

LAKE SHORE GOLD CORP.

(the "Company")

DISCLOSURE AND STOCK TRADING POLICY

OBJECTIVE AND SCOPE

The objectives of this policy (the "Policy" or the "Disclosure and Stock Trading Policy") are:

- to ensure that communications with the investing public about the Company are timely, factual, accurate, balanced, and broadly disseminated in accordance with all applicable legal and regulatory requirements; and,
- to ensure that trading in the Company's securities by insiders (primarily directors and officers), employees and consultants with access to undisclosed material information concerning the company is conducted in compliance with all applicable legal and regulatory requirements.

The Policy confirms in writing the Company's existing policies and practices with respect to disclosure of material information, and the non-use of undisclosed material information, which have been approved by the Board of Directors. Its goal is to establish the policy and procedures the Company, its Board of Directors, senior management, employees, consultants and other related parties, will follow in communicating with and disclosing information to analysts, investors and other participants in the investment community in order to avoid incidences of selective disclosure and inadvertent insider trading and to ensure compliance with all regulatory and legal requirements.

The Policy is administered and reviewed annually by the Corporate Governance and Nominating Committee, which makes recommendations for any changes to the Board.

The Policy applies to all employees, the Board of Directors, consultants, authorized spokespersons and all other insiders of the Company and its subsidiaries. It covers disclosure in documents filed with the securities regulators, financial and non-financial disclosure, including management's discussion and analysis (MD&A) and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on the Company's website and other electronic communications. It applies to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

DISCLOSURE COMMITTEE

Composition

The members of the Disclosure Committee (the "Committee") are the President and CEO, the CFO, the General Counsel and the Vice-President, Investor Relations. The Committee is Chaired by the Vice-President, Investor Relations. At the discretion of the CEO, other officers, members of the Board and/or employees may be asked by the Committee to assist in the execution of its duties.

Responsibilities

The Committee has the following responsibilities:

- a. Implementing the Policy, including the design, implementation and regular evaluation of the Company's disclosure controls and procedures to ensure that information required to be disclosed in Company filings is made known to the Committee and recorded, processed, summarized and reported within the required time periods. A properly documented process will also equip the Company, its officers, Directors and spokespersons with the ability to mount an effective defence in the event that they are named in legal action relating to the Company's disclosures.
- b. Assisting in the CEO and CFO annual and quarterly certification process.
- c. Keeping current with all pending material Company developments, in order to evaluate and determine the appropriateness and timing for public release of information. Monitor appropriate industry and company disclosure benchmarks for a preliminary assessment of materiality and timely disclosure. Guided by these benchmarks, the Committee will use experience and judgment to determine the timing for public release of material information.
- d. In the event that the Committee determines that material information should remain confidential, the Committee will determine how that inside information will be controlled including contacting the Investment Industry Regulatory Organization of Canada ("IIROC") to ask that the stock be closely monitored, notifying the chairman of the Board or other appropriate Board members of that decision, and ensuring that the appropriate regulatory filings are made and updated as required.
- e. Ensuring that timely disclosure of all material information is made as required by applicable laws.
- f. Determining when information is "material" such that it must be disclosed.
- g. Reviewing and approving, and then submitting with recommendations to the Board or the appropriate committee of the Board:
 - Annual and interim financial statements and related MD&A;
 - Information circulars for any meetings of shareholders and related press releases;
 - Annual Information Form (AIF);
 - Prospectuses; and
 - Any take-over bid circular, issuer bid circular, director's circular or rights offering circular.
- h. Ensuring that members of the Committee who are also Designated Spokespersons receive adequate training; that the stock exchange(s) on which the Company's shares are listed (the "Exchange") have comprehensive contact information for the Company spokespersons; and that Company staff are aware of their responsibilities if a representative of the Exchange calls the Company.
- i. Reviewing this Policy at least annually to ensure compliance with changing regulatory requirements, and make recommendations to the Corporate Governance and Nominating Committee for any appropriate changes to the Policy.

- j. Reporting to the Board of Directors quarterly on specific disclosure issues, the process followed, the assessment of the disclosure, and other relevant disclosure matters.

PRINCIPLES AND PROCEDURES FOR DISCLOSURE OF MATERIAL INFORMATION

Material information is any information (including material facts and material changes) relating to the business and affairs of the Company that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Any employee privy to **undisclosed material information** will be so advised and is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to undisclosed material information to only those who need to know the information and those persons will be advised that the information is to be kept confidential.

Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge this information to anyone else, other than in the necessary course of business and that they may not trade in the Company's securities until the information is publicly disclosed. Such outside parties should confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

In complying with the requirements under applicable laws and Exchange rules to disclose on a timely basis all material information, the Company will adhere to the following basic **disclosure principles**:

- Material information will be publicly disclosed forthwith via news release.
- Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half truths are misleading).
- Unfavourable material information must be disclosed as promptly and completely as favourable information.
- There must be no selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an investor meeting or during a telephone conversation with an analyst). If previously undisclosed material information is inadvertently disclosed, this information must be broadly disclosed immediately via news release. If the information is inadvertently disclosed during IIROC business hours, the Company must call IIROC to discuss and/or discuss a halt in trading while the news release is written.
- In some circumstances involving a material change, the Committee may determine that disclosure would be unduly detrimental to the Company (for example, if release of the information would prejudice negotiations in a corporate transaction) in which case the information will be kept confidential until the Committee determines it is appropriate to publicly disclose. In these circumstances, the Committee will cause a confidential material change report to be filed with the applicable securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential (see "Rumours").
- Disclosure should be consistent among all audiences, including the investment community, the media, customers and employees. Derivative information (information extracted from a document filed on behalf of another person or company), which is included in a document or oral statement, should include a reference identifying the document that was the source of the information.

- Disclosure on the Company's website alone does not constitute adequate disclosure of material information.
- Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure contained a material error at the time it was given.

To prevent the misuse or inadvertent disclosure of undisclosed material information, the following **procedures** should be observed at all times.

- Communications with analysts, investors and the media must be handled only by designated spokespersons in the Company in accordance with the Company's Disclosure Policy.
- Documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who 'need to know' that information in the necessary course of business (Code names should be used if necessary).
- Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
- Confidential matters should not be discussed on cell phones.
- Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
- Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
- Outside visitors should not be left unattended in offices when confidential documents may be present and visitors should not be allowed to use an unoccupied office to make telephone calls without the permission of the officer or employee who normally occupies that office.
- Transmission of documents by electronic means, such as by fax, email or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
- Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
- Access to confidential electronic data should be restricted through the use of passwords.
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PRINCIPLES OF STOCK TRADING AND USE OF MATERIAL INFORMATION

Stock Trading by Insiders, Employees with Undisclosed Material Information and Persons in a Special Relationship

Insiders (primarily directors and officers), employees and consultants with access to undisclosed material information concerning the Company are prohibited from trading in the Company's securities until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated.

Directors, officers, employees and consultants of the Company and its subsidiaries must not trade in the Company's securities if material information has not been disclosed. Persons in a "special relationship"¹ with the Company must not trade in the Company's securities on the

¹ Those considered to be in a "special relationship" with the Company include insiders, affiliates or associates of the Company, anyone proposing to make a take-over bid of the Company, and anyone proposing to become a party to a reorganization, amalgamation, merger or similar business arrangement with the Company. Special relationship also includes those who are involved in the provision of business or professional services for the Company, for example, legal, technical or accounting.

basis of undisclosed material information on the affairs of the Company. Doing so is a breach of securities laws and may result in liability for the person involved and the Company.

Undisclosed material information must not be passed on or 'tipped' to others (a "tippee"). Doing so is also a breach of securities laws and may result in liability for the person involved and the Company.

Trading in Securities and Tipping

For the purpose of this Policy, "Trading" includes the exercise of stock options granted by the Company.

You must not trade in securities of the Company during the following times:

- a. During any "black out" period announced by the Management of the Company;
or
- b. If you, as a director, officer, employee, consultant, or person in a special relationship, have actual knowledge of undisclosed material information relating to the Company, until the information has been disclosed.

In addition, directors, officers, employees, consultants, or persons in a special relationship, with knowledge of confidential material information about counter-parties in negotiations of potentially material transactions are prohibited from trading securities of the counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

Trading in Securities by Insiders – Pre-Clearance of Proposed Trades

Insiders are personally responsible for filing accurate and timely insider trading reports. To protect the reputation of the Company and avoid the appearance of impropriety, all directors, officers and other insiders are required to pre-clear all proposed trades in the Company's securities (including the exercise of stock options) by consulting with the General Counsel, or his designate, to determine the appropriateness of the proposed trade.

BLACKOUT PERIODS

Blackout periods may be prescribed from time to time by the Committee as a result of special circumstances relating to the Company when insiders, employees and consultants would be precluded from trading in its securities. All parties with knowledge of such special circumstances should be covered by the blackout. These parties may include external advisors such as legal counsel, investment bankers, investor relations consultants and other professional advisors, and counter-parties in negotiations of material potential transactions.

DESIGNATED SPOKESPERSONS

The Company designates a limited number of spokespersons with authority for communication with the investment community and the media. The President, acting as both CEO and director, the CFO and the Vice-President, Investor Relations are the designated spokespersons for the Company. Individuals holding these offices may, from time to time, designate others within the Company with authority to speak on behalf of the Company as back-ups or to respond to specific inquiries.

Board members and employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically authorized to do so by a Designated Spokesperson. The Designated Spokesperson providing such authorization should be the President and CEO, unless time restrictions and/or the President's lack of availability due to such factors as travel prevent him/her from becoming involved. Under these circumstances, other Designated Spokespersons may act in his/her place. In all cases, analyst, investor and/or media inquiries should be referred to the Vice-President, Investor Relations.

NEWS RELEASES

Once the Committee determines that a development is material, it will authorize the issuance of a news release unless the Committee determines that such developments must remain confidential for the time being. If developments are to remain confidential, appropriate confidential filings must be made and control of the inside information must be instituted. Should a material statement inadvertently be made in a selective forum, the Company will immediately issue a news release to disclose that information generally. If the inadvertent disclosure occurs during business hours of IIROC, the Company must call IIROC to discuss and/or request a halt in trading while the news release is written.

News releases containing financial information will also be submitted to the audit committee for review prior to issuance. At the request of the audit committee, financial results will be publicly released immediately following audit committee and Board approval of the MD&A, financial statements and notes.

If the Exchange is open for trading at the time of a proposed announcement, prior notice of a news release announcing material information must be provided to IIROC to enable a trading halt, if deemed necessary by IIROC. If a news release announcing material information is issued outside of trading hours, IIROC must be notified promptly and in any event before the market reopens.

News releases will be disseminated through an approved newswire service that provides simultaneous national distribution.

News releases will be posted on the Company's website immediately after confirmation of dissemination over the newswire. The website will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures.

If the subject of a press release is a material change for the Company, a material change report will also be filed with applicable securities regulators as soon as practicable, but in any event within 10 days of the issuance of the news release.

RUMOURS

The Company does not comment, affirmatively or negatively, on rumours, including rumours on the Internet. The Company's Designated Spokespersons will respond consistently to any rumours, saying, "it is our policy not to comment on market rumours or speculation".

Should the Exchange request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Committee will consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, this may be evidence of a leak, and the Company will immediately issue a news release disclosing the relevant material information.

CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material, non-public information. If the Company intends to discuss material information at an analyst or shareholder meeting or a press conference or conference call, the discussion must be preceded by a news release of the material information.

The Company recognizes that meetings with analysts and significant investors are an important element of its investor relations program. The Company's Designated Spokespersons will meet with analysts and investors individually or in small groups as needed and will initiate contact or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Disclosure Policy. All analysts will receive fair treatment regardless of whether they are recommending buying or selling the Company's securities.

The Company will provide only non-material information through individual and group meetings, in addition to previously publicly disclosed information, recognizing that an analyst or investor may contrast this information into a mosaic that could result in material information. The Company cannot alter the materiality of information by breaking down the information into smaller, non-material components.

The Company will provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts and institutional investors and may post this information on its website.

Spokespersons will keep notes of telephone conversations with analysts and investors and when practical more than one Company Spokesperson should be present at all individual and group meetings. In the event there is selective disclosure of previously undisclosed material information, the Company will immediately disclose the information broadly via news release.

Members of the media should not receive material information on an exclusive, embargoed or selective basis. They will receive material information at the same time as everyone else - when a full public announcement is made. Company Spokespersons will keep notes of telephone conversations with reporters and will follow up with reporters when there is an inaccuracy in an article, in order to set the record straight, and ensure that the same error does not recur in future articles. All media inquiries should be directed to the Vice-President, Investor Relations.

REVIEWING ANALYST REPORTS AND FINANCIAL MODELS

Upon request, the Company may review analysts' draft research reports or financial models for factual accuracy based on publicly disclosed information. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's financial model and other estimates.

To avoid appearing to endorse an analyst's report or model, the Company will provide its comments in writing, with these comments being reviewed and approved by the Disclosure Committee prior to being released. Comments on analyst models will be accompanied by a written disclaimer indicating that the report/model was reviewed for historical factual accuracy only and that the Company expresses no opinion on, and assumes no responsibility for, the accuracy of information included in the report/model, including forward-looking information.

LIMITS ON DISTRIBUTING ANALYST REPORTS

Analyst reports are proprietary products of the analyst's firm. Distributing, referring to or providing links to analyst reports may be viewed as an endorsement by the Company of the reports. For these reasons, the Company will not provide analyst reports through any means to persons outside of the Company or generally to employees of the Company, including posting such reports on its website. Notwithstanding the foregoing, the Company may distribute analyst reports to its Directors and senior officers to monitor the communications of the Company and to assist them in understanding how the marketplace values the Company and how corporate developments affect the analysis.

Analyst reports may also be provided to the Company's financial and professional advisors in the necessary course of business. The Company may post on its website a complete listing, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company, provided this list will not include links to the analysts' or any other third party websites or publications.

FORWARD-LOOKING INFORMATION

A consistent approach to disclosure is important. Should the Company elect to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following guidelines must be observed and are necessary in order to qualify for safe harbour protection under the *Securities Act* (Ontario) and the securities legislation of other provinces, which extend statutory civil liability to secondary market disclosures for any reporting issuer and any other publicly traded issuer with a real and substantial connection to the province:

- All material forward-looking information will be broadly disseminated via news release;
- The information will be published only if there is a reasonable basis for drawing the conclusions or making the forecast and projections set out in the forward-looking information;
- The document or public oral statement containing the forward-looking information must have, proximate to that information:
 - reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast, or projection in the forward-looking information; and
 - a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.
- Additionally, the information may be accompanied by supplementary information such as a range of reasonably possible outcomes or a sensitivity analysis to indicate the extent to which different business conditions may affect the actual outcome. Public oral statements also require a cautionary statement that actual results could differ materially and a reference to material factors and assumptions that could cause actual results to differ materially and to one or more readily available documents that outline such factors or assumptions.

The information will be accompanied by a statement that the information is stated as of the current date, is subject to change after that date and the Company does not undertake to update any forward-looking statement that is contained in that particular disclosure document or other communications.

Once disclosed, the Company's practice for updating forward-looking information will be to regularly assess whether previous statements of forward-looking information should be replaced by new financial outlooks and ensure that past disclosure of forward-looking information is accurately reflected in current MD&A.

The Committee will review all forward-looking information in the Company's continuous disclosure to ensure it is appropriately identified as forward-looking information and that it is proximate to appropriate cautionary language. In particular, the Committee will ensure that all material assumptions that were applied in making the forecasts, conclusions and projections, and all the material factors that could cause actual results to differ materially from the conclusions, forecasts or projections, have been identified, discussed and set out in the appropriate document.

PROVIDING GUIDANCE

Through regular broad public dissemination of quantitative and qualitative information, the Company will support the analysts' efforts to establish estimates that are in line with its expectations. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with, or otherwise comment on, analysts' financial models or estimates included therein.

If the Company has determined that it will be reporting results materially below or above publicly held expectations, then it will disclose this information in a news release to enable discussion without risk of selective disclosure and to protect against a civil lawsuit alleging misleading disclosure (see "Forward-Looking Information") or failure to provide timely disclosure.

DISCLOSURE RECORD

The Disclosure Committee will maintain a five-year record of all public information about the Company, of which it is aware, including continuous disclosure documents, news releases, analysts' reports received by the Company, transcripts or tape recordings of conference calls, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS

This Disclosure and Stock Trading Policy also applies to electronic communications. Accordingly, the Disclosure Committee is also responsible for ensuring that postings on the Company's website are reviewed and approved and that such disclosure is accurate, complete, up-to-date and in compliance with relevant securities laws.

Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material, non-public information. Any disclosures of material information on the website will be preceded by the issuance of a news release.

The Company's website will be dated, and all information posted will be assumed to be current as of that date, unless expressly disclosed otherwise (such as in the case of press releases, etc.). Any material changes in information must be updated immediately following the issuance of a news release. The website will include a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosures.

The Vice President, Investor Relations will ensure that all links from the Company website to third party websites are approved. The website will include a notice that advises readers they are leaving the Company's website and that the Company is not responsible for the contents of the other site.

The Vice President, Investor Relations will ensure that responses are provided to electronic inquiries. Only public information or information that could otherwise be disclosed in accordance with this Disclosure Policy shall be used to respond to electronic inquiries. The Vice President, Investor Relations will maintain a file of these responses to inquiries for two years.

In accordance with this Disclosure and Stock Trading Policy, employees (including Designated Spokespersons) are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Company's activities or its securities.

STRUCTURE AND OPERATIONS OF THE DISCLOSURE AND STOCK TRADING COMMITTEE

Disclosure Committee Chair

The Chair of the Disclosure Committee will be the Vice-President, Investor Relations.

Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting will be chosen by the Committee to preside at the meeting.

Meetings

Any member of the Committee may call a meeting of the Committee. The Committee will meet at least once each fiscal quarter, and at such other times during each year as it deems appropriate. The Committee may also pass resolutions by unanimous consent or otherwise unanimously consent in writing to the disclosure of material information.

Quorum

A majority of the members appointed to the Committee will constitute a quorum.

Notice of Meetings

The Chair of the Committee will arrange to provide notice of the time and place of every meeting in writing (which may be by facsimile or email) to each member of the Committee, preferably at least 24 hours prior to the time fixed for such meeting. The Chair will also ensure that an agenda for the meeting and all required materials for review by the members of the Committee are delivered to the members with sufficient time for their review.

Attendance of the Company's Directors at Meetings

Any member of the Committee may invite one or more Directors of the Company or other members of management to attend any meeting of the Committee.

Delegation

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a sub-committee, management or, to the extent otherwise permitted by applicable plans, laws or regulations, to any other body or individual. In discharging its duties, the Committee shall have full access to all books, records, facilities and personnel of the Company, including the Company's internal auditors, outside auditors and outside counsel. Any member of the Committee may delegate all or a portion of his or her duties to another qualified person.

COMMUNICATION, EDUCATION AND ENFORCEMENT OF THIS POLICY

The Committee is responsible for educating its Directors, officers and employees about disclosure and trading issues and the Disclosure and Stock Trading Policy. All current, as well as any new, employees, Directors, officers, consultants and will be provided with a copy of this Disclosure and Stock Trading Policy, educated about its importance and, unless already signing off on a code of conduct which encompasses the Policy, will be required to sign a copy as evidence of their commitment to abide by the Policy. Changes to the Policy will be communicated to all employees, Directors, consultants and authorized spokespersons.

Anyone who violates this Policy may face disciplinary action up to and including termination of employment with the Company without notice. The violation of this Policy may also violate certain securities laws, which could expose Directors, officers or employees to personal liability.

Liability for Insider Trading

Liability arises for trading securities while in possession of information which has not been disclosed to the public or for disclosing such information to other persons, if the information is considered "material" under securities laws. Do not rely on your own judgment as to whether particular information is material as this decision should be referred to the Disclosure Committee. Information which may be material includes drilling or assay results, financial information, negotiations concerning contracts with outside parties, possible dispositions or acquisitions of significant assets or other corporations or businesses, financings, important personnel changes, or litigation.

If you fail to observe this Policy:

- **you, the Company and its officers and directors may be legally liable under Canadian securities laws;**
- **the Company may refer the matter to the appropriate regulatory authorities, which could lead to fines or other penalties levied against you; and**
- **any violation may result in the termination of employment or consulting contracts.**

DATE OF MOST RECENT BOARD CONSIDERATION

This policy was updated and approved by the Board in August 2008.