



Canadian Shield
RESOURCES LTD.

Trading Symbol (TSX V: EXP)
www.canadianshieldresources.com

CORPORATE OFFICE

151 Bloor Street West, Suite 703
Toronto, Ontario
Canada M5S 1S4
Tel (416) 927-0025
Fax (416) 927-1222

EXPLORATION OFFICE

Calle Dos de Mayo 472
Miraflores, Lima 18
Peru
Tel (511) 719-6152
Fax (511) 446-1194

To: New Shareholders

From: Keith A. Laskowski – President and Director

Subject: Program Update – Canadian Shield Resources Ltd.

Date: December 22, 2009

As the year comes to an end, I would like to provide you with a brief summary and description of our strategy and programs at Canadian Shield. I hope that this will become a regular update, provided each quarter. Please contact me with any additional questions you may have (klaskowski@canadianshieldresources.com or 720 272 6224).

Introduction-New President: I would like to start by introducing myself, to those I have not met. I joined Canadian Shield in June, and the last 6 months have included a re-direction of the Company. By way of introduction, I have worked as a gold exploration geologist since 1980, and have held a variety of positions, working for Newmont Exploration Ltd. for 17 years, for an individual private investor for 8 years, and as a senior officer with junior exploration companies for the last 5 years (see www.kalexploration.com for details). Most recently, I directed a successful uranium exploration and acquisition program, which led to that company being acquired in a friendly takeover at a 93% premium to market value (12/07-Northern Canadian Uranium acquired by Bayswater Uranium Corp). Starting in 2005, I directed a successful gold exploration program in Haiti for Eurasian Minerals, which has been acquired by Newmont through four Joint Venture agreements. I consider my specialty to be generative gold exploration and identification of new gold deposits.

I joined Canadian Shield as a director in June of this year, and was appointed President in August, however my familiarity and involvement with the program dates back to 1998. In that year, I started a new exploration program for a private investor, with the goal of making *new gold discoveries* in southern Peru. Peru was selected because it has many historic and recent gold discoveries (strong gold endowment), and the government of Peru had proved to be stable and supportive of the development of a modern mining industry. Southern Peru was selected as an exploration area, because it possesses the same, highly endowed and productive geology that host's the fabulous Yanacocha and Pierina gold deposits in northern Peru (>50 million ounces), and because southern Peru was receiving a much lower level of exploration, than northern Peru. We created a sophisticated exploration database utilizing the most advanced data and processing techniques, to identify new gold deposits in the vast and remote Andes of southern Peru.

Using the database Gallant Minerals Peru Ltda. was able to identify and acquire four new project areas, which contained several new gold occurrences. Gallant Peru ceased

exploration in 2002 after evaluating only a fraction of the target areas and 90% of the company was sold to Canadian Shield in 2004. This provided Canadian Shield with 3 gold projects, and the regional exploration database. Canadian Shield also acquired a second private company, Anderson Peru Mining and Exploration SAC in 2007, providing 3 additional gold projects. With Anderson Peru, Canadian Shield also acquired a highly experienced and capable geologist, Mr. Phil Anderson, who has served as Canadian Shield's Vice President-Exploration since that time. Given the opportunity, I was very excited to join Canadian Shield earlier this year, so that I could return to Peru and pursue new gold targets and follow-up on the program that we started in 1999. Since joining, I have been trying to re-organize various parts of the program, in an effort to advance the company, through development of a strategic gold focused program, in Peru.

Strategy: Canadian Shield now owns or controls 7 gold exploration projects containing more than 16,000 hectares of land in Peru, and the regional exploration database. As mentioned above, I have worked with companies that have been successful by applying two different strategies. In one case, we were successful by securing mineral resources, thereby increasing the value of the company and attracting a takeover by a larger company. In the second case, the company was successful by making low-cost gold discoveries that were of the quality to attract the interest of a larger company, willing to fund all exploration and development costs. I feel that Canadian Shield is in a unique position, because it provides the opportunity to pursue both of these strategies, simultaneously. Canadian Shield has good gold resource potential, having at least two projects that have immediate potential to establish sizeable gold resources (at a relatively low-cost). Separately, Canadian Shield owns the regional exploration database which provides the opportunity to identify new gold discoveries, with low cost exploration. ***Our strategy is to pursue the development of gold resources on our best projects, which will establish a core market value for the company. Simultaneously, we will pursue new gold discoveries, which can generate significant upside value to shareholders. In each endeavor, we will seek to attract a favorable business partner or alliance to achieve maximum value for our shareholders.***

Resource Definition: Of the seven gold projects within Canadian Shield, the Colpayoc Project and the Estrella Project are the most advanced. These projects have received different levels of surface exploration, and drilling which is described in our recent News Release (Dec. 15, 2009: Canadian Shield Updates Exploration Projects). In each case, the data has been provided to the public through a series of prior news releases, which described the programs at each stage of results.

Over the last three months I have worked with our Lima Office, to consolidate and evaluate all of the prior work, and to provide a description of the status of each property. In each case, the results are of a significant level to prepare an initial resource estimate; however we have not yet completed a proper Technical Report, as mandated by the regulations of the Toronto Stock Exchange. Therefore these results were described as exploration results from an exploration target. Our recent news release describes the results from each property, and also announces that we are commissioning a proper NI

43-101 Technical Report which will allow us to describe a potential mineral resource, including tonnage and grade, and contained ounces of gold and silver. I am confident that these properties will contain sizeable gold and silver resources, once we have completed additional work.

The Colpayoc Property contains a porphyry gold-copper mineralizing system that has received a limited amount of exploration. There are six areas of mineralization, of slightly different styles and composition, but all containing gold and/or silver. Most work has centered on an area called the Daylight Zone. Assays from trench and drill holes range from 0.2 – 2.9 grams per ton gold with an average grade of 0.50 grams per ton (there are 31.1 grams of gold in one ounce). The work that has been completed at the Daylight Zone identifies an area containing a minimum of 25 million metric tonnes of mineralization with an average grade of 0.50 grams per tonne. We have only begun to explore this mineralization, and we know it extends in many directions, but we do not know how far, or what the grade of the mineralization will be.

This type of gold deposit is present in other regions of Latin America, specifically at the Minas Congas project of Newmont/Buenaventura, and the Cerro Corona mine of Goldfields located in northern Peru, in Chile at the Maricunga District and in Colombia, including the fabulous La Colossa deposit of AngloGold. The deposits can contain from 3 million ounces (Cerro Corona) to more than 20 million ounces of gold (La Colossa). These types of deposits commonly contain more than 100 million metric tonnes of mineralization, and therefore can be very attractive. At Colpayoc, the average grade of the samples is 0.5 g/t, which is less than the average grade of most of these types of deposits. However I must emphasize that we are at a very early stage of exploration, and we know there are large areas with higher grade mineralization within this initial estimate. Therefore we are confident that the size of the mineralized area and the grade of the mineralization will increase.

There are two important points here. First, the exploration results are only preliminary, because the work has identified areas of gold + copper mineralization, however we do not have any idea how much mineralization there is. Most of our samples contain some level of gold and copper mineralization, but we do not know how far the mineralization continues at depth, from the areas that have been studied. The size of the known deposit will get larger, as we conduct additional drilling. The second point is that we have 5 other areas of mineralization on the same property, which have received very little exploration. We will learn more about these areas in the future, but for now, they contain a great deal of potential to contain additional gold and silver mineralization. We had planned to conduct a small shallow drilling program at Colpayoc in December, however we have encountered a local community that is opposed to our work, so the drilling was suspended until we can reach agreement. This is a common problem in northern Peru, near the huge mines at Yanacocha, and we are utilizing experienced consultants to assist with our expanded community relations programs and to advance our drilling program in the near future.

The Estrella Property contains a volcanic-hosted epithermal gold-silver system that is continuous and extends over a distance of 1,200 meters north-south, and about 200 meters east west. The geology is described in detail in the prior news release, however the gold assays from the outcrops and drill holes range from 0.2 – 54.0 grams per tonne with an average about 0.44 grams per tonne. Silver assays from the same samples range from 15 – 1,400 grams per tonne and average 21.15 grams per tonne (there are 31.1 grams of silver in an ounce). Based on the work that has been completed, including 33 drill holes, we know that the area of mineralization is quite complex, and that the mineralization extends beyond our sampling in all directions. We do not know how large the area of mineralization is. We also know that the grade of the gold and the silver mineralization is variable, and that there are areas of higher grade that are of importance. We can estimate that there is at least 35 million metric tonnes of mineralization, however we do not know how large the area of mineralization may be. I can predict with certainty that the area of mineralization will contain at least 55 million tonnes, however it is possible that the area of mineralization could also be much larger than this, perhaps in excess of 75 million tonnes.

In each case, the Colpayoc and Estrella projects have the potential to contain multi-million ounce gold deposits, and in the case of Estrella, 10s of millions of ounces of silver, as evidenced by similarities to other deposits. At this time, we have no guarantee that any of this mineralization can be mined economically, however I am confident that the deposits are worthy of further work, to determine more accurately the chances of these properties containing economically viable deposits for mining. Canadian Shield is now in discussions with SRK Consultants, an international independent consulting firm, to prepare an accredited Technical Report for each project. Each report will contain a resource estimate for each project. The results of this work may include a detailed block model, which can be used to guide additional drilling and resource definition. The resources that are defined by this work will provide a measurable value for each property, which can then be included in the valuation of the share price of Canadian Shield. At this time I am confident that the contained value in the properties meets or exceeds the current share value of the Company.

Regional Gold Exploration: Canadian Shield owns a very sophisticated gold exploration database which was acquired from Gallant Minerals Peru Ltda. S.A. in 2004. The database contains all of the publicly available data commonly utilized for gold exploration, but importantly, it also contains a very expensive set of images, produced from processing of LANDSAT satellite imagery data. The database also contains a collection of more than 100 reports that were obtained from private libraries of historic mining companies. Taken together, all of this data can be used to identify new areas of potential gold mineralization, for the purpose of making new gold discoveries.

Earlier in 2008, Canadian Shield was approached by Kinross Gold Corporation, one of the larger gold producers in the world, to form a gold exploration alliance in Peru. In June of 2009, Canadian Shield signed a non-binding Letter of Intent with Kinross, forming an Exploration Alliance, utilizing the regional database and our staff to identify new gold deposits. Canadian Shield was honored to have such interest from a major company and

we sought to conclude a binding agreement. After 5 additional months of negotiations, I felt that the agreement in total would be unfair to Canadian Shield and its shareholders, and I encouraged the Board of Directors to withdraw from the Letter of Intent. The terms as requested by Kinross would have resulted in Canadian Shield losing 75% of each new property, within a very short period of time and a relatively small expenditure. After withdrawing from the Alliance, Canadian Shield is now well positioned to utilize its regional database to acquire new properties. We announced the commencement of the **Regional Andean Gold Exploration Program (RAGE)** on December 7, 2009.

MARKET NEWS: The following slide contains a summary of the share structure of Canadian Shield.

Share Structure

Gold in Perú! 

EXP: TSX Venture Exchange

Shares Outstanding		9,318,045
Stock Options		1,261,250 options exercisable at prices ranging \$0.50 to 6.00 per share
Warrants	Class P @ \$1.20 per share until July 10, 2010	1,062,500
	Class Q @ \$1.20 per share until Sept. 24, 2011	1,625,000
Fully Diluted		13,266,795
52-Week Range		\$2.00 - \$0.05
		Close 12/22/09 \$2.00
Share Ownership	Management & Insiders	38.3 %
	Public Float	61.7%

TSX.V
EXP

6

As of December 22, 2009



The news release describing our decision to withdraw from the Exploration Alliance with Kinross was received favorably by the market, as our stock price started to climb, as shown on the following chart. The market continued its support, following release of the results from our evaluation of the Colpayoc and Estrella projects.



5

FINANCING: We are now completing non-brokered private placement, as described in the news release dated December 16, 2009. We are planning to raise up to \$2.0M for the Regional Andean Gold Exploration program, and for General Corporate Purposes. We are seeking to attract strategic investors that will support the current and future programs of the Company

NEXT STEPS: Based on the work of the last 6 months, we can now move forward to develop defined resources on Colpayoc and Estrella, and separately pursue new gold deposits using our regional exploration database. To do so, the work over the next three months will involve:

- acquisition of additional staff,
- additional geological studies on the drill core from Estrella, and geological modeling to produce Technical Reports for both Estrella and Colpayoc.
- Advanced Community Relations at Colpayoc to obtain an agreement for drilling with the Chetilla community.
- Pursuit of new target areas for acquisition in Peru, using the database and experience.
- Review of remaining projects which for future programs.

We have held preliminary discussions with various groups, to consider possible ventures on all of these properties. I will provide a more detailed description of these remaining properties, and the status of possible ventures, in the next report, planned for March 2010.

FORWARD LOOKING STATEMENTS: *Certain information contained in this presentation constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating commodity prices, unforeseen permitting requirements, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors. The Corporation undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.*