

Letter to the Shareholders

Success in the field is what makes an exploration company. Shield Mining has had its share of success this year culminating in a drilling programme at the Tijirit project in Mauritania that confirmed the presence of sub-surface gold and the geological similarities to the nearby Tasiast Gold Mine.

Following a soil sampling programme, which delineated six prospects at Tijirit, a trenching programme was conducted over the anomalies. This gave some encouragement and, in March 2009, a decision was made to undertake a small drilling programme prior to the end of the field season. This programme, of 3,250 metres and 52 holes, was completed in April 2009 over three of the prospects. Results were received in May with the following highlights:

- 6 metres @ 17.63 g/t Au (from 10m to 16m depth in ERC4);
- 6 metres @ 10.47 g/t Au (from 16m to 22m depth in SRC10); and
- 2 metres @ 24.90 g/t Au (from 56m to 58m depth in SRC24).

Interpretation of these results followed, with plans and sections posted on the website.

What we now have is the potential to discover a new goldfield in a parallel zone to the Tasiast belt. Both Tasiast and Tijirit are associated with the banded iron formations (BIFs) and Shield has only explored a very small portion of the approximately 25 kilometres of BIFs on the Tijirit licence area.

Following this successful drilling programme, the Company launched a rights issue to allow you, our shareholders, to participate in the next phase of exploration. This issue was fully subscribed and a small private placement was simultaneously announced. A total of \$2.1 million was raised. This was a very successful outcome which will allow the Company to now progress to the next stage of exploration. This includes:

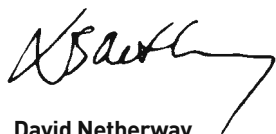
- extending the current drilling programme along the strike of the prospects;
- extending the current drilling at depth;
- drilling out the three other prospects;
- additional ground geophysics over the prospects; and
- regional exploration for more prospects in the licence area.

Preparation for this programme will commence in September 2009 with first results expected by the end of the year.

No work was conducted on the Saboussiri licence during the year, pending renewal of the licence, which was only received in January 2009. This licence has been reduced in area to cover a strong geophysical anomaly. We also elected to close our office in Madagascar to concentrate Shield's efforts on Mauritania, and Tijirit in particular.

I would like to thank our teams both in Mauritania and in Perth for their efforts during the year as this has been critical to our success.

On behalf of the Board of Directors of the Company, I thank you, our shareholders, for your continuing support during this very difficult year in the global financial market and for the success of the recent rights issue. With the necessary funding now in place, we look forward to having more exploration success in the year ahead.



David Netherway

Chief Executive Officer/Managing Director

