SHIELD GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED APRIL 30, 2012

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is prepared as of June 29, 2012 and should be read in conjunction with the audited annual financial statements of Shield Gold Inc. (the "Company") for the year ended October 31, 2011 and 2010, and the unaudited interim condensed financial statements of the Company for the six month periods ended April 30, 2012 and 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR at www.sedar.com. All amounts are in Canadian dollars.

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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Canadian Accounting Standards Board requires publicly accountable enterprises such as the Company to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company's condensed interim financial statements for the quarter ending April 30, 2012 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

For each reporting period in 2012, comparative information for 2011 will also be presented, both for interim and annual financial statements, as applicable, on an IFRS basis. The financial statements for the year ending October 31, 2012, will be our first annual financial statements that comply with IFRS. As this will be the Company's first year of reporting under IFRS, IFRS 1 *First time Adoption of IFRS* is applicable.

In accordance with IFRS 1, we have applied IFRS retrospectively as of November 1, 2010 (the Transition Date) for comparative purposes. In preparing our opening balance sheet in accordance with IFRS, we have adjusted amounts reported previously in our financial statements prepared in accordance with pre-conversion Canadian GAAP (for detailed information, see *Changes in Accounting Policies* below).

For further information, please refer to the Company's interim condensed financial statements and related notes for the six months ended April 30, 2012.

OVERVIEW

Shield Gold Inc. (the "Company") was incorporated under the laws of the Province of Ontario, by Articles of Incorporation dated February 4, 2004. The Company is in the business of mineral exploration and is actively engaged in the acquisition and exploration of mineral properties in Canada. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. Shield Gold Inc. is a TSX Venture Tier 2 Company listed under the symbol "SHG". The Company's registered office is at 2 Queen St. East, Suite 1500, Toronto, Ontario, M5C 3G5.

OVERALL PERFORMANCE

<u>Exploration Activities</u>

- On May 14, 2012, the Company entered into an agreement, subject to regulatory approval, to acquire a 100% interest in 22 mining claims representing 1,100 hectares in Buckingham Township in south-western Quebec. The 100% earn-in requires the Company to make the following payments and issue the following number of common shares of the Company to the property vendors: (i) $7,000 on or before the date of regulatory approval of the option agreement (the "Payment Date"); (ii) $15,000 and 400,000 shares within 30 days of the Payment Date; (iii) $25,000 and 400,000 shares on the 1st anniversary of the Payment Date; (iv) $45,000 and 400,000 shares on the 2nd anniversary of the Payment Date; and (v) $50,000 and 400,000 shares on the 3rd anniversary of the Payment Date. In addition, the Company has a work commitment totaling $235,000 during the three year term of the option agreement. The property vendor will retain a 2% NSR, 1% of which may be purchased by the Company for $1,000,000.

- During the six months ended April 30, 2012, pursuant to the Option and Joint Venture Agreement with Eloro Resources Ltd. with respect to the Summit-Gaber Property, the Company fulfilled its September 29, 2011 option commitment by making the required cash payment of $30,000.

- During the year ended October 31, 2011, the Company designed, implemented and completed all the elements of its 2011 exploration program on the Summit-Gaber and La Grande Nord properties. Key aspects of the program included:

  - Field investigation of the 18 priority geochemical target anomalies identified in 2010;
  - Mechanical stripping, detailed mapping and channel sampling of the areas covered by the Cartouche and Summit 4 showings;
  - 50 km of line-cutting, to refresh old grid lines and cut new lines;
  - Ground geophysical surveys over selected areas, including magnetometer (MAG), electro-magnetic (EM) and induced polarization (IP).

- During the year ended October 31, 2011, the Company paid $10,000 (year ended October 31, 2010 - $10,000) to Virginia Mines Inc. with respect to the La Grande Nord Property.

Financing and Corporate

- In June 2012, the Company completed a non-brokered flow-through private placement and issued 1,050,000 flow-through units at a price of $0.10 per unit for gross proceeds of $105,000. Each unit is comprised of one flow-through common share and one-half of one common share purchase warrant. Each full common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.15 per share for a period of 18 months.

- In June 2012, the Company completed a non-brokered private placement and issued 125,000 units at a price of $0.10 per unit for gross proceeds of $12,500. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.12 per share for a period of 18 months.

- On December 22, 2011, the Company completed a private placement and issued 1,000,000 flow-through units at a price of $0.10 per unit for gross proceeds of $100,000. Each unit is comprised of one flow-through common share and one-half of one common share purchase warrant. Each full common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.15 per share for a period of 18 months.

- In April 2011, the Company closed a $528,500 non-brokered private placement equity financing. The Company issued 4,650,000 flow-through units ("FT units") and 635,000 units, at a price of $0.10 per FT unit or unit, for gross proceeds of $465,000 and $63,500 respectively (the "Financing"). Each FT unit consists of one flow-through common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a price of $0.15 for a period of 24 months from the closing of the Financing. In addition, each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 for a period of 24 months from the closing of the Financing. In connection with the Financing, the Company issued 98,000 broker's warrants. Each broker's warrant is exercisable for a two year period into one unit at an exercise price of $0.10 per unit.

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 with Eloro Resources Ltd. 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. This transaction constituted the Company's Qualifying Transaction in accordance with the policies of the TSX-V.

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

During the year ended October 31, 2010, the Company 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, pursuant to the terms of above agreement.

As of April 30, 2012, approximately, $610,777 of the required $1,500,000 exploration work commitments has been fulfilled with respect to the Option and Joint Venture Agreement.

During the six months ended April 30, 2012, recoveries of mineral property costs with respect to the Summit-Gaber Property amounted to $146,515, in aggregate. Of the forgoing recoveries, $122,214 relate to recoveries from refundable mineral exploration tax credits as a result of the Company incurring mineral exploration expenses in Québec. For financial statement presentation purposes these recoveries have been treated as a reduction of the carrying value of mineral properties.

In addition, during the six months ended April 30, 2012, the Company examined its exploration data and determined that certain of the La Grande Nord expenditures amounting to $53,044 were allocated to Summit-Gaber. A reclassification of these costs was made accordingly.

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.

During 2011, the Company proceeded with the work program recommended under the National Instrument ("NI") 43-101 technical report filed by the Company.

The Company's 2011 exploration program was designed to follow the reconnaissance B-horizon geochemical survey conducted in 2010, during which priority geochemical soil anomalies were identified as targets for further exploration. The February 2011 report *"B-horizon Pedogeochemical Survey, Summit- Gaber Project, James Bay, Québec"*, by Dr. Rémi Charbonneau of Inlandsis Consultants, is available on the Company website: http://www.shieldgold.com/uploads/Summit-Gaber-Bhorizon.pdf .

Key elements of the 2011 exploration program include:

- 50 km of line-cutting, to refresh old grid lines and cut new lines
- Field investigation of 18 priority geochemical anomalies identified in 2010
- Mechanical stripping, detailed mapping and channel sampling of the areas covered by the Cartouche and Summit 4 showings
- Ground geophysical surveys over selected areas, including magnetometer (Mag), electro-magnetic (EM) and induced polarization (IP).

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 as of October 31, 2010) and perform scheduled work programs totaling $1,000,000 over a five year period.

As of April 30, 2012, the Company had incurred exploration expenditures of approximately $86,793 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.

Buckingham Property

On May 14, 2012 the Company signed an agreement, subject to regulatory acceptance, to acquire a 100% interest in 22 mining claims representing 1,100 hectares in Buckingham Township in south-western Québec. The claims are located in the Central Metasedimentary Belt of the Grenville geological province. The property being acquired is noted in historical reports as hosting numerous occurrences of disseminated flake graphite.

The Agreement: Shield Gold has an option (the "Option") to earn a 100% interest in the property by making the following payments and issuing the following numbers of common shares of the Company to the vendors: (i) $7,000 on or before the date of regulatory approval of the Option (the "Payment Date"); (ii) $15,000 and 400,000 shares within 30 days of the Payment Date; (iii) $25,000 and 400,000 shares on the 1st anniversary of the Payment Date; (iv) $45,000 and 400,000 shares on the 2nd anniversary of the Payment Date; and (v) $50,000 and 400,000 shares on the 3rd anniversary of the Payment Date. In addition, the Company agrees to incur a work commitment totaling $235,000 during the three year term of the Option. The vendor will retain a 2% net royalty on the property, 1% of which may be purchased by the Company for $1,000,000.

SELECTED ANNUAL INFORMATION

The financial information disclosed below has been prepared in accordance with IFRS for the year ended October 31, 2011 and Canadian Generally Accepted Accounting Principles ("CGAAP") for the years ended October 31, 2011 and 2010 and is reported in Canadian dollars.

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

	Year-ended		
	IFRS (unaudited)	CGAAP (audited)	
	October 31, 2011 ($)	October 31, 2011 ($)	October 31, 2010 ($)
Interest income	(617)	(617)	(619)
Working capital (deficiency)	(145,098)	72,090	127,250
Net loss and comprehensive loss	198,866	162,466	168,935
Loss per share	0.01	0.01	0.01
Mineral properties	772,570	772,570	277,639
Cash	262,883	262,883	223,502
Total assets	1,057,868	1,057,868	517,179

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 April 30, 2012 were as follows:

	Acquisition Costs	Exploration Expenditures	Recoveries	Total
Summit-Gaber, Quebec	$ 85,000	$ 610,777	($ 146,515)	$ 549,262
La Grande Nord, Quebec	20,000	86,793	-	106,793
	$ 105,000	$ 697,570	($ 146,515)	$ 565,055

Six months ended April 30, 2012

The net loss and comprehensive loss for the six months ended April 30, 2012 amounted to $17,293 as compared to the net loss and comprehensive loss for the six months ended April 30, 2011 of $82,724.

Operating expenses for the six months ended April 30, 2012 aggregated $124,905 (six months ended April 30, 2011 – $83,341) an increase of $41,564. The increase in operating expenses was mainly as a result of the following significant operating expenditures:

- Professional fees totaling $24,032 for the six months ended April 30, 2012 as compared to $7,841 for the six months ended April 30, 2011. The change resulted from added tax filing costs incurred in the current period entitling the Company to refundable mineral exploration tax credits and refundable mining duties as a result of incurring mineral exploration in Quebec. In addition, the Company relied more on legal assistance as a result of the closing of certain private placements through the period and general corporate matters.

- Consulting fees of $31,500 for the six months ended April 30, 2012 (six months ended April 30, 2011 - $11,000) resulted from charges made through the current period for an officer's past corporate administrative services.

- Management fees of $48,000 for the six months ended April 30, 2012 (six months ended April 30, 2011 - $48,000). No change in key management compensation year over year.

Acquisition Costs

Acquisition costs incurred by the Company with respect to its mineral properties are capitalized. Acquisition costs of $30,000 (six months ended April 30, 2011 - $nil) were incurred during the six months ended April 30, 2012. The accumulated acquisition costs to April 30, 2012 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 six months ended April 30, 2012 totaled $nil (six months ended April 30, 2011- $4,132). Accumulated exploration costs incurred to April 30, 2012 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 April 30, 2012 and January 31, 2012 (presented under IFRS) as well as the previous eight fiscal quarters of 2011 and 2010 (presented under CGAAP) are presented below:

Quarterly Financial Information (unaudited)

		2012 Q1		**2012 Q2**
Interest Income	$	-		-
Net loss (income)	$	69,226	$ (	59,933)
Net loss per share (basic)	$	0.003		

		2011 Q4		**2011 Q3**		**2011 Q2**		**2011 Q1**
Interest Income	$	-	$	-	$	-	$	617
Net loss	$	75,122	$	41,020	$	13,983	$	32,341
Net loss per share (basic)	$	0.004	$	0.002	$	0.001	$	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

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 financial statements and management's discussion and analysis that have been filed on SEDAR at www.sedar.com.

CHANGE IN ACCOUNTING POLICIES

The Company's financial statements for the year ending October 31, 2012 will be the first annual financial statements that comply with IFRS and these condensed interim financial statements were prepared as described in note 2, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements, prepared under IFRS, by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Company will make this statement when it issues its 2012 annual financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was November 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be October 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

IFRS Mandatory Exceptions:

Estimates **-** Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

IFRS Exemption Options:

Share-based payments **-** IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

Mineral property – IFRS 6 **-** Upon transition to IFRS, the Company retained its accounting policies and practices it has applied previously under Canadian GAAP, relating to the recognition of mineral property. The Company elected to use the cost model for its mineral property which is consistent with its policy under Canadian GAAP. The Company did not elect to measure mineral property at its deemed cost equivalent to fair value as at November 1, 2010 or revalue amounts previously determined under Canadian GAAP. Accordingly, the Company used the carrying values of its mineral properties and deferred exploration costs as the IFRS balances as at November 1, 2010.

Changes in accounting policies:

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company.

a) Share-based compensation

   IFRS 2 is effective for the Company as of November 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock options and share grants prior to November 7, 2002 are not taken into account for IFRS 2;

- Stock options and share grants subsequent to November 7, 2002 are only taken into account if they have not vested as at November 1, 2010; and,

- From November 1, 2010, all stock options, share grants and other share-based payments will be expensed in accordance with the policy stated in note 3.

<u>Forfeitures</u>

Canadian GAAP **-** Forfeitures of awards are recognized as they occur.

IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. No material difference was determined and consequently no adjustment was made.

<u>Expiration of share-based compensation</u>

Canadian GAAP – Under Canadian GAAP, the Company’s policy was to leave the value recorded for expired, unexercised stock options to contributed surplus.

IFRS – The Company has changed its policy regarding expired share-based compensation whereby amounts recorded for expired, unexercised stock options transferred from reserve for share-based payments to contributed surplus on expiry. There is no impact on the unaudited condensed interim financial statements upon adoption of the change in the accounting policy.

b) Reserves

Canadian GAAP – Under Canadian GAAP – Prior to 2011, the Company recorded the value of share based payments and warrants issued to contributed surplus.

IFRS – IFRS requires an entity to present for each component of equity, reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. IFRS requires a separate disclosure of the value that relates to "Reserves for warrants", "Reserves for share based payments" and any other component of equity.

c) Impairment of non-financial assets

Canadian GAAP – a write-down of the asset to estimated value is required only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

IFRS – a write-down of assets is required 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.

The Company’s accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

d) Flow-though shares

Canadian GAAP – the resource expenditure deduction for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. The deferred income taxes relating to the temporary difference that arise when the qualifying expenditures are incurred were recorded at the time of filing the renunciation with the tax authorities. The recognition of the deferred income tax liability results in a corresponding reduction to the carrying value of the shares issued.

IFRS – the obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* measured using a residual or a relative fair value method. This obligation is released into the statement of operations as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes). A deferred tax liability is recognized (with a debit to the statement of operations), in accordance with IAS 12 *Income Taxes* in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position on its tax base.

The IFRS accounting policy for recording flow-through shares has been adopted effective November 1, 2010 and the 2011 figures have been restated. There were no flow-through agreements in effect on November 1, 2010 resulting in no impact on the financial statements as of the date of transition. However, as of October 31, 2011, the flow-through agreements in effect resulted in the recording of a flow-through share premium liability and a reduction in share capital by the 2011 flow-through share premium of $73,011. The expenditures were renounced to the shareholders in the second quarter of 2012, resulting in the reversal of the flow-through premium into the statement of comprehensive loss captioned as “other income”. Under Canadian GAAP the entire 2011 flow-through share proceeds were recorded as share capital, and when renounced the deferred income tax amount was accounted for as a reduction of share capital. The net effect of this change resulted in a decrease of $36,611 in share capital and a reduction in deferred income tax recovery of $36,400.

e) Decommissioning liabilities

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. IFRS also requires that the discount rate used should reflect the risks specific to the decommissioning liability, while Canadian GAAP requires the use of a discount rate that reflects the Company’s credit adjusted risk free rate.

The Company’s accounting policies related to decommissioning liabilities has been changed to reflect these differences. However, to date, the Company does not have any decommissioning liabilities and therefore there is no impact on the unaudited condensed interim financial statements.

f) Warrants

Canadian GAAP – the Company was determining fair value of warrants issued as part of private placement using residual value method.

IFRS – the Company adopted the relative fair value method of warrant valuation using the Black-Scholes option pricing model on unit private placements. This resulted in the retrospective adjustment to the reserve for warrants of $3,244 as at November 1, 2010 and $43,345 as at October 31, 2011, with corresponding amounts being debited to share capital.

g) Presentation

The presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP. Please refer to the interim statements of financial position and interim statements of comprehensive loss, and changes in equity for the impact of the specific IFRS changes noted above.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2012, the Company had $34,542 in cash compared to $262,883 as of October 31, 2011. This decrease is directly related to funds raised during the period net of funds expended as part of administering the Company's current exploration program and paying for corporate administration.

The Company had working capital of $27,523 compared to negative working capital of $145,098 as of October 31, 2011. The Company's working capital improved from the prior year ended October 31, 2011 as a result of a private placement being completed and refundable Quebec tax credits were received.

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 April 30, 2012 consist of short-term trade payables and various accrued liabilities of $112,486 (October 31, 2011 - $357,385).

The Company will need to raise additional financing in the near term to continue to finance operations and pay for ongoing administration of the Company. Alternative sources of capital include but are not limited to funding from capital markets and/or other industry partners.

LIQUIDITY 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 $807,238 at April 30, 2012. 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 favorable 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 interim 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. However, as these mineral properties are under option only, the Company is not obligated to meet these commitments.

SHAREHOLDERS' EQUITY

There was a increase of $56,106 in shareholders' equity in the six month period ended April 30, 2012 to $683,578 from $627,472 as of October 31, 2011. The increase resulted from the continued expenditures incurred to operate the Company through the period.

On December 22, 2011, the Company has completed a private placement and issued 1,000,000 flow-through units at a price of $0.10 per unit for gross proceeds of $100,000. Each unit is composed of one flow-through common share of the Company and one-half of one common share purchase warrant. Each full common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.15 per share for a period of 18 months from the date of issuance.

The Company had 21,928,236 (October 31, 2011 - 20,928,236) common shares outstanding as at April 30, 2012.

Pursuant to the Escrow Agreement, as of April 30, 2012, 2,777,228 (October 31, 2011 - 3,702,971) 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.

As of April 30, 2012, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number of Warrants	Weighted average exercise price
July 16, 2012	220,000 (i)	$0.10
April 7, 2013	2,960,000 (ii)	$0.15
April 7, 2013	98,000 (iii)	$0.10
May 22, 2013	500,000 (iv)	$0.15
	3,778,000	

(i) 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 shares purchase warrant (each whole warrant a "warrant"). Each warrant entitles the holder to acquire one common share for a purchase price of $0.10 up to July 16, 2012.

(ii) Each warrant entitles the holder to purchase one common shares at a price of $0.15 for a period of two years.

(iii) Each broker's warrant is exercisable for a two year period into one unit at an exercise price of $0.10 per unit. Each unit is comprised of one common share and one common shares purchase warrant. Each warrant entitles the holder to acquire one common share for a purchase price of $0.15 for a period of two years.

(iv) Each warrant entitles the holder to purchase one common shares at a price of $0.15 for a period of 18 month.

No stock options were granted during the six months ended April 30, 2012.

There are a total of 965,454 stock options outstanding at April 30, 2012 with an exercise price of $0.10 expiring on May 29, 2014. No options were forfeited, cancelled or exercised during the six months ended April30, 2012.

SUBSEQUENT EVENTS

- In June 2012, the Company completed a non-brokered flow-through private placement and issued 1,050,000 flow-through units at a price of $0.10 per unit for gross proceeds of $105,000. Each unit is comprised of one flow-through common share and one-half of one common share purchase warrant. Each full common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.15 per share for a period of 18 months.

- In June 2012, the Company completed a non-brokered private placement and issued 125,000 units at a price of $0.10 per unit for gross proceeds of $12,500. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.12 per share for a period of 18 months.

- On May 14, 2012, the Company entered into an agreement, subject to regulatory approval, to acquire a 100% interest in 22 mining claims representing 1,100 hectares in Buckingham Township in south-western Quebec. The 100% earn-in requires the Company to make the following payments and issue the following number of common shares of the Company to the property vendors: (i) $7,000 on or before the date of regulatory approval of the option agreement (the "Payment Date"); (ii) $15,000 and 400,000 shares within 30 days of the Payment Date; (iii) $25,000 and 400,000 shares on the 1st anniversary of the Payment Date;

(iv) $45,000 and 400,000 shares on the 2nd anniversary of the Payment Date; and (v) $50,000 and 400,000 shares on the 3rd anniversary of the Payment Date. In addition, the Company has a work commitment totaling $235,000 during the three year term of the option agreement. The property vendor will retain a 2% NSR, 1% of which may be purchased by the Company for $1,000,000.

- Subsequent to April 30, 2012, the Company granted 1,200,000 stock options to officers and directors of the Company. The options are exercisable at $0.10 per share for a period of five years.

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 April 30, 2012, 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.

The Company is committed to the proceeds received from flow-through issuances on qualifying exploration expenditures on or before December 31, 2012.

CASH FLOWS

Cash flows used in operating activities were $444,856 for the six months ended April 30, 2012 compared to $109,256 for 2011. Significant increase is primarily attributable to the reduction of accounts payable through the period.

Cash flows provided by investing activities were $116,515 for the six months ended April 30, 2012 as compared with cash used in investing activities of $67,656 for 2011. The increase in cash from investing activities resulted from Quebec mineral exploration credits being received through the period.

Cash flows from financing activities were $100,000 for the six months ended April 30, 2012 compared to $494,460 for 2011. The cash flows relate to proceeds received from private placements during the period.

TRANSACTIONS WITH RELATED PARTIES

A total of $72,000 (six months ended April 30, 2011 - $57,000) was paid to related parties during the six months ended April 30, 2012 for consulting and management fees, $48,000 (six months ended April 30, 2011 - $48,000) of which was accounted for as management fee expense and $24,000 (six months ended April 30, 2012 - $9,000) 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, $36,000 (six months ended April 30, 2011 - $36,000) was charged by a company controlled by the Chief Executive Officer, and $12,000 (six months ended April 30, 2011 - $12,000) were charged by the Chief Financial Officer. All of the above mentioned consulting fees were charged by an officer of the Company.

As at April 30, 2012, accounts payable and accrued liabilities includes $40,000 (October 31, 2011 - $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 International Financial Reporting Standards. Our significant accounting policies are contained in Note 3 to the unaudited interim condensed financial statements for the three months ended January 31, 2012 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 relative fair value method to account for warrants issued pursuant to proceeds from unit private placements. The fair value of the warrant is determined using the Black-Scholes option pricing model, while fair value of the share is based on the quoted market price on the date the shares are issued. Proceeds from the issuance of units in private placement are allocated on the relatively to the proportion of the fair value of warrant and fair value of share.

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.

Going Concern

The Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

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 MANAGEMENT

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, which consists of cash bank balances. The Company manages the credit exposure related to cash by holding its funds with reputable financial institutions. As of April 30, 2012, the Company's maximum credit exposure for cash is the carrying value of $34,542 (October 31, 2011 - $262,883).

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 April 30, 2012, the Company had working capital of $27,523 (October 31, 2011 – working capital deficiency of $145,098). The Company will have to raise additional capital through equity financings to maintain its working capital.

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.

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. As at April 30, 2012, the Company was not exposed 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 six months ended April 30, 2012.

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 favorable 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 favorable 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, 2011 and 2010 which is available on Shield's SEDAR Page Site accessed through www.sedar.com.

RECENT ACCOUNTING PRONOUNCEMENTS

As at April 230, 2012, the IASB and IFRIC has issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods:

- IAS 1 *Presentation of financial statements* was amended to require entities to group items within other comprehensive income that may be reclassified to profit or loss. This standard is effective for annual periods beginning on or after July 1, 2012.

- IFRS 7 *Financial instrument – disclosure* was amended to require additional disclosure in respect of risk exposures arising from transferred financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. Additional amendment also provides guideline on the eligibility criteria for offsetting assets and liabilities as a single net amount in the statement of financial position. This amendment is effective for annual periods beginning on or after January 1, 2013.

- IFRS 9 *Financial instruments* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, *Financial instruments – Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognize in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value change due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for all annual periods beginning on or after January 1, 2015.

- IAS 32 *Financial instrument – presentation* was amended to address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Under this amendment, the meaning of "currently has a legally enforceable right of set-off" was clarified as well as providing clarification that some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for annual periods beginning on or after January 1, 2014.

- IFRS 13 *Fair Value Measurement* is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

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.

DISCLOSURE OF OUTSTANDING SECURITIES AS AT APRIL 30, 2012

Outstanding common shares 23,103,236
Share purchase warrants 4,428,000
Broker warrants 318,000
Stock options 2,165,454
Fully diluted 30,014,690