SHIELD GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JANUARY 31, 2011

INTRODUCTION

The following Management Discussion and Analysis (MD&A) is for the three months ended January 31, 2011 and is provided as of March 31, 2011. This MD&A is to be read in conjunction with the audited financial statements of Shield Gold Inc. (the "Company" or "Shield Gold") for the years ended October 31, 2010 and 2009 and the unaudited interim financial statements for the three months ended January 31, 2011. The Company's independent auditors' has not performed a review of the financial statements for the three month period ended January 31, 2011. These documents are available on SEDAR at www.sedar.com. All dollar amounts are in Canadian dollars unless otherwise indicated.

Forward Looking Statements

This report may contain forward-looking statements that involve a number of risks and uncertainties including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, aboriginal challenges, delays in or failure to obtain governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.

OVERVIEW

Shield Gold was incorporated under the Business Corporations Act (Ontario) on February 4, 2004. The Company was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX-V"). During fiscal 2010, the Company completed its Qualifying Transaction whereby the Company entered into an Option and Joint Venture Agreement with Eloro Resources Ltd. to earn a 50% interest in certain mineral claims referred to as the Summit-Gaber Property in Quebec, Canada. In addition, the Company concurrently completed a private placement consisting of 2,600,000 flow-through units and 600,000 units at $0.05 per flow-through unit or unit for aggregate gross proceeds of $160,000. As a result, the Company began trading as a TSX Venture Tier 2 Company listed under the symbol "SHG" and is no longer considered a capital pool company and is classified as a junior mineral exploration company. The Company conducts the evaluation, acquisition, exploration and development of precious metal mineral properties in Canada.

Additional detail regarding the Qualifying Transaction, as well as information regarding the formative information of the Company, is available in the Company's filing statement dated March 31, 2010 filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com.

OVERALL PERFORMANCE

Exploration Activities

- On September 29, 2010, the Company completed a transaction whereby it entered into an Option and Joint Venture Agreement with Eloro Resources Ltd. to acquire a 50% interest over a three year period in certain claims referred to as the Summit-Gaber Property in the La Grande Greenstone Belt, Quebec. This transaction constituted the Company’s “Qualifying Transaction” in accordance with the policies of the TSX-V.

- On September 10, 2010, the Company increased its land position by entering into an Option Joint Venture Agreement with Virginia Mines Inc. to earn a 50% interest over a five year period in certain mining claims located in the La Grande Greenstone Belt, Quebec. These claims are referred to as the La Grande Nord Property.

- During the year ended October 31, 2010, the Company paid $50,000 and issued 100,000 common shares (fair value - $5,000) to Eloro Resources Ltd with respect to the Summit-Gaber Property.

- During the year ended October 31, 2010, the Company paid $10,000 to Virginia Mines Inc. with respect to the La Grande Nord Property.

- On October 26, 2010, the Company announced the completion of the field work with respect to the 2010 exploration program on the Summit-Gaber property, Quebec. The main focus of the 2010 exploration program was a reconnaissance B-horizon soil geochemical survey, as recommended in the National Instrument (NI) 43-101 compliant Technical Report on the Summit-Gaber Property, as prepared by MRB & Associates in September 2009.

Financing and Corporate

- During the year ended October 31, 2010, the Company culminated its Qualifying Transaction, among other things, and began trading as a TSX Venture Tier 2 Company listed under the symbol “SHG”. The Company is no longer considered a capital pool company and is classified as a junior mineral exploration company.

- On July 16, 2010, the Company closed a non-brokered private placement of 2,600,000 flow-through units and 600,000 non-flow-through units at a price of $0.05 per unit for gross proceeds of $160,000. Each unit, both flow-through and non-flow-through is comprised of one common share and one common share purchase warrant

- In connection with the above noted financing, the Company issued 220,000 broker’s warrants. Each broker’s warrant is exercisable until July 16, 2012 into one unit at an exercise price of $0.10 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share for a purchase price of $0.10 up to July 16, 2012.

EXPLORATION PROPERTIES AND JOINT VENTURE AGREEMENTS

Summit-Gaber Property

On September 29, 2010, the Company entered into a three year strategic Option and Joint Venture Agreement to acquire an initial 50% interest in the Summit-Gaber Property, in consideration of $80,000 in cash, the issuance of 600,000 common shares and completed exploration work over a three year period aggregating $1,500,000.

The Summit-Gaber Property is located in the La Grande Greenstone belt, north-western Quebec.

The transaction contemplated by the aforementioned Option and Joint Venture Agreement constituted the Company's Qualifying Transaction in accordance with the policies of the TSX-V.

During the year ended October 31, 2010, pursuant to the terms of the Option and Joint Venture Agreement, Shield Gold made the initial cash payment of $25,000 and fulfilled an additional cash payment commitment of $25,000 and issued 100,000 common shares of the Company with a fair value of $5,000.

To date, approximately, $180,000 of the required $1,500,000 exploration work commitments has been fulfilled with respect to the Option and Joint Venture Agreement.

Upon satisfaction of the above mentioned commitments, the Company will have exercised the option and acquired an undivided 50% interest in the Summit-Gaber Property. Once the option has been exercised, the Company and Eloro Resources Ltd. intend on forming a joint venture for the purposes of further exploration and development of the Summit-Gaber Property.

The property is subject to a 1% net smelter royalty.

The Company intends to proceed with the work program recommended under the National Instrument ("NI") 43-101 technical report filed by the Company, consisting of, among other things, surface exploration work of which the 2010 program was completed in October 2010. The report on this program has been received and identifies numerous targets for exploration for fiscal 2011.

The main focus of the 2010 exploration program was a reconnaissance B-horizon soil geochemical survey. The NI 43-101 report proposed that both VMS and Ni-Co-Ag arsenide mineralization be used as guidelines for future exploration and that this mineralization is possibly analogous to the silver-rich deposits in the Cobalt mining camp of north-western Ontario.

Results from exploration work are contained in press releases found on SEDAR at www.sedar.com as well as on the Company's website at www.shieldgold.com.

La Grande Nord Property

On September 10, 2010, the Company entered into a five year strategic Option and Joint Venture Agreement with Virginia Mines Inc. to earn a 50% interest in certain mineral claims referred to as the La Grande Nord Property located in the La Grande Greenstone Belt, Quebec.

To acquire a 50% interest in the Property, the Company must make payments totaling $30,000 in cash or shares at the discretion of the Company ($10,000 paid) and perform scheduled work programs totaling $1,000,000 over a five year period.

To date, the Company has incurred exploration expenditures of approximately $30,000 of the required work expenditures of $1,000,000.

Upon satisfaction of the above mentioned commitments, the Company will have exercised the option and acquired an undivided 50% interest in the La Grande Nord Property. Once the option has been exercised, the Company and Virginia Mines Inc. intend on forming a joint venture for the purposes of further exploration and development of the La Grande Nord Property.

The property is subject to a 1.5% net smelter royalty.

SELECTED ANNUAL INFORMATION

The financial information disclosed below has been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and is reported in Canadian dollars.

The following tables set forth selected financial data from the Company's annual audited financial statements and should be read in conjunction with those financial statements.

	Year ended October 31, 2010 (Audited) ($)	Year ended October 31, 2009 (Audited) ($)
Interest income	(619)	(4,936)
Working capital	127,250	437,354
Net loss and comprehensive loss	168,935	123,721
Loss per share	0.01	0.01
Mineral properties	277,639	-
Cash	223,502	459,409
Total assets	517,179	462,768

RESULTS OF OPERATIONS

As Shield Gold is in the exploration phase and its properties are in the early stages of exploration, none of the Company's properties are in production. Therefore, the Company's net loss is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases its chances of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations. Until such time as the Company is able to realize profits from the production and marketing of commodities from its mineral interest, the Company will report an annual deficit and will rely on its ability to obtain equity or debt financing to fund on-going operations.

Additional financing is required for both current and new exploration initiatives. Due to the inherent nature of the junior mineral exploration industry, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration activities, as well as its share of obligations relating to mineral properties.

Exploration Operations

Cumulative exploration costs incurred to January 31, 2011 were as follows:

	Acquisition Costs	Exploration Expenditures	As of January 31, 2011
Summit-Gaber, Quebec	$55,000	$181,806	$236,806
La Grande Nord, Quebec	10,000	30,833	40,833
	$65,000	$212,639	$277,639

During the three months ended January 31, 2011, the Company reviewed its exploration data and it was determined that La Grande Nord expenditures of $30,833 were allocated to Summit-Gaber. A reclassification was made accordingly.

Three months ended January 31, 2011

The net loss for the three months ended January 31, 2011 was $32,341 or $0.002 loss per share as compared to the net loss for the three months ended January 31, 2010 of $13,339 or $0.001 loss per share.

Operating expenses for the three months ended January 31, 2011 aggregated $32,958 (Three months ended January 31, 2010- $13,551) an increase of $19,407. The increase in operating expenses was mainly a result of the following significant operating expenditures:

- Professional fees totaling $nil for the three months ended January 31, 2011 as compared to $13,136 for the three months ended January 31, 2010. The decrease was due to the fact that in the prior period, the Company was in the process of completing its Qualifying Transaction and entering into Option Agreements requiring legal assistance.

- Management and consulting fees of $24,000 and $4,500 respectively for the three months ended January 31, 2011 (Three months ended January 31, 2010-$nil and $nil) resulting from the commencement of payments to the Company's officers and directors for time spent on the Company's operating activities, and other corporate administrative and financial management services.

- Office and administration expenditures of $1,783 for the three months ended January 31, 2011 (Three months ended January 31, 2010- $nil). The increase was a result of an increase in operational activity as a result of the completion of the Qualifying Transaction and Option Agreements as well as commencement of exploration activities on the respective properties.

Acquisition Costs

Acquisition costs incurred by the Company with respect to its mineral properties are capitalized. Acquisition costs of $nil (Three months ended January 31, 2010 - $25,000) were incurred during the three months ended January 31, 2011. The accumulated acquisition costs to January 31, 2011 include option payments on mineral claims in regards to the Summit-Gaber and La Grande Nord mineral properties located in Quebec.

Exploration Expenditures

Exploration costs incurred by the Company's are capitalized. Exploration expenditures for the three months ended January 31, 2011 totaled $nil (Three months ended January 31, 2011- $nil). Accumulated exploration costs incurred to January 31, 2011 consist of expenditures with respect to geologists, soil surveys and other test work.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the three months ended January 31, 2011 as well as the eight fiscal quarters of 2010 and 2009 are presented below:

Quarterly Financial Information (unaudited)

		2011 Q1
Interest Income	$	617
Net loss	$	32,341
Net loss per share (Basic)	$	0.002

		2010 Q4		**2010 Q3**		**2010 Q2**		**2010 Q1**
Interest Income	$	35	$	196	$	176	$	212
Net loss	$	91,317	$	25,860	$	38,419	$	13,339
Net loss per share (Basic)	$	0.006	$	0.002	$	0.003	$	0.001

		2009 Q4		**2009 Q3**		**2009 Q2**		**2009 Q1**
Interest Income	$	1,645	$	72	$	893	$	2,326
Net loss	$	59,906	$	24,909	$	31,290	$	7,616
Net loss per share (Basic)	$	0.005	$	0.002	$	0.002	$	0.001

The Company is a junior exploration company with no revenue generating properties. Currently the Company's funding continues to be derived from issuing securities and its short-term investments.

For further quarterly financial information, please refer to the Company's unaudited interim consolidated financial statements and management's discussion and analysis that have been filed on SEDAR at www.sedar.com.

LIQUIDITY AND CAPITAL RESOURCES

As of January 31, 2011, the Company had $171,143 in cash compared to $223,502 as of October 31, 2010. This decrease is directly related to funds expended as part of administering the Company's current exploration program and paying for corporate administration through the period.

Working capital was positive $94,909 as of January 31, 2011, compared to positive $127,250 as of October 31, 2010. Working capital as of the period ended January 31, 2011 and 2010 was positive mostly because of equity financings completed in prior years and through fiscal 2010.

The Company has no significant revenues and no expectation of significant revenues in the near term. In order to manage this risk the Company monitors its cash requirements and expenditures to maintain sufficient liquidity.

Liabilities at January 31, 2011 consist of short-term trade payables and accrued liabilities of $96,993 (October 31, 2010- $112,290).

The Company has sufficient funds on hand to finance the operations of the Company in the near term. However, the Company remains dependent on equity financing to fund its ongoing requirements in the future. Alternative sources of capital include but are not limited to funding from capital markets and/or other industry partners.

LIQUDITY OUTLOOK

While the unaudited financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are events and conditions that cast significant doubt on the validity of that assumption. The Company has incurred losses since inception and has an accumulated deficit of $631,420 at January 31, 2011. The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include Shield Gold's performance (as measured by numerous factors including the progress and results of its various projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

The interm unaudited financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Cash Generating Potential

In order to finance future operations, the Company will pursue the following alternatives:

- Raise additional financing; and
- Enter into joint ventures with other parties in order to continue its planned exploration activities.

Cash Utilization Requirements

The Company has the following requirements:

- Cash is needed to fund both its exploration activities and its administrative activities. This amount varies depending on the amount of capital raised; and

- The Company has both cash commitments and property expenditure commitments. Due however that these properties are under option only, the Company is not obligated to meet these commitments.

SHAREHOLDERS' EQUITY

There was a decrease of $32,341 in shareholders' equity in the three months ended January 31, 2011 to $372,548 from $404,889 as of October 31, 2010.

There was no new share issuance through the three months period ended January 31, 2011.

As at January 31, 2011, there were 15,643,236 (October 31, 2010- 15,643,236) common shares of the Company outstanding.

Pursuant to the Escrow Agreement, as of January 31, 2011, 4,072,429 (October 31, 2010- 4,838,915) common shares were held in escrow.

The Escrow Agreement provides for a three-year escrow release mechanism with:

- 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin; and

- 15% of the escrowed securities being releasable in 6 month intervals on each of 6, 12, 18, 24, 30 and 36.

No new warrants were issued through the period ended January 31, 2011.

There were 3,200,000 warrants and 220,000 broker's warrants issued and outstanding as of January 31, 2011. The warrants are exercisable until January 16, 2012 at $0.10 and the broker's warrants are exercisable until July 16, 2012 at $0.10. No warrants expired or were exercised during three months ended January 31, 2011.

No stock options were granted during the three months ended January 31, 2011.

There are a total of 965,454 stock options outstanding at January 31, 2011 with an exercise price of $0.10 expiring on May 29, 2014. No options were forfeited, cancelled or exercised during the three months ended January 31, 2011.

PROPOSED TRANSACTIONS

The Company has not entered into any significant transaction, nor is it currently reviewing any such transaction, that has not been discussed within this MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

As at January 31, 2011, the Company does not have any off-balance sheet arrangements.

CONTINGENCIES

The Company is not a party to any legal or administrative claims.

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose.

CASH FLOWS

Cash flows used in operating activities were $52,359 for the three months ended January 31, 2011 compared to $13,699 for 2010.

Cash flows used in investing activities were $nil for the three months ended January 31, 2011, compared with $25,000 for 2010. The use of cash flows in the period ended January 31, 2010 was primarily related to the acquisition of the Company's mineral properties optioned on the completion of the Qualifying Transaction during fiscal 2010.

TRANSACTIONS WITH RELATED PARTIES

A total of $28,500 (Three months ended January 31, 2010- $nil) was paid to related parties during the three months ended January 31, 2011 for consulting and management fees, $24,000 (Three months ended January 31, 2010- $nil) of which was accounted for as management fee expense and $4,500 (Three months ended January 31, 2010- $nil) of which was accounted for as consulting fees expense. The aforementioned fees were charged for financial management, corporate administrative and investor relations services. Of the above mentioned management fees, $18,000 (Three months ended January 31, 2010- $nil) was charged by a company controlled by the Chief Executive Officer, and $6,000 were charged by the Chief Financial Officer. All of the above mentioned consulting fees were charged by an officer of the Company.

Accounts payable and accrued liabilities includes $1,500 (October 31, 2010- $1,500) owing to an officer of the Company.

These transactions occurred within the normal course of business and are measured at exchange amount which is the amount of consideration established and agreed to by the related portion.

CRITICAL ACCOUNTING ESTIMATES

The preparation of its financial statements requires the Company to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenues and expenses.

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles. Our significant accounting policies are contained in Note 2 to the unaudited interim financial statements for the three months ended January 31, 2011 and changes in those policies. Certain of these policies involve critical accounting estimates because they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

The following section discusses the critical accounting estimates and assumptions that management has made and how they affect the amounts reported in the financial statements. We consider these estimates to be an important part of understanding our financial statements.

Asset Impairment

The Company reviews the carrying values of its machinery and equipment as well as its non producing mining properties, deferred exploration and development expenditures and deposit and deferred expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated recoverable amounts determined by reference to estimated undiscounted future cash flows.

The recoverability of amounts shown is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to finance the development of the properties, and on the future profitable production or proceeds from the disposition thereof. An impairment loss is recognized when the carrying value of those assets exceeds its estimated net recoverable amount.

Stock-based Compensation

The Company uses the fair value method to account for stock options granted to directors, officers, employees and non-employees. Accordingly, the fair value of the options at the date of grant is either charged to operations or capitalized to exploration of development expenditures, as appropriate, with an offsetting credit to contributed surplus, over the vesting period of the option. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital.

Warrants

The Company uses the residual value method to account for warrants issued pursuant to proceeds from unit private placements. The fair value of the shares is determined based on the quoted market price on the date the shares are issued with the residual value being allocated to the warrants.

Asset Retirement Obligations

Asset retirement obligations are recognized in the period in which they are incurred if a reasonable estimate of fair value can be determined. An asset retirement obligation is an existing legal obligation associated with the permanent removal from service of a long-lived asset, which results from the acquisition, construction, development or normal operation of the asset. The obligation is measured at fair value and is adjusted in subsequent periods through accretion expense.

The associated asset retirement costs are capitalized as part of the carrying amount of the related asset. Estimating the costs of asset retirement obligations requires extensive judgment about the nature and timing of work to be carried out in view of present environmental laws and regulations, and these estimates are subject to considerable uncertainty. Changes in these estimates could have a material impact on our results of operation and financial position.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company currently does not own, hold or have any material interest in, or liability associated with, any derivative instruments.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present all material respects the financial condition, results of the operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

i**)** controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK MANGEMENT

Overview

The Company is engaged primarily in the mineral exploration field and accordingly it may be at risk for environmental issues and fluctuations in commodity pricing relating to the mineral extraction and exploration industry. The Company is subject to provincial and federal environmental regulations. Management has designed procedures and policies to provide for environmental compliance however, due to the diversity of environmental laws and regulations, compliance at all times cannot be assured.

Although management has taken steps to verify title on the properties on which it conducts exploration and in which it has an interest, these procedures may not guarantee the Company's title. Property title may be at risk from unregistered prior agreements, unregistered claims, other land claims and noncompliance with regulatory and environmental requirements.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and funding risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is on its cash and cash equivalents and accounts receivable. Cash and cash equivalents consist of cash bank balances and a guaranteed investment certificate

("GIC") issued by its financial institution. The Company manages the credit exposure related to cash by holding its funds with reputable financial institutions. Accounts receivable consists of HST/GST receivable. An allowance of $nil (October 31, 2010- $nil) has been recorded for tax credits recoverable to reflect uncertainty with regards to the timing of collection of these tax credits. As of January 31, 2011, the Company's maximum credit exposure for cash and cash equivalents and accounts receivable is the carrying value of $191,902 (October 31, 2010- $239,540).

Liquidity risk

Liquidity and funding risk is the risk that the Company will not have sufficient capital to meet short-term operating requirements, after taking into account the Company's holdings of cash and cash equivalents.

As at January 31, 2011, the Company's working capital surplus is $94,909 (October 31, 2010- $127,250). In the case of cash deficits arising from exploration commitments and general operating budgets, the Company will have to seek debt or equity financing. There are no assurances that such financing will be available on terms acceptable to the Company.

The Company determined that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents is invested in business accounts and a GIC and is available on demand.

Market risk

(a) Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company's interest rate risk is limited to the rate of return on its investment in cash and a GIC. The Company's return on its cash deposits and GIC is tied to the Canadian short-term interest rates. The Company is otherwise not subject to any significant interest rate risk.

(b) Equity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company. The Company monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(d) Foreign currency risk

The Company is not exposed to any fluctuation in foreign exchange rates because the Company does not hold any foreign dominated financial assets or liabilities.

CAPITAL MANAGEMENT

The Company considers its capital to include components of shareholders' equity.

The Company's objectives in managing capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue investments and new projects of merit; and to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended January 31, 2011. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

INDUSTRY, ECONOMIC AND ENVIRONMENTAL RISK FACTORS AFFECTING PERFORMANCE

As a mineral exploration company, the Company's performance is affected by a number of industry and economic factors and exposure to certain environmental risks, and other regulatory requirements. These have been detailed in the Company's filing statement available at www.sedar.com under the Company's name.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the identification, acquisition and exploration of mineral properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial may also impair the Company's operations. The order in which the following risk factors appear does not necessarily reflect management's opinion of their order or priority.

Limited Operating History

The Company has only recently commenced operations and has no history of earnings. There are no known commercial quantities of mineral reserves on the Company's properties. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There can be no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Exploration and Development Risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. All of the claims to which the Company has a right to acquire an interest or the claims which the Company has an interest in are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company’s mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company’s operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Lack of Availability of Resources

Mineral exploration requires ready access to mining equipment such as drills, and crews to operate that equipment. There can be no assurance that such resources will be available to the Company on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in the Company’s exploration programs.

Requirement for Additional Financing

The further development and exploration of the Company’s projects depends upon the Company’s ability to obtain financing through equity financing, joint ventures, debt financing, or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed.

Volatile markets for precious and base metals may make it difficult or impossible for the Company to obtain equity financing or debt financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations.

Uninsurable Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Company intends to comply fully with all environmental regulations. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require the Company to obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

Mineral Exploration and Mining Carry Inherent Risks

Mining operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput. Although it is intended to take adequate precautions to minimize risk, there is a possibility of a material adverse impact on the Company's operations and its financial results.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on any of the Company's mineral properties in accordance with the laws of the jurisdiction in which such properties are situated; therefore, their existence and area could be in doubt.

Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

Aboriginal Land Claims

The Company's mineral properties could become subject to aboriginal land claims to title, which could adversely affect the Company's title to its properties. While the Company actively consults with all groups which may be adversely affected by the Company's activities, including aboriginal groups, there can be no assurance that satisfactory agreements can be reached.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire additional suitable properties or prospects in the future.

Management

The success of the Company is currently largely dependent on the performance of its board and senior management. The loss of the services of these persons will have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its board and management or other qualified personnel required to operate its business. Failure to do so could have material adverse affect on the Company and its prospects.

Metal Prices are Volatile

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of, and demand for, the Company's principal products and exploration targets, gold, copper and silver, is affected by various factors, including political events, economic conditions and production costs.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Conflict of Interests

Certain of the directors and officers of the Company are directors or officers of, or have significant shareholdings in, other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate or may wish to participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with the Company for the acquisition of mineral property rights.

In the event that any such conflict of interest arises, a director or officer who has such a conflict will disclose the conflict to a meeting of the directors of the Company and, if the conflict involves a director, the director will abstain from voting for or against the approval of such a participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program.

It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the provisions of the Business Corporations Act (British Columbia), the directors and officers of the Company are required to act honestly and in good faith, with a view to the best interests of the Company.

In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

Key Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Operations Dependent on Revenues and Financings

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the shares purchased would be diminished.

OTHER MD&A REQUIREMENTS

ADDITONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Shield Gold's general and administrative expenses and resource property costs is provided in the Company's *Statement of Loss, Comprehensive Loss and Deficit and Schedule of Resource Property Costs* contained in its audited Financial Statements for the years ended October 31, 2010 and 2009 which is available on Shield's SEDAR Page Site accessed through www.sedar.com.

CHANGES IN ACCOUNTING POLICIES

Recent accounting pronouncements

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to financial years beginning on or after January 1, 2011. The transition date for the Company of November 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. Under IFRS, there is significantly more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that must be addressed.

Due to the size of the Company, the convergence to IFRS is being led by the Company's Chief Financial Officer, supported by the Company's accounting services providers, who will design and execute the conversion project and will report to the Audit Committee of the Company on the progress accomplished.

The table below summarizes the expected timing of key activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Completed
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Completed
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	In progress, completion expected Q4 fiscal 2011.
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	In progress, completion expected during Q4 fiscal 2011.
Management training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting polices	Throughout fiscal 2011

Item 1 - Accounting policies, including choices among policies permitted under IFRS, and implementation decisions such as whether certain changes will be applied on a retrospective or a prospective basis

An assessment of the significant differences between Canadian GAAP and IFRS that affect the Company and the impacts on the Company's financial statements has been completed on a high-level basis and are discussed below.

The Company will next complete an assessment of the IFRS estimates of the quantified effects of the anticipated changes to the Company's IFRS opening balance sheet if any, and identify business processes and resources that may require modification as a result of these changes.

Mineral properties

Canadian GAAP requires acquisition costs to be capitalized and allows exploration costs to be expensed as incurred or capitalized. IFRS allows the same treatment as Canada however the exploration costs must be classified as either tangible or intangible assets, according to their nature.

The Company's policy is to capitalize acquisition costs and exploration costs.

With respect to the Company's accounting of mineral properties, there is no difference between Canadian GAAP and IFRS.

Impairment of (Non-financial) Assets

IFRS, like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of deferred exploration and evaluation costs. The factors considered under IFRS are quite similar to Canadian GAAP, but there are some differences. IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of deferred exploration costs will be changed to reflect these differences; however, the Company does not expect this change will have an immediate impact to the carrying value of its assets. The Company will perform impairment assessments as at the Transition Date in accordance with IFRS.

Share-based Payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP. The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

Financial statement presentation and classification

The Company's financial statements will have a different format upon transition to IFRS. The components of a complete set of IFRS financial statements are: statement of financial position (balance sheet), statement of comprehensive loss, statement of changes in equity, statement of cash flows, and notes including accounting policies. The statement of loss will be presented as a component of the statement of comprehensive loss. The balance sheet may be presented in ascending or descending order of liquidity. Lastly, the statement of loss is classified by each major functional area – marketing, distribution, etc. or by nature of the items.

As a result of the transition, the Company will reformat the financial statements in compliance with IAS 1.

Item 2 - Information technology and data systems

The accounting processes of the Company are simple as the Company currently has two mineral properties. No major challenges are expected at this point to operate the accounting system under IFRS.

The Company is generating its accounting under Canadian GAAP in 2011, and it has tentatively determined that there will be no significant differences for the accounting under IFRS and the comparative financial statements for 2011.

Item 3 - Internal control over financial reporting

Since the Company is listed on Tier 2 of the TSX Venture Exchange, management will not be required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109.
Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the filings are exempt from misrepresentations and are presenting fairly the results of the Company. Management will ensure that once the convergence is completed it will be in a position to continue to certify the Company's filings.

The Audit Committee of the Company reviews the financial reporting and control matters and recommends approval of the annual and interim financial statements and MD&As' to the Board who are then responsible for approving the filings.

Item 4 - Disclosure controls and procedures, including investor relations and external communications plans

The Company will update its disclosure controls and procedures to ensure they are appropriate for reporting under IFRS. At this time no changes have been determined as being necessary. The Company will continue to maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to National Instrument 52-109 is recorded, processed, summarized and reported in the manner specified by the relevant securities laws applicable to the Company.

Item 5 - Financial reporting expertise, including training requirements

The Company's accounting services providers have participated in ongoing training sessions provided by external advisors. Training and research are ongoing and the development of standards issued by the International Accounting Standards Boards are monitored and evaluated for any impact on the Company.

Item 6 - Business activities, as well as matters that may be influenced by GAAP measures such as debt covenants, capital requirements and compensation arrangements

The Company does not expect that the convergence to IFRS will have a significant impact on its risk management or other business activities.

Currently there are no matters influenced by GAAP measures, such as debt covenants, capital requirements and compensation arrangements that would be impacted by the convergence to IFRS.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's Management Discussion and Analysis for the 2011 interim periods and the year ended October 31, 2011 will include updates on the progress of the transition plan, and, to the extent known and further information regarding the impact of adopting IFRS on key line items in the annual financial statements.

- The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending January 31, 2012, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending January 31, 2012 will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (as at November 1, 2010).

Other recent accounting pronouncements

Business combinations, non-controlling interest and consolidations

Section 1582 - Business Combinations, which replaces Section 1581 - Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. The new standard applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted.

Section 1601 & 1602 - The new Sections 1601 - Consolidated Financial Statements and Section 1602 - Non-Controlling Interest, together replace Section 1600 - Consolidated Financial Statements. Section

1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes the accounting for a non-controlling interest in a subsidiary, in the consolidated financial statements, subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year.

The adoption of these new sections is not expected to have a significant impact of the Company's financial statements.

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OUTLOOK

The Company expects to obtain financing in the future primarily through further equity financing, as well as through other means in order to further explore its mineral properties. There can be no assurance that the Company will succeed in obtaining additional financing, nor or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its resources properties.

APPROVAL

The Board of Directors of the Company has approved the disclosures contained in this MD&A upon recommendation of the Audit Committee.

OFFICERS AND DIRECTORS

As of the date hereof the current officers and directors of the Company are:

Howard Sinclair-Jones – President, CEO and Director
Paul Ankcorn – CFO and Director
Paul Ferguson – Corporate Secretary and Director
John Siriunas – Director and Chairman of the Board of Directors
Larry Harrison – Director
John Siriunas is the Qualified Person for Shield Gold Inc.

SUBSEQUENT EVENT

On March 30, 2011, the Company completed a non-brokered flow-through private placement consisting of 3,000,000 units at $0.10 per unit for aggregate gross proceeds of $300,000. Each unit consists of one-flow-through common shares and one-half of one non-flow-through common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.15 for a period of two years.

The proceeds of the financing will be used for the initial phase of the Company's 2011 exploration program on the Summit-Gaber and the La Grande Nord Properties.

DISCLOSURE OF OUTSTANDING SECURITIES AS AT March 31, 2011

Outstanding common shares 18,643,236
Share purchase warrants 4,700,000
Broker warrants 220,000
Stock options 965,454
Fully diluted 24,528,690