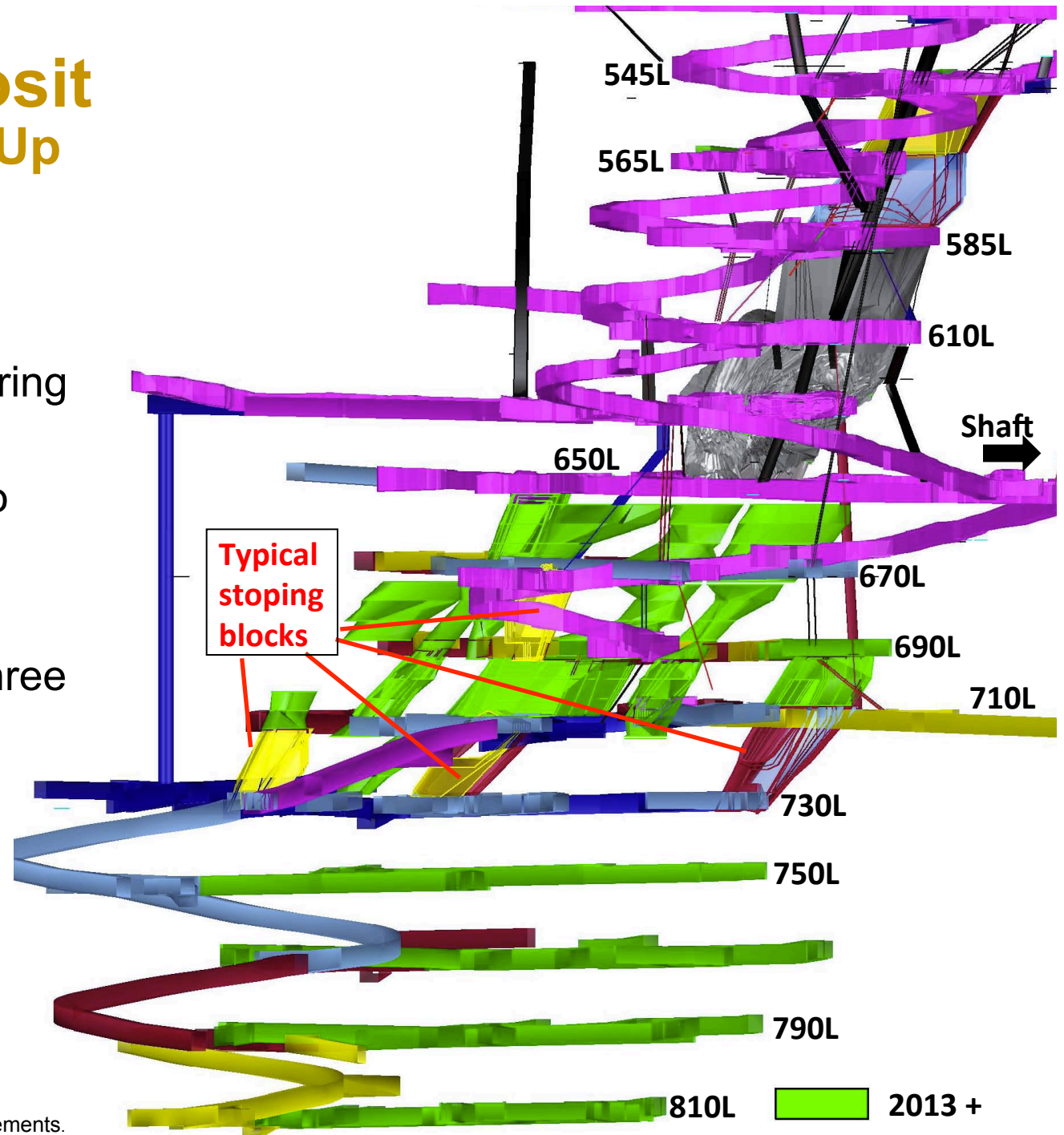
# Timmins Deposit Setting Ourselves Up For Rapid Growth

## In 2012:

- Ore delineation and infrastructure focus during early part of year
- Production weighted to H2/12\*

## By end of 2012\*:

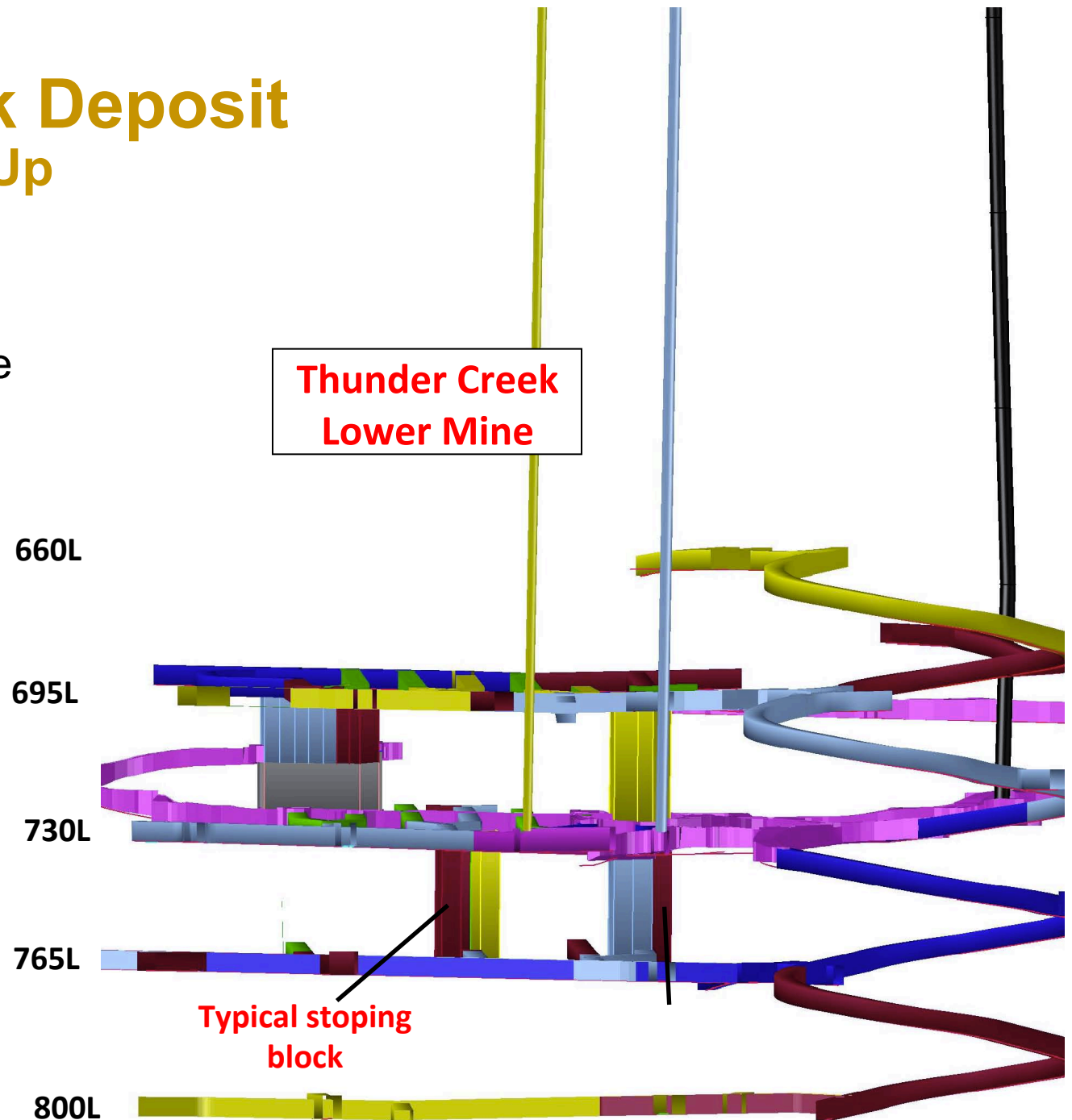
- Ready for stoping on three new levels
- Four additional levels accessed



# Thunder Creek Deposit Setting Ourselves Up For Rapid Growth

## In 2012:

- Extensive ramping, ore delineation and infrastructure work
- Stope production weighted to H2/12\*



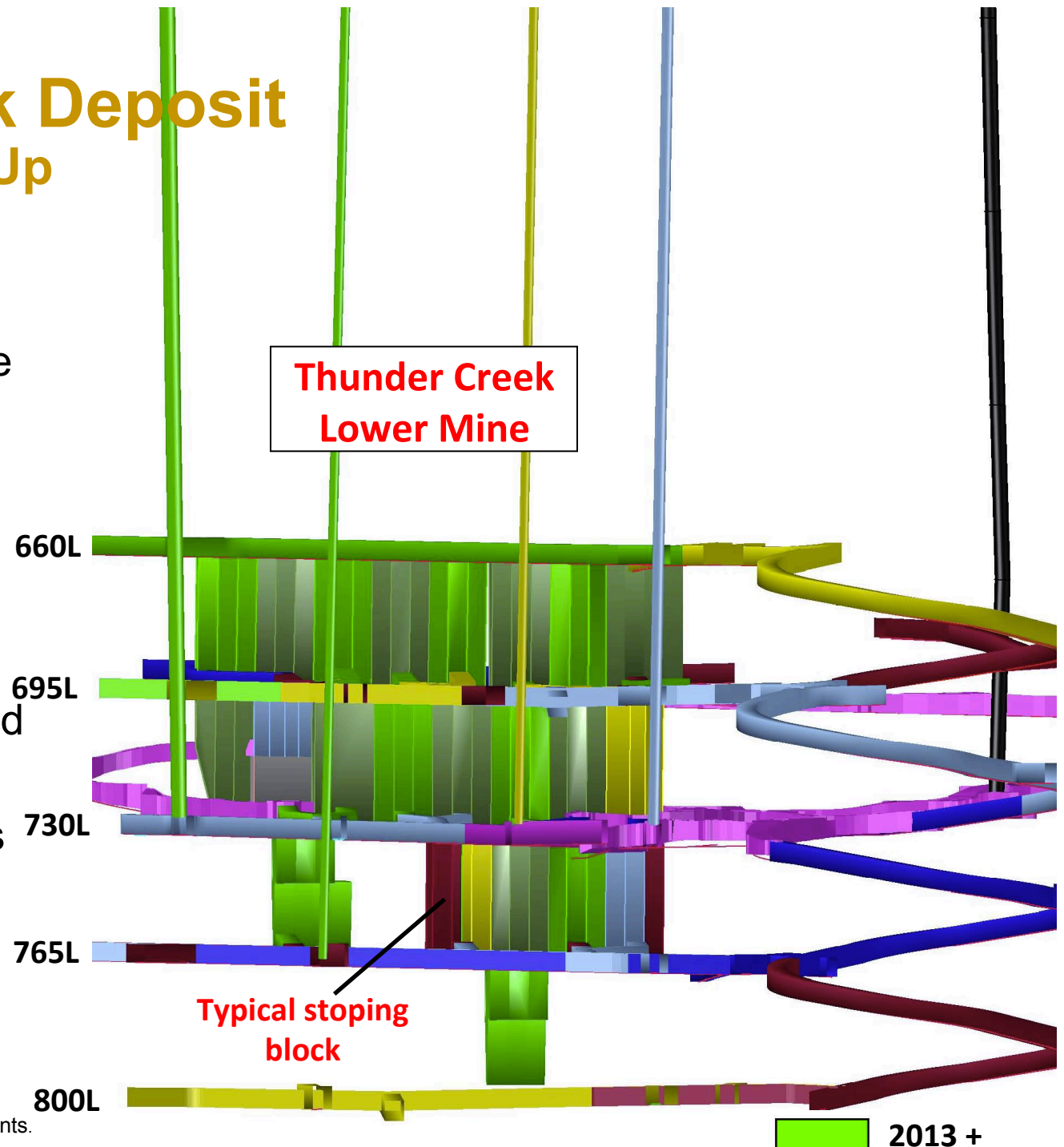
# Thunder Creek Deposit Setting Ourselves Up For Rapid Growth

## In 2012:

- Extensive ramping, ore delineation and infrastructure work
- Stope production weighted to H2/12\*

## By end of 2012:

- Development advanced on four levels
- Multiple stoping blocks accessible



# Mill Expansion – Site Construction

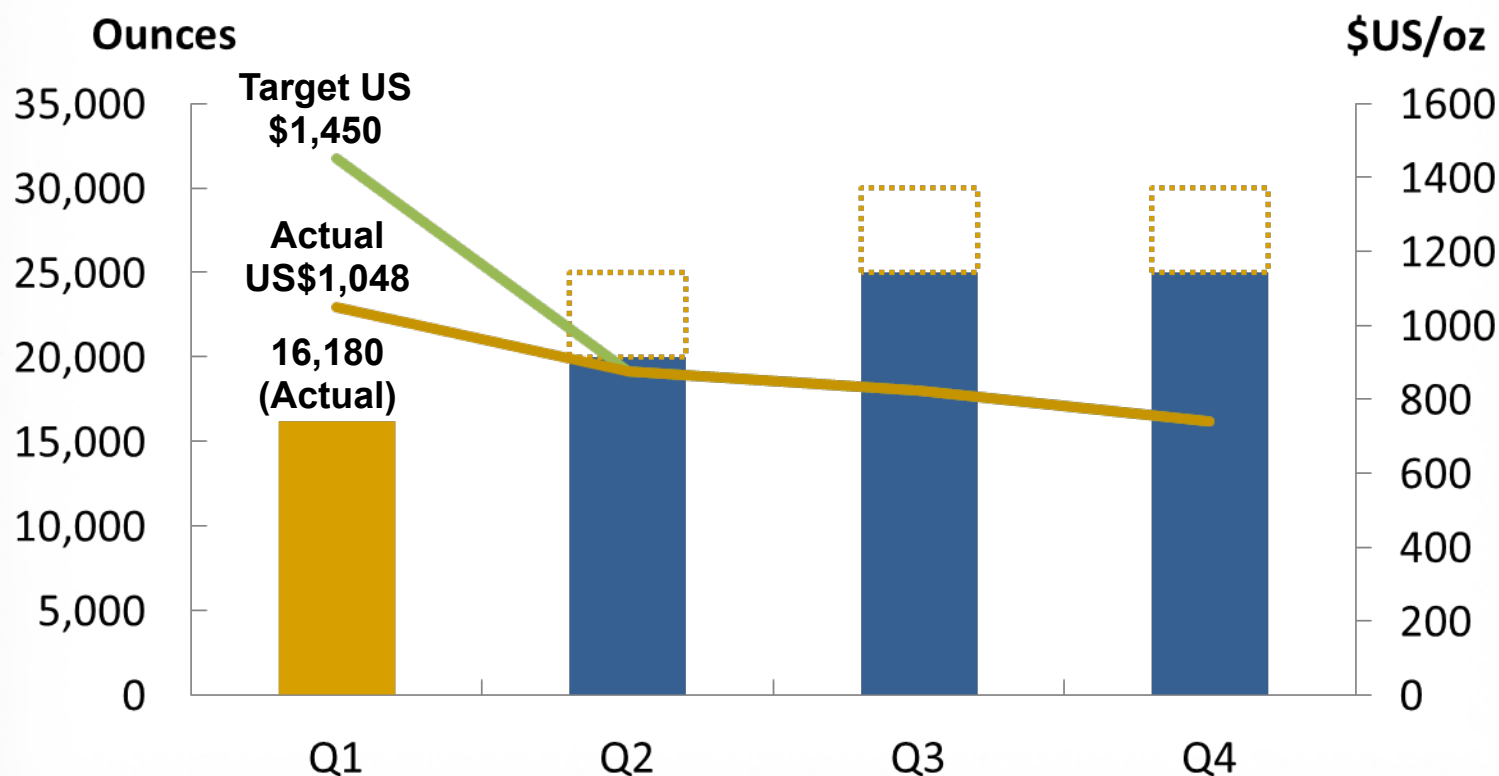


# Mill Expansion – Site Construction



# 2012 Production and Cash Costs<sup>(1)</sup>

- Production to reach 25,000 to 30,000 per quarter by Q3/12, Company to be positioned for strong growth in 2013
- Cash costs to start 2012 high, end year in low US\$700/oz range, to improve below US\$700/oz in 2013



 Denotes target range



# 2012 – Funded for Growth<sup>(1)</sup>

## Sources of Cash \$ millions

Cash and bullion inventory (January 1, 2012)	66.2
Franco-Nevada royalty & equity investment	50.0
Gold Loan (expected close May/12)	35.0
Standby Line (expected close May/12)	35.0
Operating Cash Flow <sup>(2)</sup>	75.5
<b>Total sources of cash</b>	<b>261.7</b>

## Uses of Cash<sup>(3)</sup> \$ millions

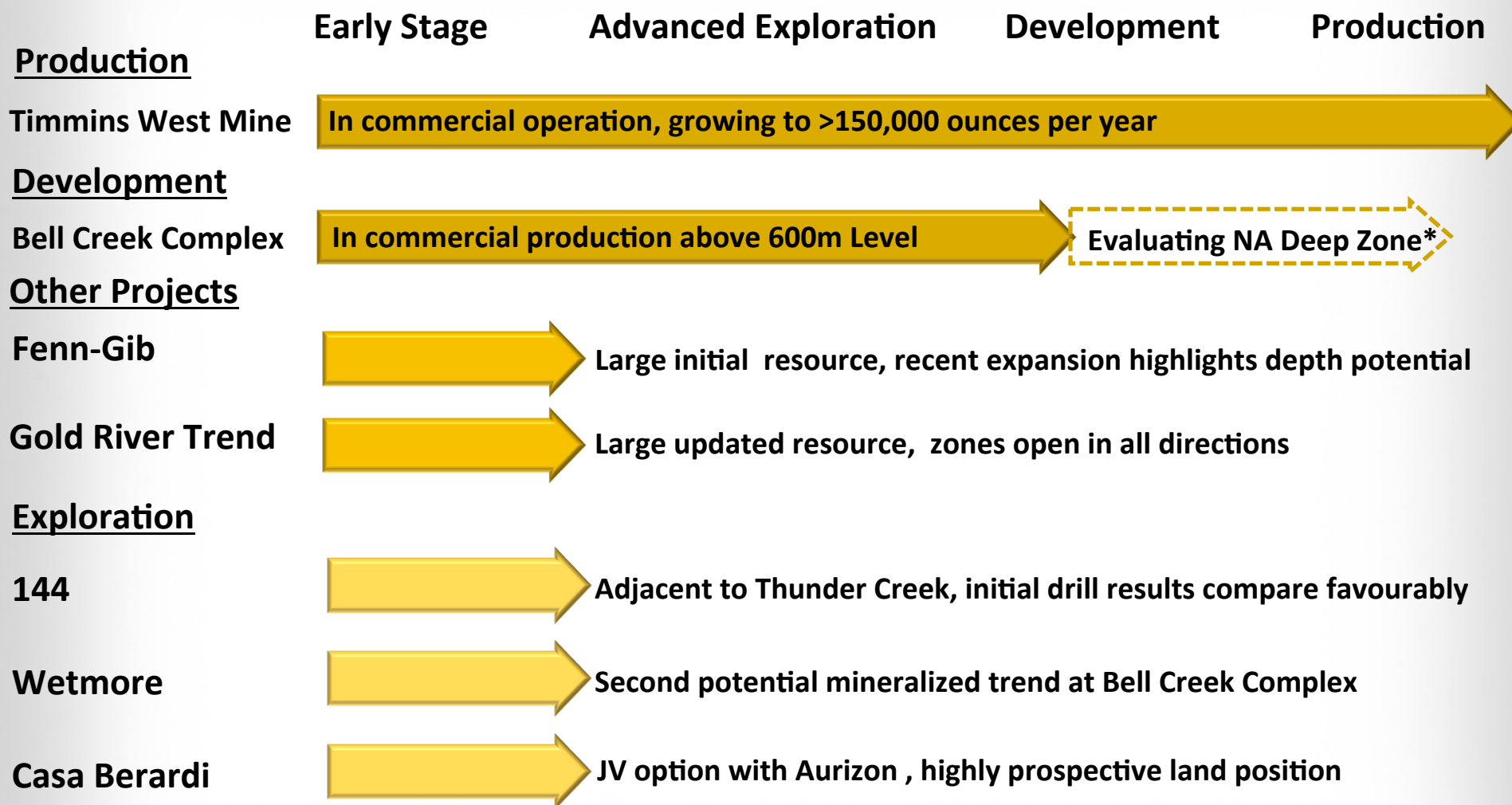
Development of Timmins West Mine	93.0
50% mill expansion and other improvements	67.0
Advancement of Bell Creek Mine	18.0
Exploration	15.0
Corporate G&A	10.5
Financing costs	5.0
<b>Total uses of cash</b>	<b>208.5</b>

(1) Examples of forward-looking information

16 (2) Assumptions include 92,500 ozs Au sold (middle of range for gold poured), US\$850/oz cash cost (middle of range), US\$1,650/oz gold price, C\$/US\$ exchange rate: \$0.98



# LSG – Full Project Pipeline

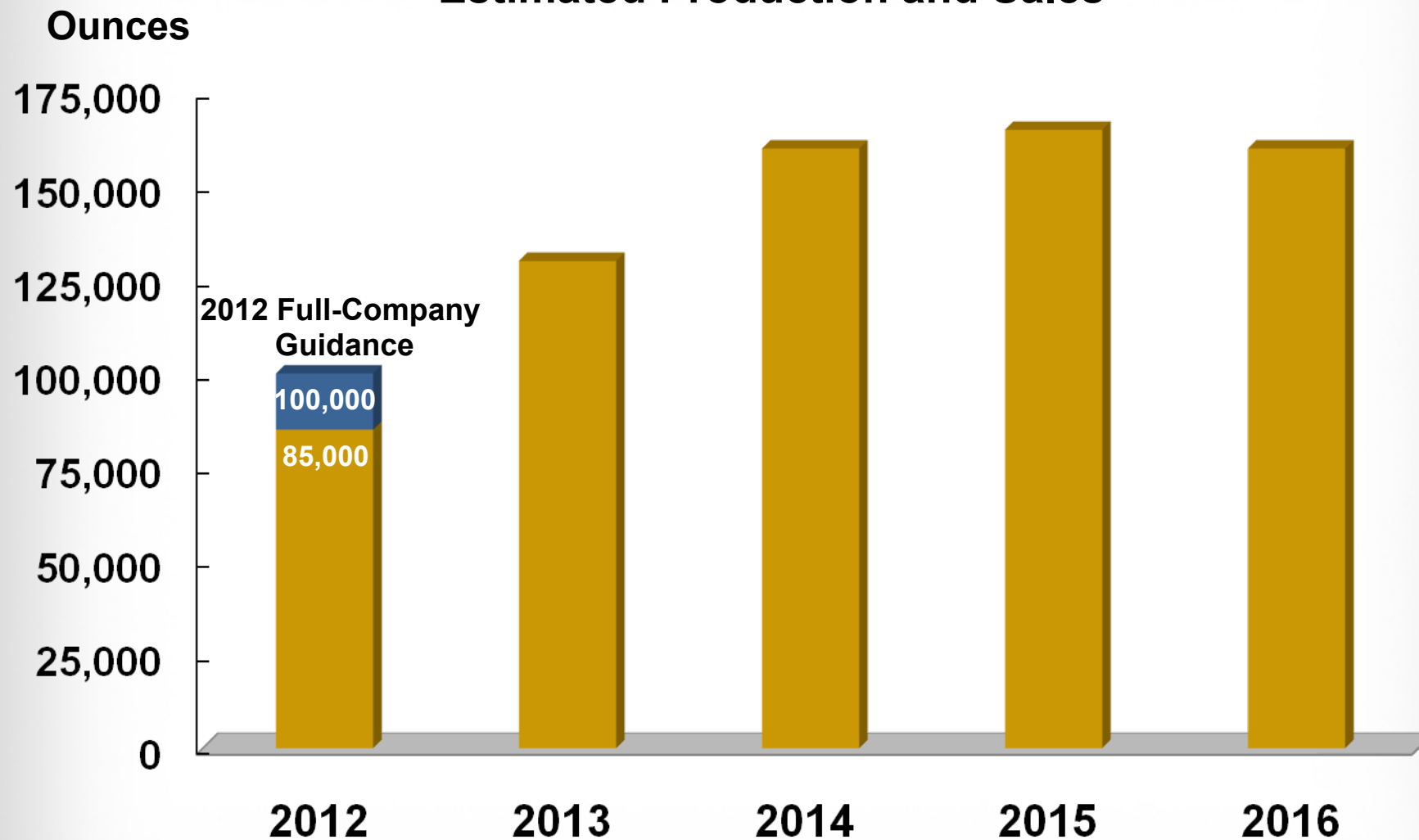


# Timmins West Mine – Building to 160,000 Ozs/Year<sup>(1)</sup>



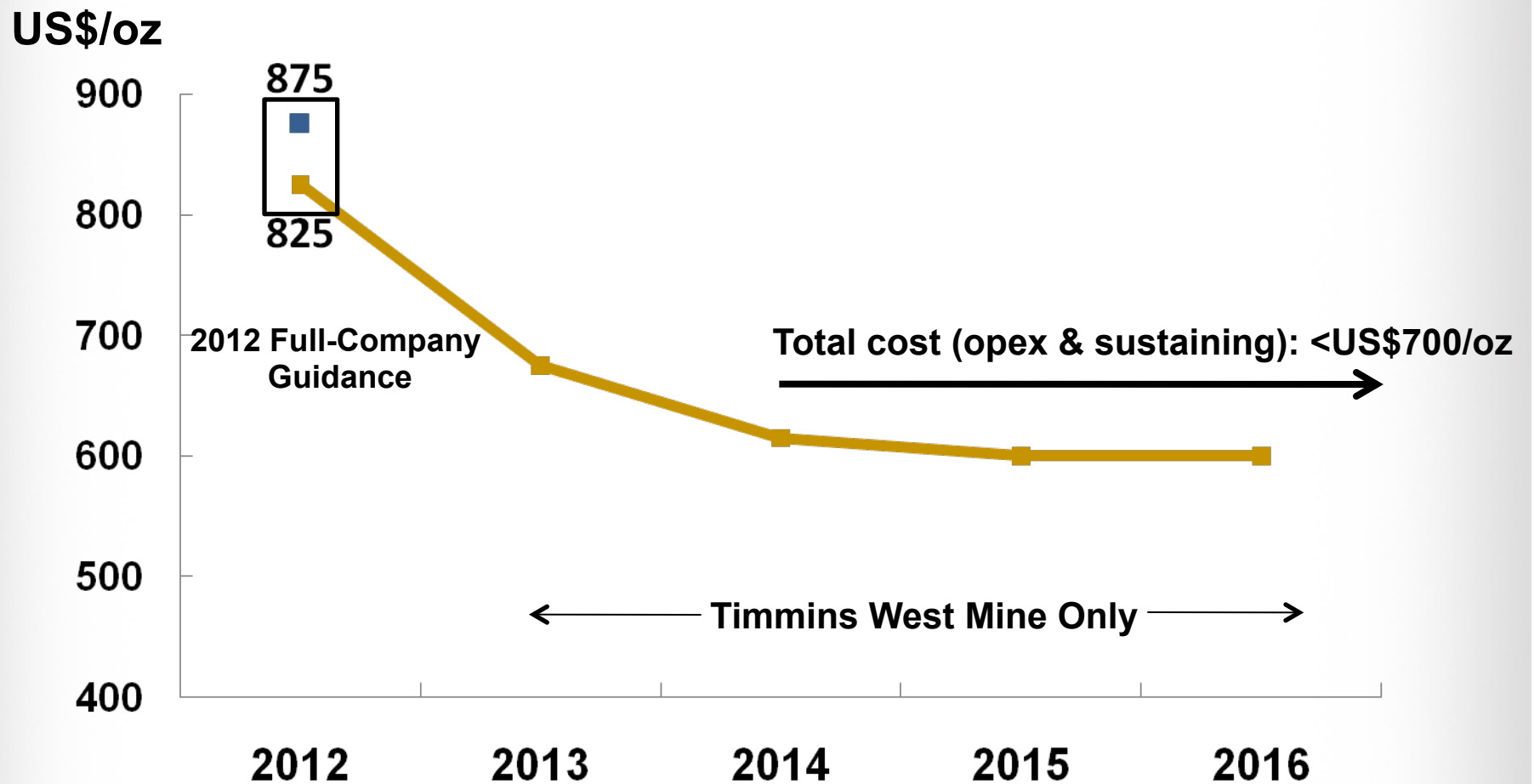
# Timmins West Mine – Poised for Growth<sup>(1)</sup>

## Estimated Production and Sales



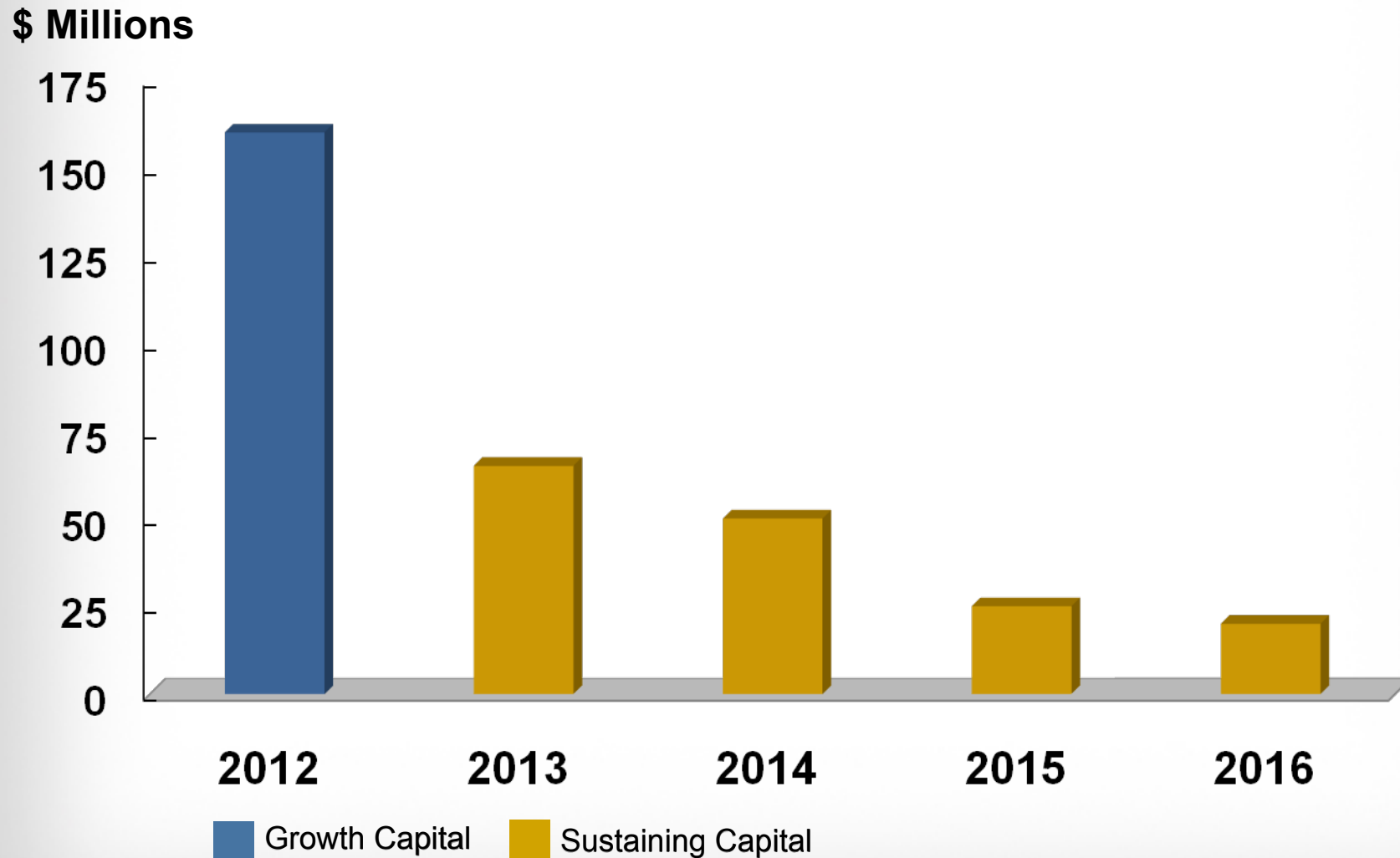
# Moving Towards Lower Cash Costs<sup>(1)</sup>

Operating and capital costs over 10 years: <US\$900/oz



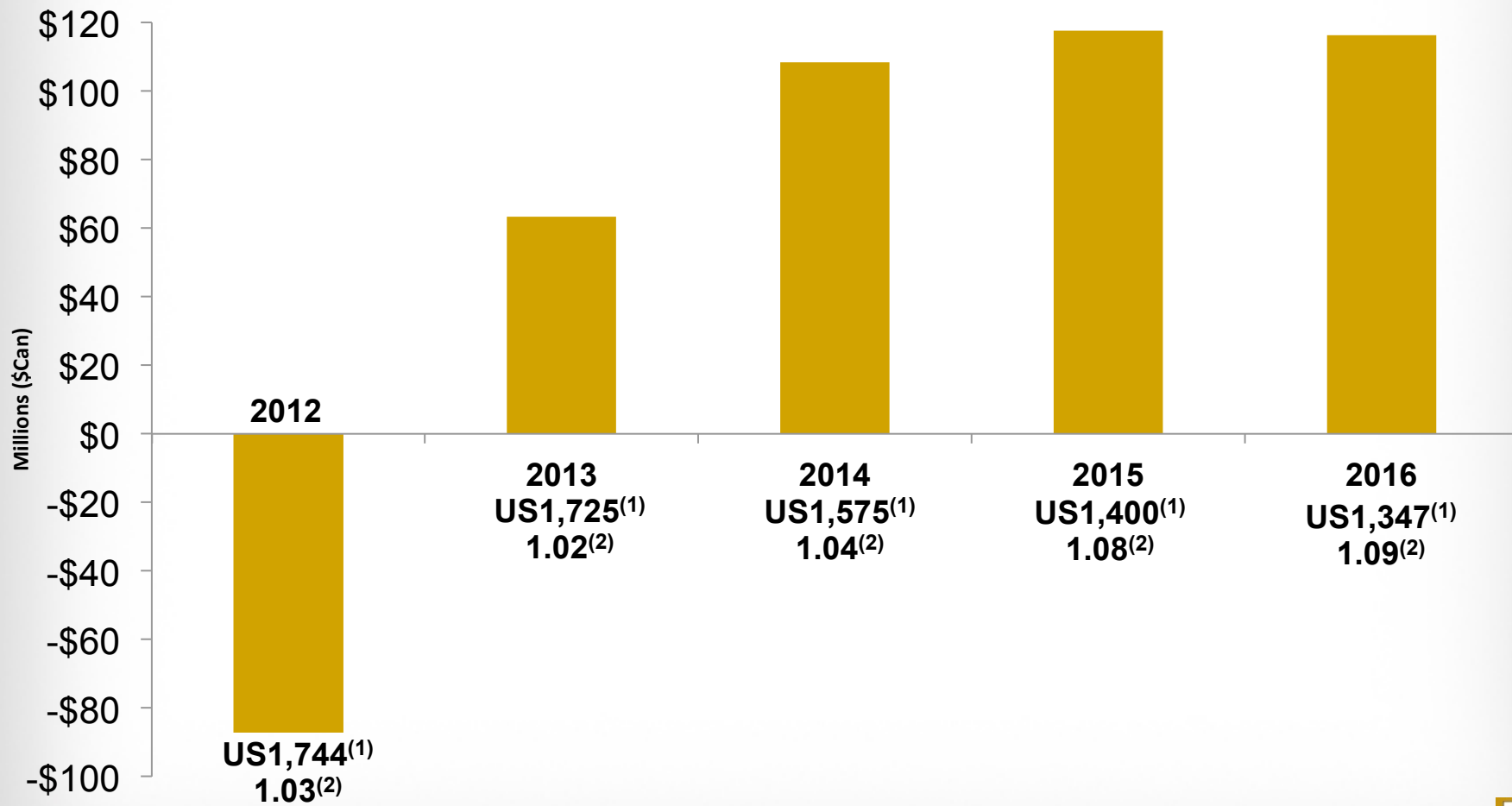
# Timmins West Mine – Capital Spending<sup>(1)</sup>

## Rapid Decline in Planned Capital Spending



# TWM – On the Road to Free Cash Flow

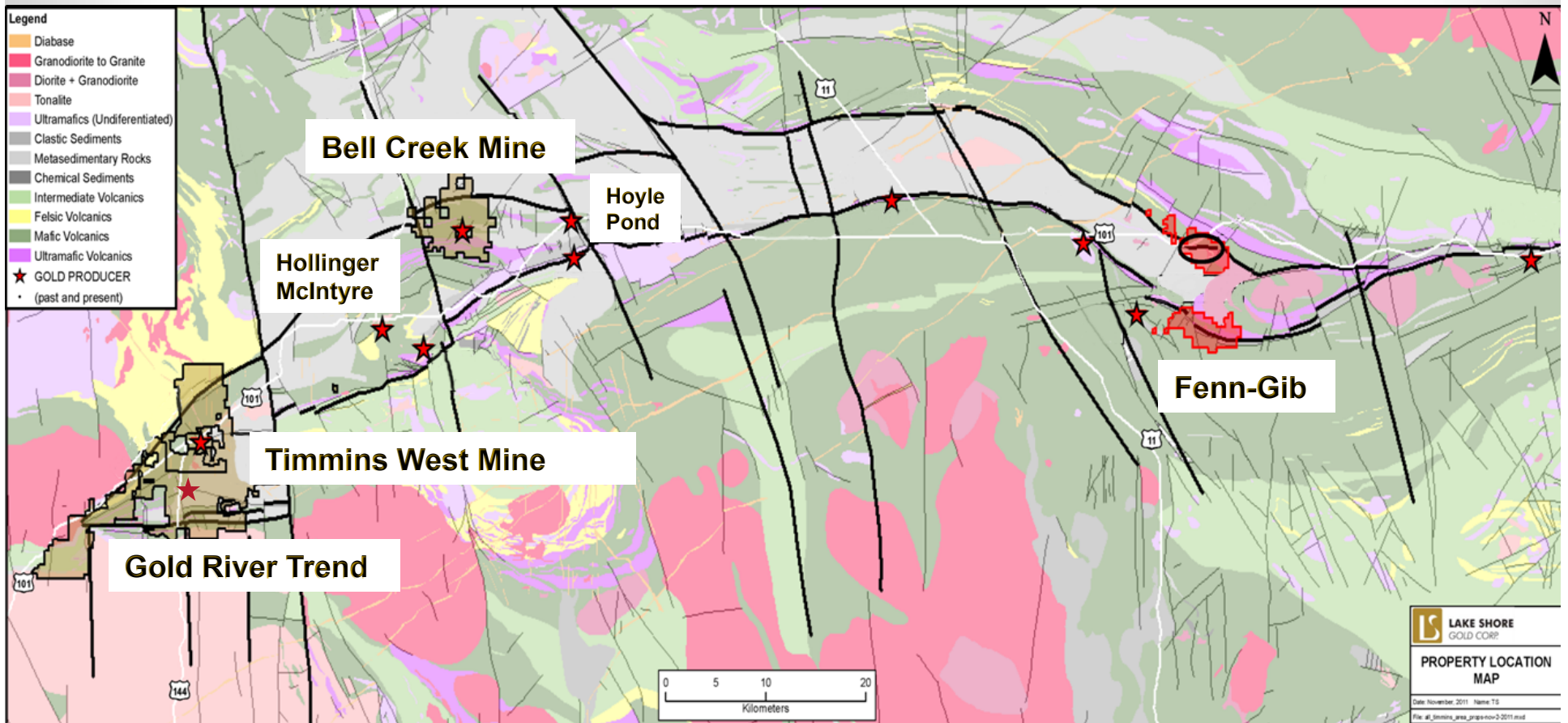
## Timmins West Mine



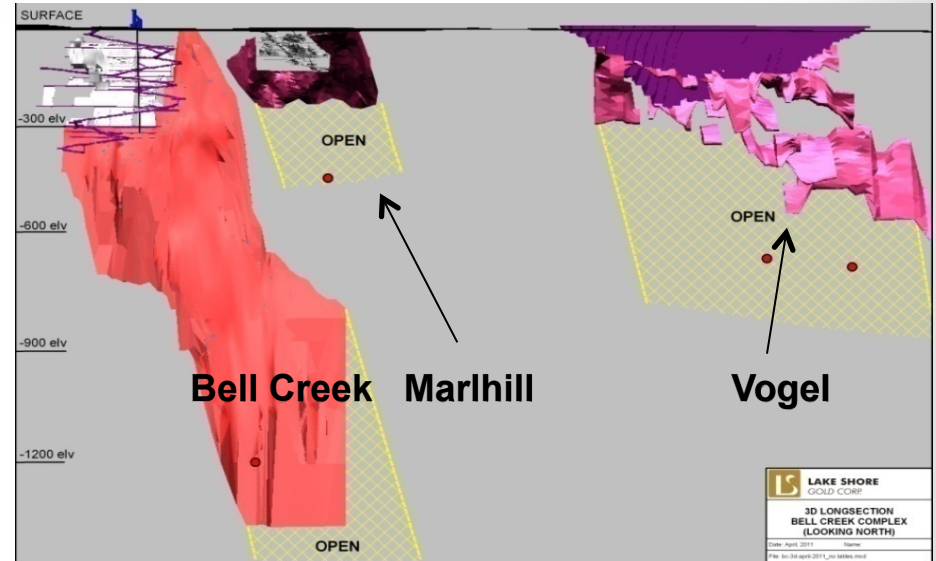
(1) Gold price per ounce  
 (2) C\$/US\$ Exchange Rate

\*Examples of Forward Looking

# A Full Pipeline of Projects



# Bell Creek Mine

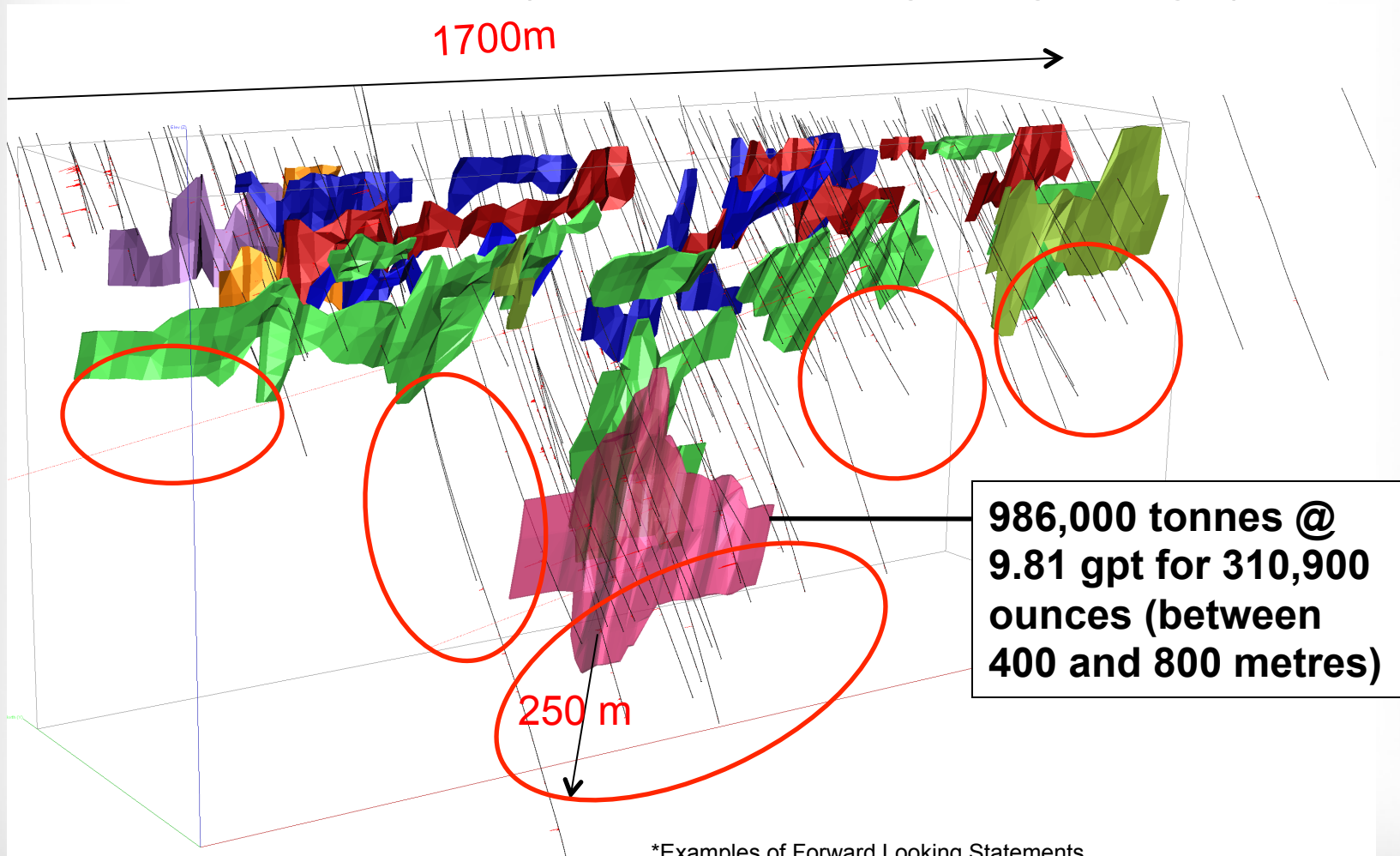


## Bell Creek Mine

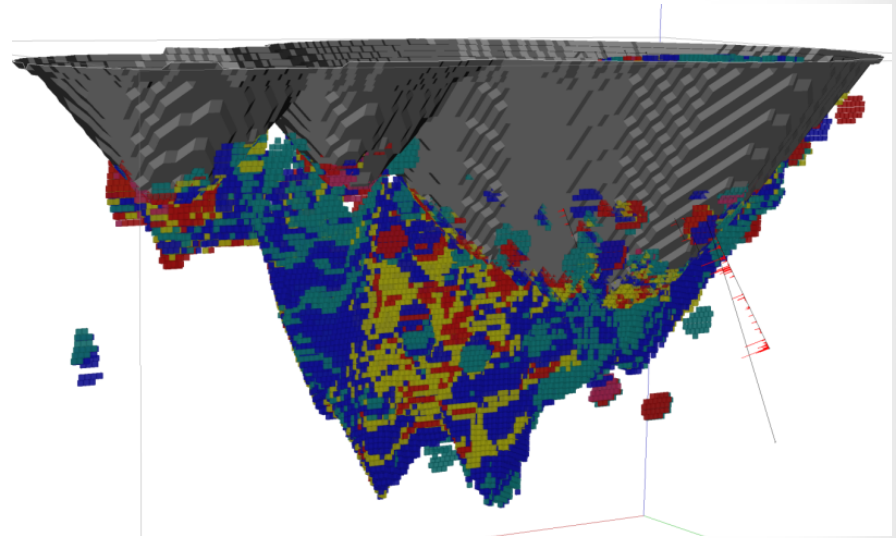
- **>150% increase in M&I to 0.6M ozs, with 1.0M ozs in Inferred**
- **Development of NA Deep Zone being evaluated**
- **Currently producing 15,000 to 20,000 ounces per year**
- **Mine scoping study for Deep Zone ongoing**
- **Potential from 100,000 to 150,000 ozs/year<sup>(1)</sup>**

# GRT – Excellent Potential to Grow Resources

- Total ounces nearly tripled and grade doubled
- Indicated: 117,400 ozs (690,000 tonnes grading 5.29 gpt)
- Inferred: 1,027,800 ozs (5,273,000 tonnes grading 6.06 gpt)



# Fenn-Gib – Potential Large Open Pit Mine



- Current resources: (within pit shell)
  - M&I - 1.3M ozs (40.8M tonnes @ 0.99 gpt)
  - Inferred - 0.75M ozs (24.5 tonnes @ 0.95 gpt)
- Excellent exploration upside – 200 metre expansions announced to the north, east and to depth
- New exploration targets identified
- Potential large-scale, open-pit operation (PEA ongoing)



# LSG – Approaching a Turning Point

## The Key: Realizing the Potential of Timmins West Mine

In the coming months, LSG will:

- Increase production to 25,000 to 30,000 ounces per quarter
- Demonstrate track record of meeting or exceeding targets
- Complete capital program at Timmins West Mine, including mill expansion
- Position Company for strong production growth and positive free cash flow from Timmins West Mine entering 2013