

LAKE SHORE GOLD CORP.



Performance

Cash Flow

Growth



The Big Event  
Canadian Mining Expo  
May 27/28, 2015



# 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 at [www.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

Scientific and technical information related to mine production and reserves contained in this presentation has been reviewed and approved by Natasha Vaz, P.Eng., Vice-President, Technical Services, who is an employee of Lake Shore Gold Corp., and a "qualified person" as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Scientific and technical information related to resources, drilling and all matters involving mine production geology, as well as exploration drilling, contained in this presentation, or source material for this presentation, was reviewed and approved by Eric Kallio, P.Geo., Senior Vice-President, Exploration. Mr. Kallio is an employee of Lake Shore Gold Corp., and is a "qualified person" as defined by NI 43-101.

# LSG: Low-Cost Canadian Gold Producer

- Two producing mines and a central mill in Timmins, Ontario, Canada
  - Timmins West Mine
  - Bell Creek Mine & Mill
- Large, prospective land position in Timmins
  - Right geology
- Strong organic growth
  - Large resource base at operations & projects, exploration upside



# LSG: Investing in Timmins

- Employees – 520
- Contractors – 188
- Total annual labour costs: \$50 million
- Total investments (Over last 3 years) – \$565 million (2012 – 2014)<sup>(1)</sup>
  - Timmins: \$350 million
  - Regional (Northern Ontario/Quebec): \$115 million
  - Rest of Canada/International: \$100 million

(1) Geographic split based on estimates

# LSG – Phases of Building a Company

Exploration and  
advanced  
exploration to  
establish deposits

Exploration

Development/  
Construction

\$700M raised in debt  
& equity  
Debt included \$70M  
Senior Secured  
Facility with Sprott

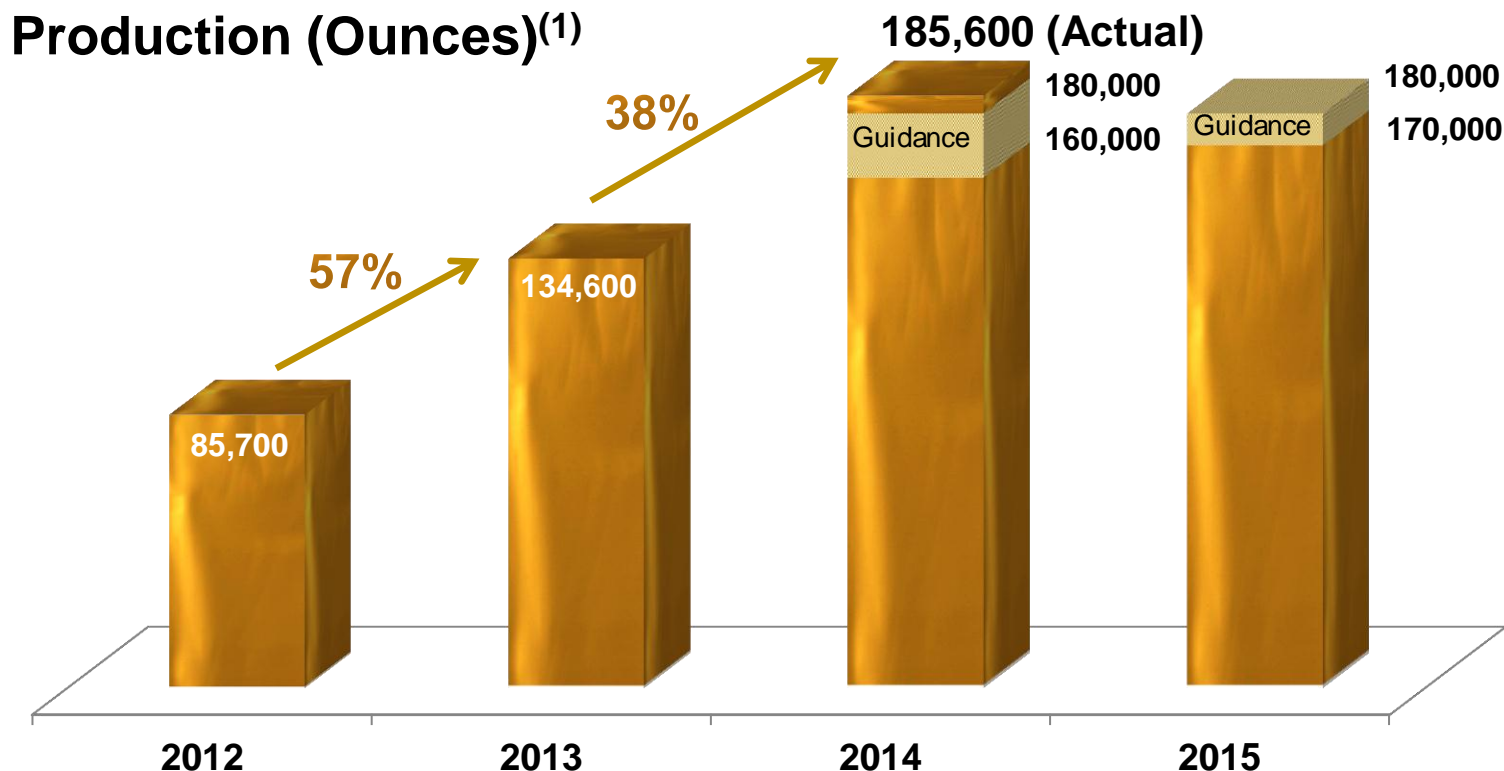
Record production,  
lower costs, free cash  
flow & profitability,  
reduced debt increased  
financial strength

Production

AND REPEAT  
Exploration

Drilling to replace  
reserves  
Drilling for new  
discoveries  
Extend mine life,  
grow resources

# Production Phase – Record Performance in 2014

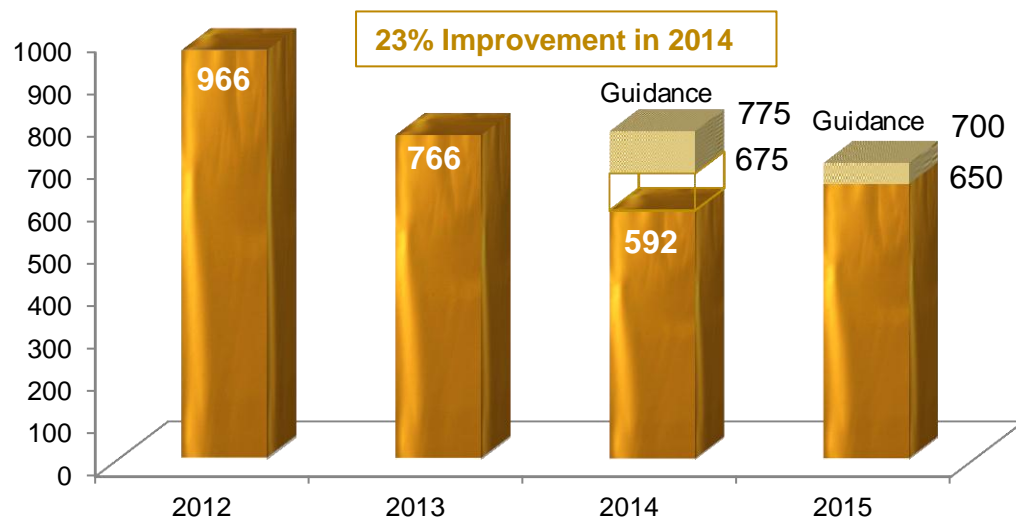


- Record production of 185,600 in 2014
  - 38% growth from 2013
- Three consecutive years of meeting or beating guidance
- 53,000 oz in Q1/15 – Record quarter



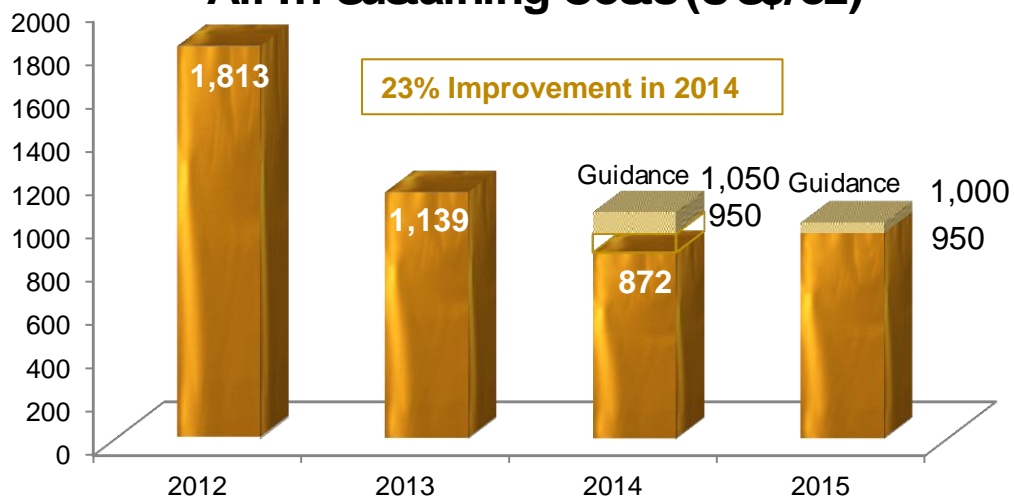
# Low Unit Costs – Beat Cost Guidance in 2014 & Q1/15

**Total Cash Costs (US\$/oz)<sup>(1)(2)</sup>**



- 2014 cash costs 12% better than target range (US\$675 – US\$775)
- Q1/15 cash costs US\$510/oz

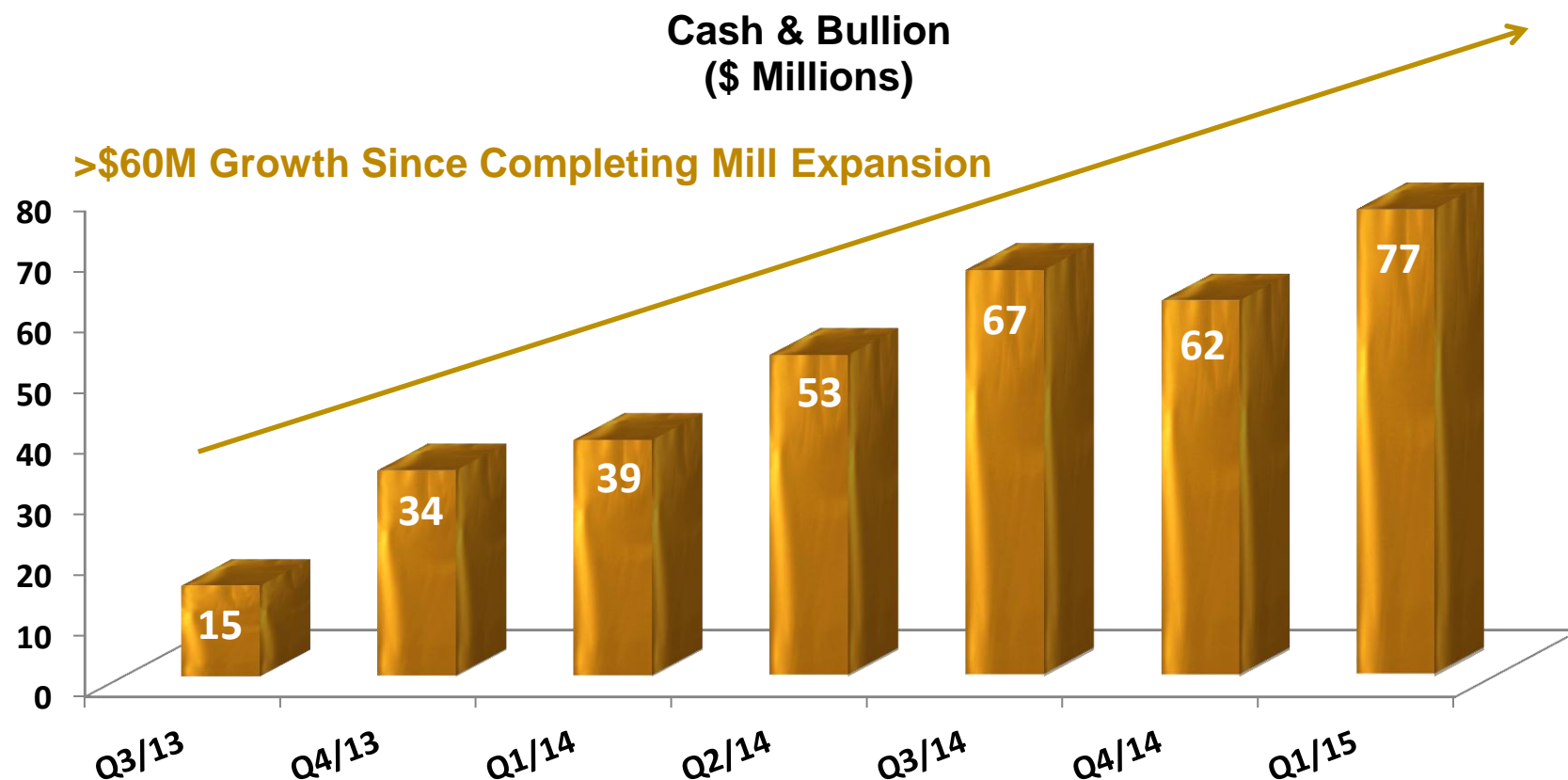
**All-In Sustaining Costs (US\$/oz)<sup>(1)(2)</sup>**



- 2014 AISC 8% better than target range (US\$950 – US\$1,050)
- Q1/15 AISC US\$750/oz

(1) Contains Forward-looking Information  
(2) Example of Non-GAAP Measure, see Slide 21 for more information

# Strong Growth in Cash Position

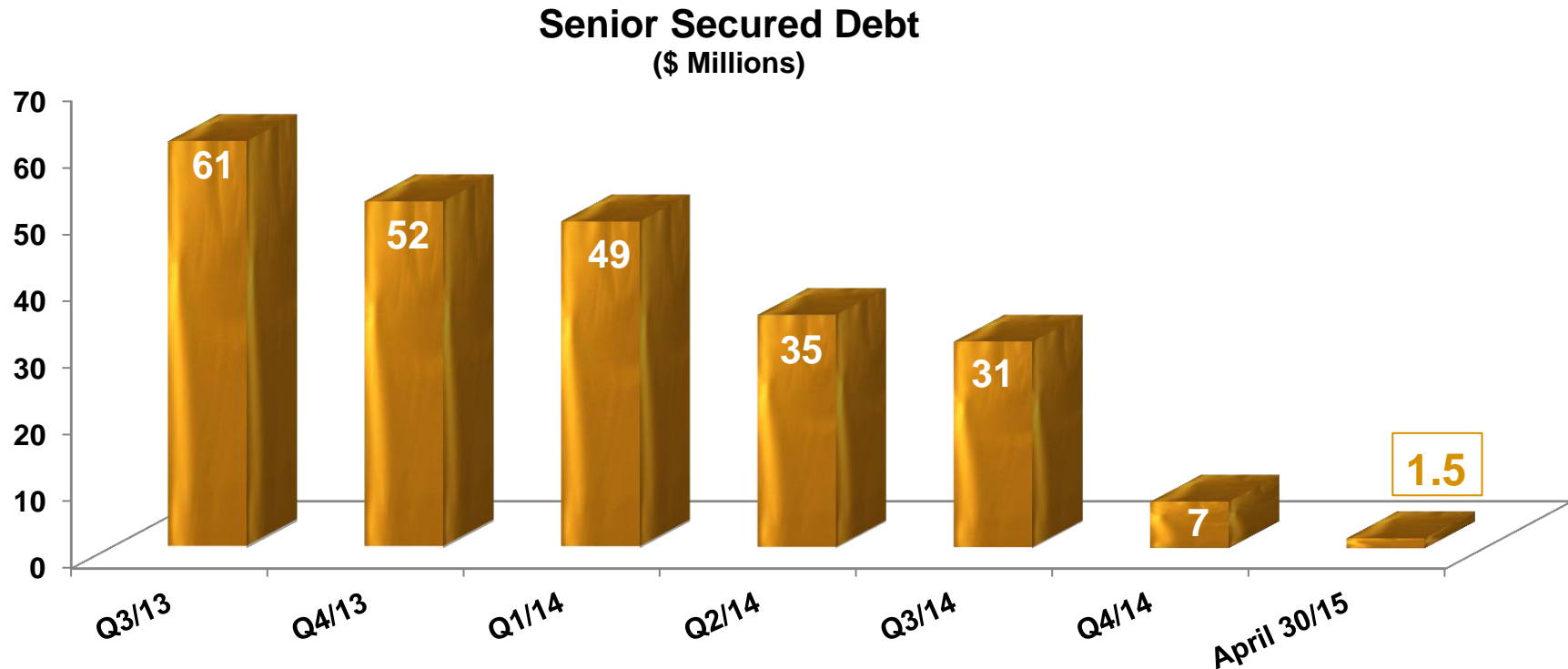


- Reduction in Q4/14 reflected early repayment of standby line

**Cash & Bullion of Approx. \$77 million at March 31/15**



# Eliminating Senior Secured Debt



- Repaid \$60.0 million of debt since Q3/13
  - \$30 million related to standby line (fully repaid as of Dec. 31/14)
  - \$19 million to gold-linked note (@ \$3.0M O/S at Mar. 31/15)
- Repaid \$44.7M in 2014

# Back in the Business of GROWTH

2 Drills Working at  
144 Gap Discovery



- 29% increase in ore reserves (announced March 21, 2015)
- Major new discovery at 144 Gap
- New underground exploration program at Bell Creek

# LSG – Phases of Building a Company

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Debt included \$70M  
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Production

AND REPEAT  
Exploration

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discoveries  
Extend mine life,  
grow resources



## LSG Hits Its Strike in Q4/13

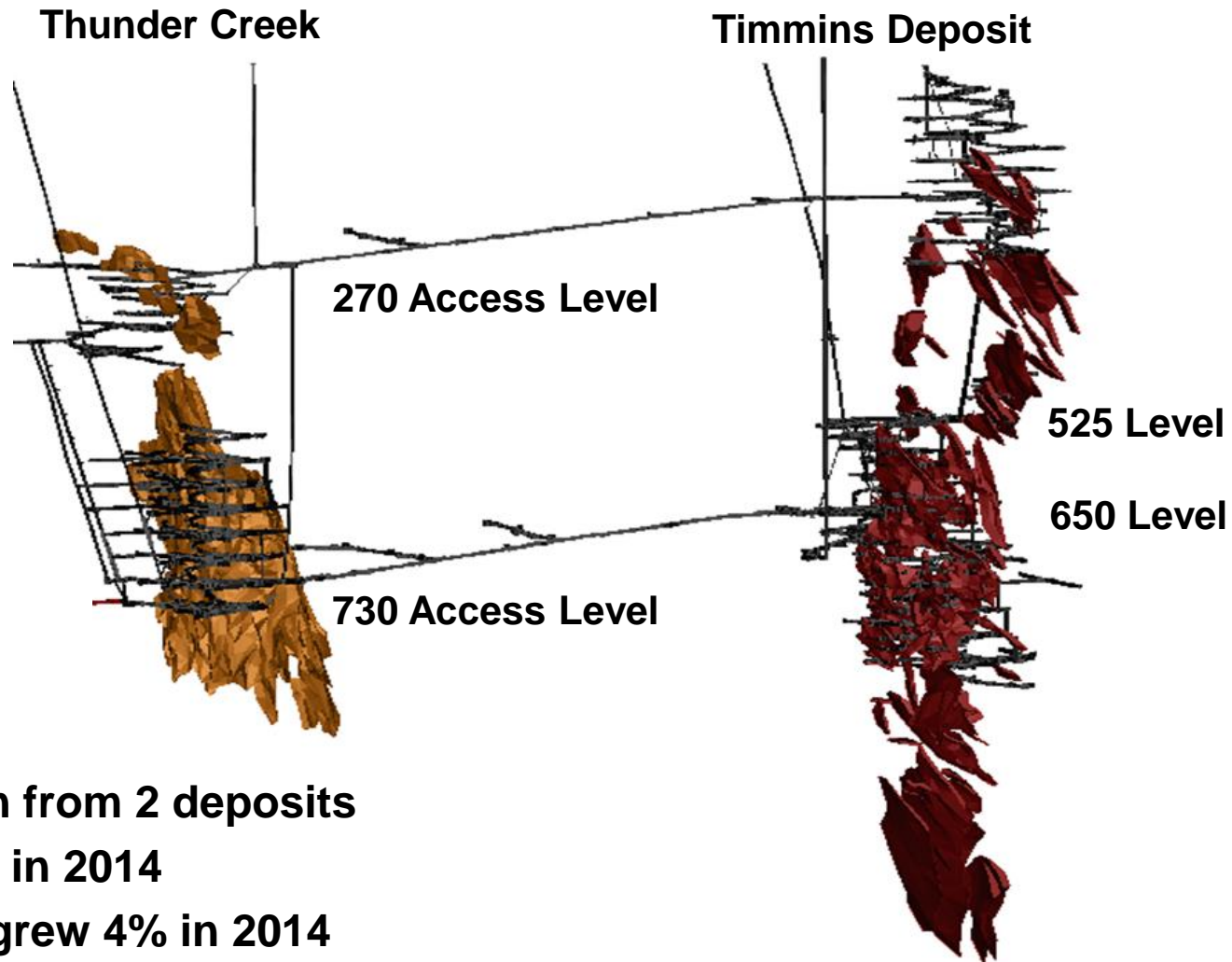
- Completed Mill expansion during Q3/13
  - 3,400 tonnes per day in September '13
- Increased production to 51,700 oz in Q4/13
- Significantly improved cash costs and AISC
- Began generating net free cash flow
- Increased cash and bullion from \$15M at Sept. 30/13 to Dec. 31/15

# LSG: A Year Ago Today

- Achieving strong levels of performance
  - Achieving strong production growth
  - Driving costs lower
  - Growing cash rapidly
- Resumed drilling to replace/grow reserves in Jan. 2014
- Commenced drilling for new discoveries in August 2014

# Timmins West Mine

## Timmins West Mine

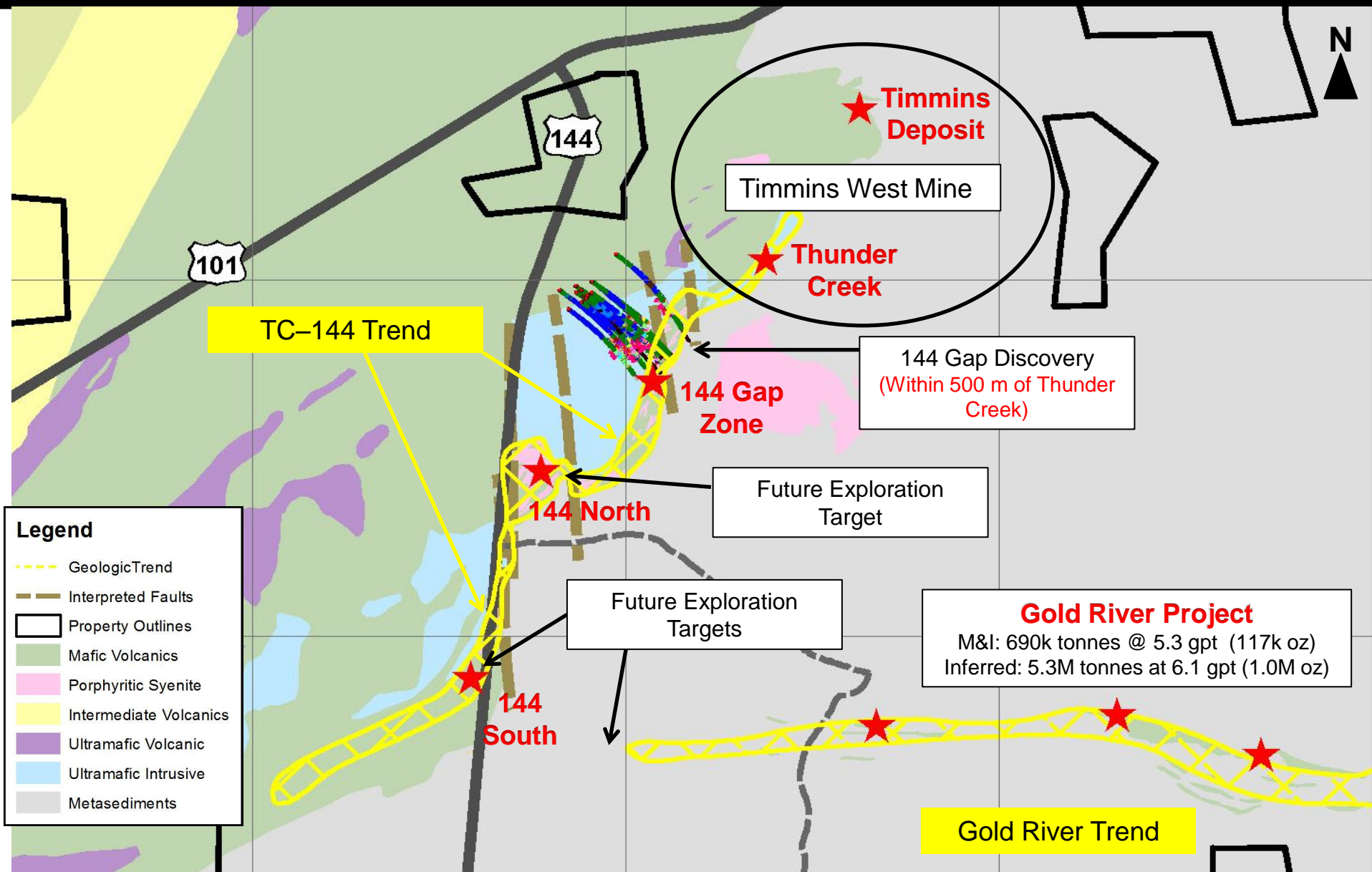


- Production from 2 deposits
- 142,200 oz in 2014
- Reserves grew 4% in 2014



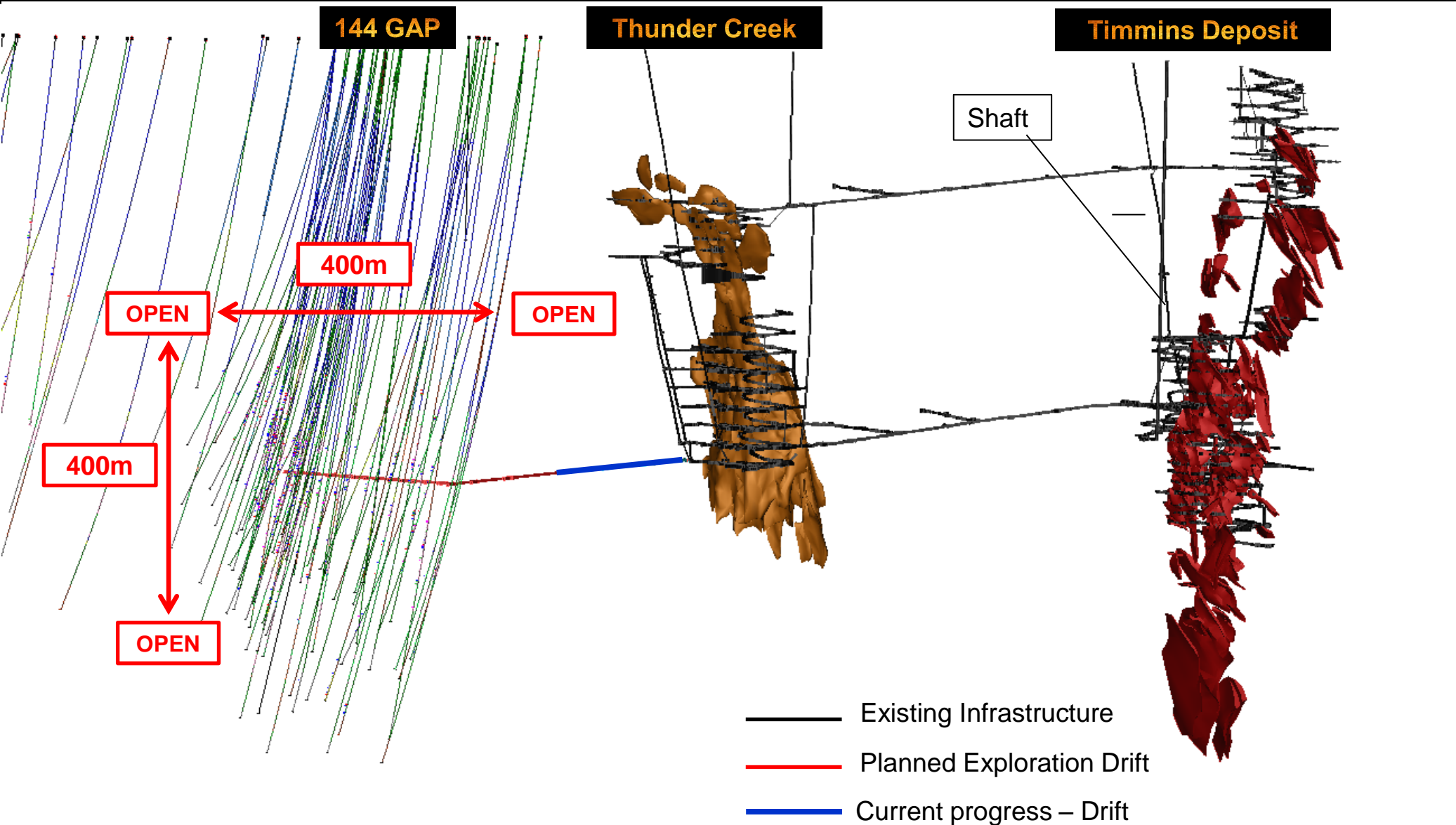
# Timmins West Complex

## Potential for Multiple Gold Deposits



# 144 Gap Zone

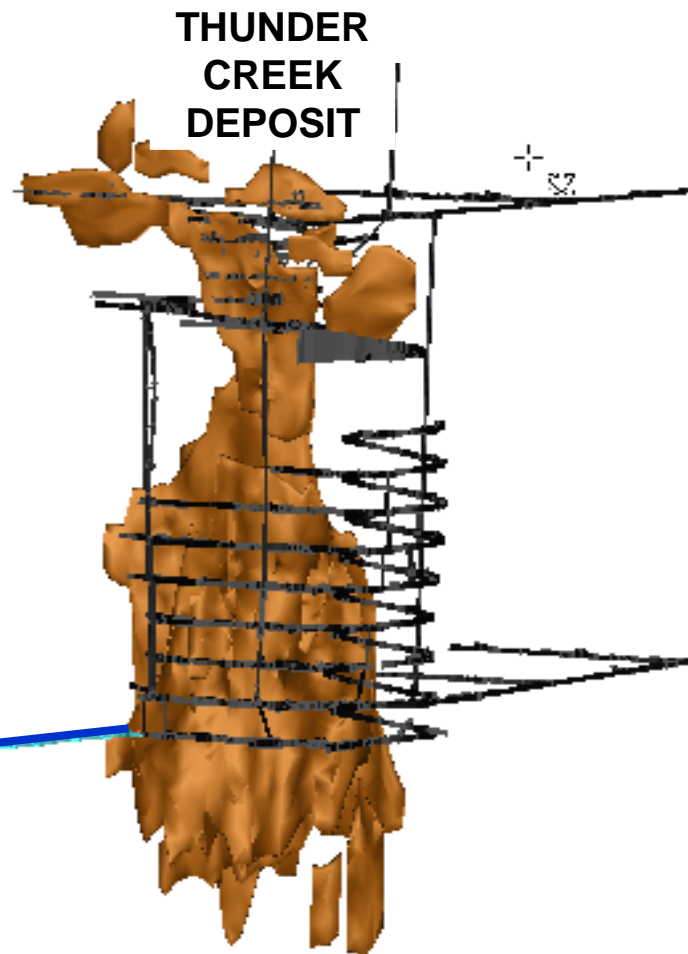
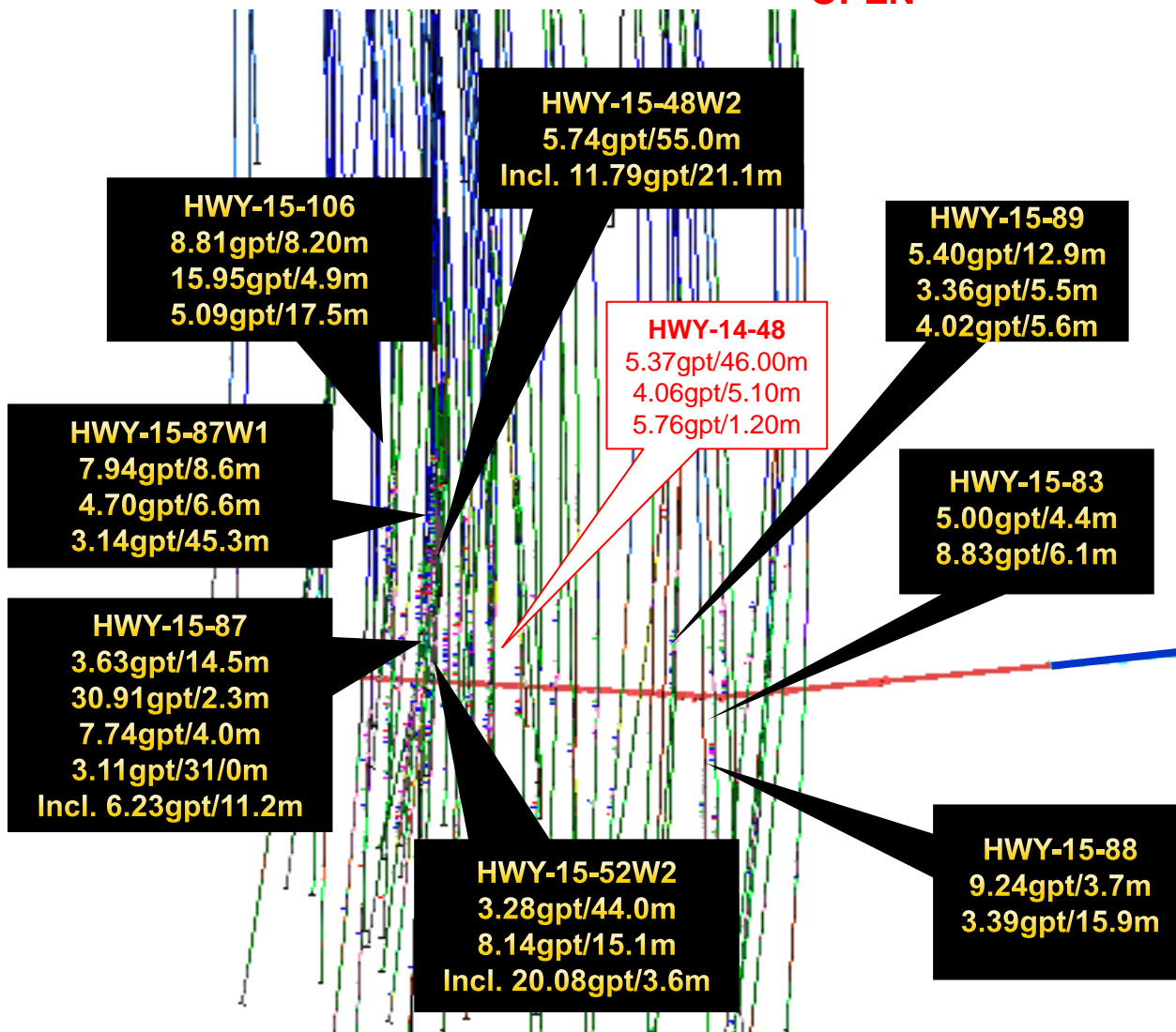
400 Metres Along Strike, 400 Metres Down Dip – OPEN



# 144 Gap Zone

April 27/15 Release – 50 Metres Extensions to West & Vertical Height

OPEN ← 400m → OPEN



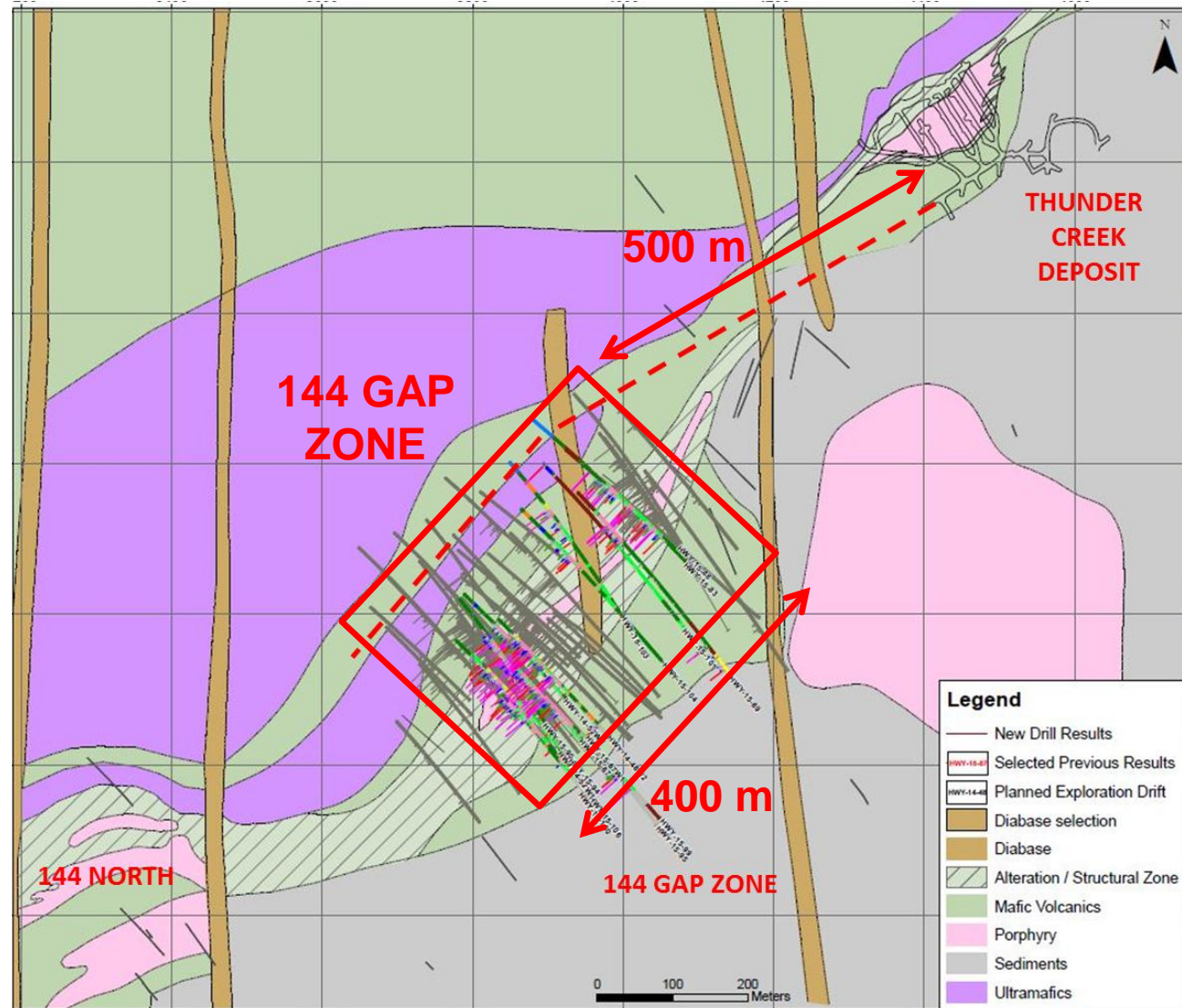
- Existing Infrastructure
- Planned Exploration Drift
- Current progress – Drift



# 144 Gap Zone

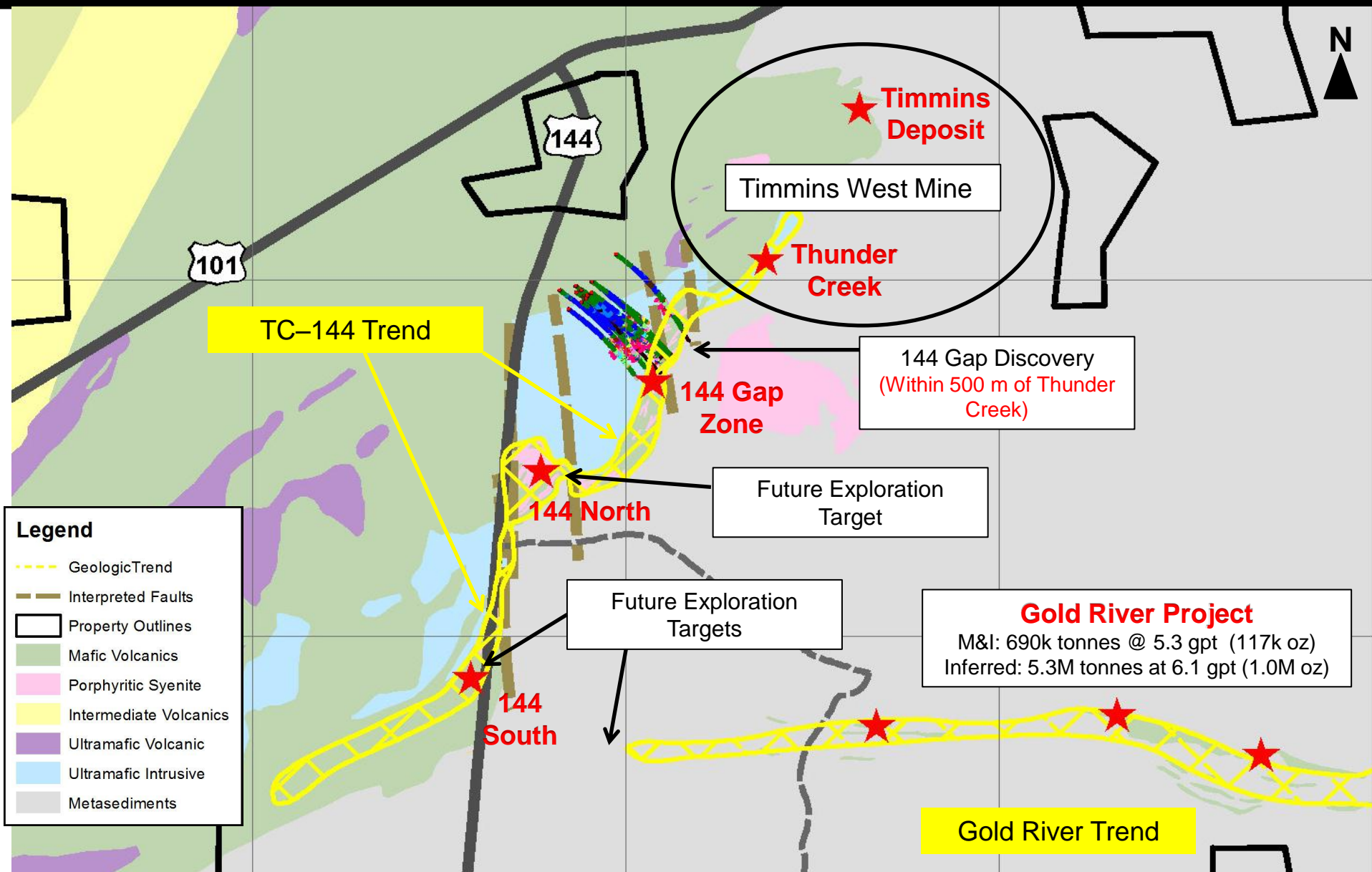
## Targeting First Resource for Year-End 2015 (Released in Q1/16)

- Large zone identified
  - 400 m x 400 m
  - Within 500 m of Thunder Creek
- \$18.0M initial exploration program in 2015
  - 90k m surface drilling
  - 30k m U/G drilling
  - Exploration drift from Thunder Creek
- \$7.0M added to '15 program (May 4<sup>th</sup> press release)
  - 50k m surface drilling
  - 10k m U/G drilling
  - New surface geophysical program SW of 144 Gap & western ext. Gold River



# Timmins West Complex

## Potential for Multiple Gold Deposits



# LSG: Big Things Happening at the Big Event

## Lake Shore Gold in May 2015

- On track for another strong year
- Building cash and financial strength
- Continued progress at 144 Gap Zone
  - First resource early in 2016

**Last Payment on Senior Secured on May 29, 2015**

**\$70M Fully Repaid from Internally Generated Cash Flow**

# Non-GAAP Measures<sup>(1)</sup>

## **Cash Operating Costs per Ounce**

*Cash operating cost per ounce is a Non-GAAP measure. In the gold mining industry, cash operating cost per ounce is a common performance measure but does not have any standardized meaning. Cash operating costs per ounce are based on ounces sold and are derived from amounts included in the Consolidated Statements of Comprehensive Loss (Income) and include mine site operating costs such as mining, processing and administration, but exclude depreciation, depletion and share-based payment expenses and reclamation costs. The Company discloses cash cost per ounce as it believes this measure provides valuable assistance to investors and analysts in evaluating the Company's performance and ability to generate cash flow. This measure should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP such as total production costs. A reconciliation of cash operating costs and cash operating cost per ounce to total production costs for the years ended December 31, 2014 and 2013 is set out on page 19 of the Company's 2014 and fourth quarter of 2014 Management Discussion & Analysis ("MD&A"). A reconciliation of cash operating costs and cash operating cost per ounce to total production costs for the three months ended March 31, 2015 is set out on page 16 of the Company's first quarter 2015 2014 MD&A.*

## **All-In Sustaining Costs per Ounce**

*Effective the second quarter 2013, the Company has adopted a total all-in sustaining cost ("AISC") performance measure. AISC is a Non-GAAP measure. The measure is intended to assist readers in evaluating the total costs of producing gold from current operations. While there is no standardized meaning across the industry for this measure, the Company's definition conforms to the AISC definition as set out by the World Gold Council in its guidance note dated June 27, 2013. The Company defines all-in sustaining cost as the sum of cash costs from mine operations, sustaining capital (capital required to maintain current operations at existing levels), corporate general and administrative expenses, in-mine exploration expenses and reclamation cost accretion related to current operations. All-in sustaining cost excludes growth capital, reclamation cost accretion not related to current operations and interest and other financing costs. A reconciliation of all-in sustaining costs and all-in sustaining cost per ounce to total production costs for the years ended December 31, 2014 and 2013 is set out on page 20 of the Company's 2014 and fourth quarter 2014 MD&A. A reconciliation of cash operating costs and cash operating cost per ounce to total production costs for the three months ended March 31, 2015 is set out on page 17 of the Company's first quarter 2015 2014 MD&A.*

(1) The Company's MDA's for the full year and fourth quarter of 2014 and first quarter of 2015 are posted at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.lsgold.com](http://www.lsgold.com).