SHIELD GOLD INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year ended October 31, 2009

This management's discussion and analysis ("**MD&A**") should be read in conjunction with the audited financial statements for the year ended October 31, 2009 of Shield Gold Inc. ("**Shield**" or the "**Corporation**"), posted on SEDAR at www.sedar.com and Shield's audited financial statements for the year ended October 31, 2008, including notes thereto. The audited statements for 2008 are posted on SEDAR.

The reporting and measurement currency is in Canadian dollars.

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the MD&A. Forward-looking statements are based on the estimates and opinions of Shield's management at the time the statements were made. Shield assumes no obligation to update forward-looking statements should circumstances or management's estimates change.

This MD&A is dated as of February 11, 2010.

OVERVIEW

Shield is a public Company trading on the TSX Venture Exchange Inc. (the **"Exchange"**) under the Symbol SHG.P.

Shield was incorporated on February 4, 2004 under the *Business Corporation Act* (Ontario). The Corporation is classified as a Capital Pool Company as defined in Policy 2.4 (the "CPC Policy") of the Exchange. The Corporation had not commenced operations as at the balance sheet date.

On November 24, 2004, the Corporation issued 2,200,000 common shares to seed investors for cash consideration of $220,000. On October 16, 2006, the Corporation issued 550,000 common shares primarily to its directors and officers for cash consideration of $55,000. On May 29, 2007, the Corporation cancelled 109,791 common shares registered in the names of the directors in connection with a waiver granted by the Exchange.

On June 29, 2007, the Ontario Securities Commission issued a final receipt for the prospectus of the Corporation dated June 26, 2007. Pursuant to the June 26, 2007 prospectus, the Corporation proposed to complete an initial public offering ("**IPO**"), through Global Securities Corporation (the "**Agent**"), of a minimum of 2,500,000 Common Shares and a maximum of 3,500,000 Common Shares at a price of $0.20 per Common Share.

In September 2007, the Agent advised the Corporation that due to the state of the capital markets, it would not be able to complete the IPO at the offering price of $0.20 per Common Share.

The Corporation and the Agent agreed to proceed with a revised offering at the offering price of $0.10 per Common Share and in connection therewith entered into an amendment to the Agency Agreement dated November 27, 2007. The amendment extended the term of the Agency Agreement until February 28, 2008 and amended the terms of the IPO by reducing the offering price to $0.10 per Common Share and increasing the number of shares to be offered to a minimum of 5,000,000 and a maximum of 7,000,000.

To protect the seed investors who purchased seed shares at $0.10 per share, the directors subsequently determined that it would be in the best interests of the current shareholders to complete a stock spilt on a 2 for 1 basis of the current issued and outstanding Common Shares. At a special meeting of shareholders held on December 14, 2007, the Shareholders approved a 2 for 1 stock split of all existing issued and outstanding Common Shares. On December 19, 2007, articles of amendment were filed subdividing the issued and outstanding Common Shares on a 2 for 1 basis. As a result of this stock split the effective cost base per share for the existing shareholders was cut in half.

To ensure that the Corporation could meet any financial obligations it might incur prior to completion of the IPO, on January 24, 2008 the Corporation raised an additional $30,000 of capital through a private placement of common shares (the "**January Private Placement**"). The common shares were offered at a price of $0.05 per Common Share to existing shareholders of the Corporation. The only subscribers in the January Private Placement were directors of the Corporation. On January 24, 2008 an additional 537,182 Common Shares registered in the names of the directors were cancelled in connection with the expense limit waiver granted by the Exchange.

On May 16, 2008 the Ontario Securities Commission issued a final receipt for an amended and restated prospectus of the corporation dated May 9, 2008, which reflected the amendments to the terms of the IPO as mentioned above (the "**Amended and Restated Prospectus**"). Pursuant to the Amended and Restated Prospectus, the Corporation proposed to complete an IPO of a minimum of 5,000,000 Common Shares and a maximum of 7,000,000 Common Shares at a price of $0.10 per Common Share.

The Corporation closed the Initial Public Offering in June 2008 for 7,000,000 units at $0.10 per unit for gross proceeds of $700,000. After expenses of the issue the Corporation netted $543,620.

On August 4, 2009 the Corporation entered into a letter of intent, as amended by an amending agreement on October 15, 2009 (collectively, the "**LOI**"), with Eloro Resources Ltd. ("**Eloro**") pursuant to which the Corporation has acquired an option to earn an undivided 50% interest in the Summit-Gaber Property. The transaction contemplated by the LOI will constitute the Corporation's Qualifying Transaction and will not constitute a Non Arm's Length Qualifying Transaction under the rules of the Exchange. The directors and officers of the Resulting Issuer will be the same as those of the Corporation.

In order to maintain the option on the Summit-Gaber Property in good standing the Corporation shall make the following amounts available for expenditures on the Summit-Gaber Property, make the cash following payments and issue the following Common Shares to Eloro:

Date of Completion	Cash Payment	Exploration and Development Expenditures to be Incurred	Number of Shield Common Shares Issued
Prior to signing the definitive agreement	$25,000	Nil	Nil
On signing of the definitive agreement	$25,000	Nil	100,000
By the first anniversary of signing the definitive agreement	Nil	$250,000	0
On the first anniversary of signing of the definitive agreement	$30,000	Nil	Nil

Date of Completion	Cash Payment	Exploration and Development Expenditures to be Incurred	Number of Shield Common Shares Issued
By the Second anniversary of signing the definitive agreement	Nil	$450,000	200,000
By the third anniversary of signing the definitive agreement	Nil	$800,000	300,000
TOTAL:	$80,000	$1,500,000	600,000

Upon the satisfaction of these expenditures and shares issuances, the Corporation will have exercised the option and acquired an undivided 50% interest in the Summit-Gaber Property. Once the option has been exercised, Shield and Eloro intend to form a joint venture for the purposes of further exploration and development of the Summit-Gaber Property and the operation of the Summit-Gaber Property or a portion thereof as a mine.

On November 25, 2009, the Corporation paid the initial cash payment of $25,000 to Eloro pursuant to the terms of the LOI with Eloro.

The Summit-Gaber Property is located in the La Grande Greenstone Belt, north-western Quebec. An initial work program has been completed by Eloro, and Eloro has received a Technical Report which recommends Phase I and Phase II work programs.

The completion of the Qualifying Transaction contemplated by the LOI is subject to certain conditions, including (a) obtaining all necessary regulatory approvals, including the approval of the Exchange, including, without limitation, the Exchange being satisfied that after the completion of the transaction the Corporation will satisfy the Exchange's minimum listing requirements for a Tier 2 Mining Issuer as prescribed by the Exchange's Policy 2.1 (Minimum Listing Requirements), and (b) other conditions under the LOI which are typical for a transaction involving the acquisition of an interest in a mining property.

The viability of the Corporation is dependent upon the Corporation finding and completing a Qualifying Transaction within 24 months from the date of listing on the Exchange. To date, the Corporation has not conducted material operations of any kind.

RESULTS OF OPERATIONS

For the year ended October 31, 2009

The Corporation is a Capital Pool Company without any operations. During the year ended October 31, 2009, substantially all the Corporation's activities were involved in negotiation and settlement of the LOI with Eloro and the preparation of the application to the Exchange for approval of the Qualifying Transaction.

During the period, the Corporation incurred net expenses of $123,721 ($99,020 for the prior period), of these $81,053 ($88,429 for the prior period) were incurred for professional fees and $21,144 ($10,652 for the prior period) were incurred for registration and transfer agent fees. The professional fees incurred were similar to the professional fees incurred in the prior period and were related to the costs of negotiation and preparation of the LOI, preparation and filing the Corporation's application to the Exchange for approval of the Qualifying Transaction and ongoing general corporate legal services. Registration and transfer agent fees were greater as a result of the application process for the Qualifying Transaction.

Summary of Quarterly Results

Statement of Operations Data	Quarter Ended October 31, 2009 (unaudited) ($)	Quarter Ended July 31, 2009 (unaudited) ($)	Quarter Ended April 30, 2009 (unaudited) ($)	Quarter Ended January 31, 2009 (unaudited) ($)	Quarter Ended October 31, 2008 (unaudited) ($)	Quarter Ended July 31, 2008 (unaudited) ($)	Quarter Ended April 30, 2008 (unaudited) ($)	Quarter Ended January 31, 2008 (unaudited) ($)
Total Revenues	1,645	72	893	2,326	4,518	-	-	-
Total Expenses	61,551	24,981	32,183	9,942	32,548	51,234	5,818	13,938
Net Income / (Loss)	(59,906)	(24,909)	(31,290)	(7,616)	(28,030)	(51,234)	(5,818)	(13,938)
Net Income / (Loss) per Share – Basic and Diluted	(0.005)	(0.002)	(0.002)	(0.001)	(0.01)	(0.01)	(0.01)	(0.01)

The Corporation is a Capital Pool Company without any operations. During the above noted periods, substantially all the Corporation's activities were involved in the preparation of the prospectus for the IPO, application for listing on the Exchange, negotiation of the LOI with Eloro and preparation of the application to the Exchange for approval of the Qualifying Transaction. The expenses incurred by the Corporation were similar in each of the above noted periods and related to the costs of each of the activities noted above.

WORKING CAPITAL

At October 31, 2009, the Corporation had positive working capital of $437,354, which is to be expended on a property of merit.

FINANCIAL INSTRUMENTS

The Corporation carries financial instruments as detailed on the balance sheet. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

LIQUIDITY

The Corporation finances its activities mainly through cash generated by share issuances. As of October 31, 2009 the Corporation had cash resources of $459,409.

The Corporation does not have any purchase obligations and has not engaged in any off-balance sheet arrangements as at October 31, 2009.

CAPITAL RESOURCES

The Corporation's balance sheet remains free from long-term debt and leases. The Corporation has been able to raise funds through share issuances.

TRANSACTIONS WITH RELATED PARTIES

Related Parties are defined as individuals owning greater than 10% of the Corporation's issued and outstanding shares, or companies owned or controlled by such individuals. The Corporation has had no transactions with related parties.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not enter into off-balance sheet arrangements with special purpose entities in the normal course of business.

OUTSTANDING SHARE DATA

Authorized:

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of preferred shares issuable in series and classes and an unlimited number of special non-voting shares issuable in series and classes, each as may be determined by the directors of the Corporation.

Issued common shares:

Number of Common Shares Issued and Outstanding	Amount
12,343,236	$775,080

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's Chief Executive Officer and Chief Financial Officer (the **"Certifying Officers"**) are responsible for the establishment and maintenance of a system of disclosure controls and procedures. This system is designed to provide reasonable assurance that information required to be disclosed by the Corporation under various securities legislation or the rules of regulatory agencies is appropriately reported within the time periods specified.

The Certifying Officers evaluate the system periodically throughout the year. They have concluded that the Corporation's disclosure controls are effective in providing reasonable assurance that material information relating to the Corporation is accumulated, reviewed by management and reported within the time periods specified.

The Certifying Officers are also responsible for the establishment of a system of internal controls over financial reporting. This system is designed to provide reasonable regarding the reliability and timeliness of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principals.

Ultimate responsibility for the financial reporting rests with the Board of Directors. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is composed of a majority of independent outside directors. It meets periodically with management and the external auditors to review accounting, auditing and internal control matters and regularly reports its findings and recommendations to the Board.

BUSINESS RISKS

The Corporation has no active business or assets other than cash, cash equivalents, and prepaid expenses. The Corporation does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the Qualifying Transaction. It is possible the Corporation may never generate earnings or be in a position to pay dividends. The directors and officers of the Corporation will only devote part of their time and efforts to the affairs of the Corporation. Certain directors and officers may be subject to potential conflict of interest situations in connection with operations of the Corporation.

CHANGE IN ACCOUNTING POLICIES

Effective October 1, 2007, the Corporation adopted the following accounting policies as recommended by the CICA handbook:

Section 3855 - Financial Instruments - Recognition and Measurement: Section 3855 requires that all financial assets, except those classified as held-to-maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held-for-trading; otherwise, they are measured at cost. Investments classified as available-for-sale are reported at fair market value based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss.

Section 1530 - Comprehensive Income: This standard introduces new rules for the reporting and display of comprehensive income. Comprehensive income represents a change in shareholders' equity (net assets) of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments, gains and losses on certain derivative instruments, and foreign currency gains and losses related to self-sustaining foreign operations.

The Corporation has designated its financial instruments as follows:

i. Cash and cash equivalents are classified as "Held-for-Trading". Due to their short-term nature, their carrying value is equal to their fair value. The classification did not have a material impact on the financial statements;
ii. Accounts receivable are classified as "Loans and Receivables". These financial assets are recorded at values that approximate their amortized cost using the effective interest method. The classification did not have a material impact on the financial statements; and
iii. Accounts payable and accrued liabilities are classified as "Other Financial Liabilities". These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method. The classification did not have a material impact on the financial statements.

Transition adjustment to opening balance: The adoption of Sections 1530 and 3855 did not impact the opening equity and losses of the Corporation.

The Corporation adopted the revised CICA Handbook *Section 1506, Accounting Changes*, which requires that: (a) a voluntary change in accounting principals can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Corporation has not made any voluntary change in accounting principles since the adoption of the revised standard.

Capital Disclosures – Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Corporation has included disclosures recommended by the new Handbook section in note 12 to these financial statements.

Financial instruments – Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Corporation has included disclosures recommended by the new section in note 13 to the financial statements.

GENERAL STANDARDS ON FINANCIAL STATEMENT PRESENTATION

CICA Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The Corporation has included disclosures recommended by this new standard in note 1 to these financial statements.

GOODWILL AND INTANGIBLE ASSETS

The CICA issued the new Handbook Section 3064, “Goodwill and Intangible Assets”, which will replace Section 3062, “Goodwill and Other Intangible Assets”. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008.

Effective October 1, 2008, the Corporation adopted Section 3064 “Goodwill and intangible assets” which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this new standard did not have an impact on the Corporation’s financial statements.

MINING EXPLORATION COSTS

On March 27, 2009, the CICA approved EIC 174, “Mining Exploration Costs”. This EIC provides guidance on capitalization of exploration costs related to exploration properties in particular and on impairment of long-lived assets in general. The application of this new accounting standard did not have a material impact on the Corporation’s financial statements.

CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In January 2009, the CICA issued EIC 173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. The committee reached a consensus that a Corporation's credit risk and the credit risk of its counterparties should be considered when determining the fair value of its financial assets and financial liabilities, including derivative instruments. The transitional provisions resulting from the implementation of EIC 173 require the abstract to be applied retrospectively without restatement of prior periods. The Corporation adopted this EIC effective January 20, 2009. The adoption of the EIC did not have a significant impact on the Corporation’s financial statements.

INVENTORY

Effective October 1, 2008, the Corporation adopted Section 3031 – Inventory of the CICA handbook. The adoption of this new inventory standard requires changes for accounting of inventory including the requirement to allocate overhead costs based on normal production levels and changes to the definition of net realizable value. The new inventory standard clarifies the definition of ‘cost’ to include all costs of purchase, costs of conversion and other costs incurred to bringing the inventories to their present location and condition. As a result, companies are required to systematically allocate fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads is based on normal production capacity of the production facilities. In addition, the standard requires companies to assess the recoverability of inventory costs in comparison to net realizable value. Declines in replacement cost below carrying values for raw materials inventories do not require write downs if the finished goods in which they will be incorporated are expected to be sold at or above cost. The adoption of this new standard did not have an impact on the Corporation’s financial statements.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of fiscal 2012 will require restatement for comparative purposes amounts reported by the Corporation for the 2012 Fiscal year. The impact IFRS on the Corporation's current financial statements has not yet been determined.

The Corporation is going to consult external advisors to assist in the development and execution of a changeover plan to complete the transition to IFRS by October 1, 2011, including the preparation of required comparative information. The key elements of the Corporation's changeover plan will include:

- Determine appropriate changes to accounting policies and required amendments to financial disclosures;
- Identify and implement changes in associated processes, and accounting, and information system;
- Comply with internal control requirements;
- Communicate collateral impacts to internal business groups; and
- Educate and train internal and external stakeholders.

The Corporation is going to analyzing accounting policy alternatives and identifying implementation options for the corresponding process changes. The Corporation will update its IFRS changeover plan to reflect new and amended accounting standards issued by the International Accounting Standards Board.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

a) Fair value – the Corporation has determined the estimated fair value of its financial instruments based on estimates and assumptions. The actual results may differ from those estimates and the use of different assumptions or methodologies may have a material effect on the estimated fair values. The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are comparable to their carrying value due to the relatively short period to maturity of these instruments.

b) Credit risk – the Corporation does not have any material risk exposure to any single debtor or group of debtors.

c) Commodity price risk – The ability of the Corporation to develop its properties and the future profitability of the Corporation is directly related to the market price of natural resources.

See note 13 in the audited annual financial statements for the year ended October 31, 2009 and 2008 for additional financial risk factors.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Corporation's results. Critical accounting estimates for the Corporation include property evaluations, capitalization of petroleum and natural gas exploration costs, and stock-based compensation variables.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.