FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
SHANE RESOURCES LTD.
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

The following management discussion and analysis, prepared as of November 28, 2011, should be read together with the unaudited financial statements for the nine month periods ended September 30, 2011 and 2010 and related notes attached thereto, for Shane Resources Ltd. (the "Company"). All amounts are stated in Canadian dollars unless otherwise indicated.

As of January 1, 2011, the Company prepares its interim condensed financial statements and comparative information in accordance with International Financial Reporting Standards ("IFRS") 1 *First-time Adoption of International Financial Reporting Standards,* and with International Accounting Standard ("IAS") 34 *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB"). Previously, the Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Reconciliations between GAAP and IFRS financial information can be found in the condensed interim financial statements as of and for the period ended September 30, 2011.

The reader should also refer to the Company's annual audited financial statements for the year ended December 31, 2010 and the Management Discussion and Analysis for that year.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future resource estimates, anticipated future expenses, the completion of a scoping study and the future exploration on and the development of properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the absence of dividends; competition; dilution; the volatility of our common share price and volume and the additional risks identified in the "Risk Factors" section of this MD&A or other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements.

DESCRIPTION OF BUSINESS AND OVERVIEW

The principal business of the Company, directly and through joint ventures, is the acquisition, exploration and evaluation of mineral resource properties. The Company has not determined whether these properties contain ore reserves which are economically recoverable.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary approvals and financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing. The Company has all of its properties in the province of Saskatchewan.

All of the properties in which the Company has an interest or the right to acquire an interest are currently in the exploration stage and, therefore, the Company has no source of operating cash flow. As a result, the Company has been dependent on raising cash through the sale of its common shares, either by way of private placement or through the exercise of warrants or options. The Company does not expect to deviate from this practice, and fully anticipates undertaking further private placements or public offerings in the future in order to finance the investigation and taking advantage of business opportunities which may arise.

The Company trades on the TSX Venture Exchange under the symbol SEI.

PERFORMANCE SUMMARY

The Company has no news to report this period.

EXPLORATION PROPERTIES

Brownell Lake

The Company owns a 100% interest in 2 claims numbered S-101336 and S-108957 consisting of approximately 900 hectares in the Brownell Lake area of Saskatchewan. The property hosts a long zone of copper-zinc mineralization which has been explored by several companies since the 1950’s. To September 30, 2011, the Company had expended $39,202 on acquisition and $58,810 on exploration of these claims.

Munroe Lake

The Company owns an 8% interest in a 6,000 acre claim (S-101081) in the Munroe Lake area. The property was optioned to Wescan Gold Fields Inc., which deals with the Company on an arm’s-length basis, and which earned a 92% interest in the property by spending $246,627 on the property in 2008. No exploration activities have been conducted on the property. To September 30, 2011, the Company had expended $172 on acquisition of the claims.

Pine East

The Company owns a minimum 49% interest in this property, known as “Pine East” (S-105301) and Claude Resources Inc. (“Claude”) owns a minimum 30% interest in the property, with the remaining interest subject to the terms of an option agreement dated June 7, 1999 (as amended). To date the Company has conducted a prospecting, stripping and trenching program on the property and Claude has conducted four drill programs on this property which resulted in an aggregate of 38 core holes and approximately 9,607 meters of core samples. In addition, Claude has carried out a high-sensitivity three-axis magnetic survey. To September 30, 2011, the Company had expended a total of $78,149 on acquisition and $258,767 on exploration of the claims.

CHANGES IN ACCOUNTING POLICIES

As of January 1, 2011, the Company adopted IFRS for financial reporting purposes, using a transition date of January 1, 2010. The financial statements for the nine months ended September 30, 2011, including required comparative information, have been prepared in accordance with IFRS 1 International Financial Reporting Standards and with IAS 34 International Accounting Standard as issued by the International Accounting Standards Board. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles. Unless otherwise noted, 2010 comparative information has been prepared in accordance with IFRS.

The adoption of IFRS has not had an impact on the Company’s operations or strategic decisions. Information regarding IFRS impacts is provided in the “Accounting Policies” section of this MD&A.

SELECTED ANNUAL INFORMATION

	Year ended Dec. 31/10 (IFRS)	Year ended Dec. 31/09 (GAAP)	Year ended Dec. 31/08 (GAAP)
Gain (loss) from other items	51,867	(317,235)	130,386
Net loss	255,231	494,810	97,475
Basic & diluted loss per share	($0.01)	($0.02)	($0.00)
Total assets	627,837	759,491	1,230,764

RESULTS OF OPERATIONS

Third quarter results

The Company's net loss for the quarter ended September 30, 2011 of $31,434 was higher compared to $13,986 for the quarter ended September 30, 2010. The following is a comparison of significant items from operations: unrealized loss on marketable securities of $29 in 2011 (unrealized loss of $1,501 in 2010), other income $7,000 in 2011 ($19,500 in 2010), filing fees $200 in 2011 ($nil in 2010), insurance $3,882 in 2011 ($3,750 in 2010), management and consulting fees $9,150 in 2011 ($18,750 in 2010), office expense $2,310 in 2011 ($3,565 in 2010), premises rent $2,150 in 2011 ($1,150 in 2010), professional fees $17,630 ($369 in 2010), promotion expense $410 in 2011 ($2,585 in 2010), transfer agent costs $628 in 2011 ($597 in 2010), and travel and accommodations $1,226 in 2011 ($265 in 2010).

Second quarter results

The Company's net loss for the quarter ended June 30, 2011 of $36,551 was higher compared to $32,071 for the quarter ended June 30, 2010. The following is a comparison of significant items from operations: unrealized gain on marketable securities of $29 in 2011 (unrealized loss of $11,257 in 2010), other income $7,000 in 2011 ($19,500 in 2010), filing fees $5,095 in 2011 ($5,190 in 2010), insurance $3,881 in 2011 ($3,750 in 2010), management and consulting fees $19,150 in 2011 which includes one-time payment to CEO ($18,750 in 2010), office expense $2,349 in 2011 ($1,297 in 2010), premises rent $4,150 in 2011 ($3,150 in 2010), professional fees $5,267 ($3,944 in 2010), promotion expense $1,545 in 2011 ($2,535 in 2010), transfer agent costs $674 in 2011 ($626 in 2010), and travel and accommodations $838 in 2011 ($255 in 2010).

First quarter results

The Company's net loss for the quarter ended March 31, 2011 of $32,972 was significantly lower compared to $91,676 for the quarter ended March 31, 2010. The following is a comparison of significant items from operations: write-down of property and equipment $nil in 2011 ($773 in 2010), loss on marketable securities $367 in 2011 ($4,020 in 2010), other income $7,000 in 2011 ($19,500 in 2010), annual meetings $2,826 in 2011 ($277 in 2010), professional fees $5,124 in 2011 ($794 in 2010), filing fees $7,747 in 2011 ($7,795 in 2010), insurance $3,881 in 2011 ($3,750 in 2010), office expense $1,281 in 2011 ($762 in 2010), promotion expense ($1,545) in 2011 ($2,605 in 2010), management fees $9,150 in 2011 ($18,750 in 2010), transfer agent costs $4,942 in 2011 ($2,549 in 2010), travel and accommodations $150 in 2011 ($206 in 2010), rent $2,150 in 2011 ($3,150 in 2010), and amortization $nil in 2011 ($82 in 2010).

Annual results

The Company's net loss for the year ended December 31, 2010 of $255,231 was significantly lower compared to $494,810 for the year ended December 31, 2009. The following is a comparison of significant items from operations: mineral property costs abandoned or lapsed $nil in 2010 ($395,505 in 2009), write-down of property and equipment $1,381 in 2010 ($nil in 2009), unrealized loss on investments $24,776 in 2010 ($11 in 2009), management and other income $78,000 in 2010 ($78,000 in 2009), annual meetings $nil in 2010 ($1,961 in 2009), professional fees $22,689 in 2010 ($26,634 in 2009), filing fees $13,375 in 2010 ($17,675 in 2009), insurance $15,131 in 2010 ($15,750 in 2009), office expense $7,315 in 2010 ($1,333 in 2009), promotion expense $6,735 in 2010 ($4,430 in 2009), management fees $79,150 in 2010 ($82,678 in 2009), transfer agent costs $4,405 in 2010 ($7,665 in 2009), travel and accommodations $877 in 2010 ($1,223 in 2009), rent $11,600 in 2010 ($13,601 in 2009), and amortization $481 in 2010 ($660 in 2009).

SUMMARY OF QUARTERLY RESULTS

The following quarterly financial data is derived from the annual audited financial statements of Shane Resources Ltd. for the three month periods ended on the dates indicated below. The information should be read in conjunction with the Company's annual audited financial statements and the accompanying notes thereto.

	Sept. 30/11	June 30/11	Mar.31/11	Dec. 31/10
Total assets	507,944	537,856	602,435	627,837
Exploration and evaluation assets	435,100	435,100	435,100	435,100
Working capital (deficiency)	69,516	100,950	137,501	170,473
Shareholders' equity	504,616	536,050	572,601	605,573
Management and other income	7,000	7,000	7,000	19,500
Net loss	31,434	36,551	32,972	117,498
Loss per share	$0.001	$0.001	$0.001	$0.004

	Sept. 30/10	June 30/10	Mar.31/10	Dec.31/09
Total assets	667,485	662,495	719,387	759,491
Exploration and evaluation assets	435,100	435,100	435,100	435,100
Working capital (deficiency)	210,303	224,209	256,198	282,019
Shareholders' equity	646,247	660,235	692,305	718,981
Management and other income	19,500	19,500	19,500	19,500
Net loss (income)	13,988	32,070	91,676	439,600
Loss (earnings) per share	$0.001	$0.001	$0.003	$0.000

The quarterly results are reported in accordance with GAAP with the exception of the results for the first, second and third quarters of 2011 and 2010 that have been adjusted to IFRS.

LIQUIDITY AND CAPITAL RESOURCES

	September 30, 2011	December 31, 2010	January 1, 2010
Working Capital	69,516	170,473	282,019
Deficit	(6,668,125)	(6,567,168)	(6,311,937)

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing.

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company is not exposed to significant risk, currency or credit risk, currency or credit risk arising from these financial instruments.

CAPITAL STOCK

The authorized capital stock of the company is an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As at November 28, 2011, and September 30, 2011, the Company had 26,240,750 common shares outstanding, of which 150,000 were held in escrow; with a value of $6,670,238.

Options

The Company has established a share based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing ongoing services to the Company. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. Unless otherwise determined by the board of directors of the Company (the "Board"), the exercise price of options equals the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten year term in accordance with TSX Venture Exchange policies.

A summary of the status of the Company incentive stock option plan as at November 28, 2011 and September 30, 2011 is as follows:

Number of Shares under Option	Exercise Price	Expiry Date
150,000	$0.25	December 18, 2012
150,000	$0.50	December 18, 2012
150,000	$0.75	December 18, 2012
1,300,000	$0.11	January 15, 2020
1,750,000		

	Number of Shares	Weighted Average Exercise Price
Outstanding January 1, 2010	600,000	0.50
Granted	1,300,000	0.11
Expired	(150,000)	0.50
Outstanding December 31, 2010 and September 30, 2011	1,750,000	0.21

Warrants

The Company had no outstanding share purchase warrants of the Company as at November 28, 2011, September 30, 2011, December 31, 2010 and January 1, 2010.

RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2011 the Company incurred charges from officers, directors or companies sharing common directors as follows:

	September 30, 2011	September 30, 2010
Management and consulting fees	$ 37,450	$ 56,250
Office	4,572	5,750
Professional fees	1,348	1,957
Premises expense	8,000	7,000
Stock-based compensation	-	65,000
Travel	1,273	726
	$ 52,643	$ 136,683

The related parties refer to BlackSun Inc., Shane Resources Ltd. and officers and directors of the company.

During the period the Company received funds from United Uranium Corp. and Star Uranium Corp. sharing common directors as follows:

	2011	2010
Management and office administrative income	$ 21,000	$ 58,500

As at September 30, 2011 the accounts payable and accrued liabilities includes $nil (December 31, 2010 - $2,678, January 1, 2010 - $Nil) owing for professional fees to Davis LLP of which a director is an employee.

As at September 30, 2011 the receivables includes $3,913 (December 31, 2010 - $30,713, January 1, 2010 - $10,238) due from United Uranium Corp. and $11,263 (December 31, 2010 - $27,300, January 1, 2010 - $17,064) from Star Uranium Corp.; companies sharing common directors. The related parties refer to consultants, professional services and directors.

The amounts due to and from the related parties are non-interest bearing, with no fixed terms of repayment. The fair values of the amounts due to and from the related parties cannot be determined as there are no specific terms of repayment.

ACCOUNTING POLICIES

International Financial Reporting Standards (IFRS)

Transition to IFRS from GAAP

The Company's IFRS transition plan addressed matters including changes in accounting policies, IT and data systems, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion is understood and managed reasonably, the accounting staff has attended several training courses on the adoption and implementation of IFRS. Through in-depth training and detailed analysis of IFRS standards, the Company's accounting personnel has obtained a thorough understanding of IFRS and possesses sufficient financial reporting expertise to support the Company's future needs. The Company has also reviewed its internal and disclosure control processes and believes they will not need significant modification as a result of the conversion to IFRS. Further, the Company has assessed the impact on IT and data systems and has concluded there will be no significant impact to applications arising from the transition to IFRS.

The condensed financial statements for the period ended September 30, 2011 are prepared in accordance with IFRS, as stated in Note 3. The accounting policies in Note 4 have been applied in preparing the condensed financial statements for the period ended September 30, 2011 and 2010, the financial statements for the year ended December 31, 2010 and the opening IFRS statement of financial position on January 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position is set out below. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemption:

a) to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date

There are no significant differences between IFRS and Canadian GAAP in connection with the Company's statements of financial position as at January 1, 2010, September 30, 2010, and December 31, 2010.

There are also no significant differences between IFRS and Canadian GAAP in connection with the Company's statements of comprehensive loss or cash flows for the periods ended September 30, 2010 or the year ended December 31, 2010.

FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, approximate carrying value, which is the amount payable on the statement of financial position. The Company's other financial instruments, cash and equivalents, and marketable securities, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and equivalents are all held at large Canadian financial institution in interest bearing accounts. The Company has no investment in asset-backed commercial paper.

The Company's receivables consist mainly of receivables from related companies and GST/HST receivable due from the government of Canada. The Company does not believe it is exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company endeavors to manage liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligation.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of its financial instruments is low, as the Company no longer has any marketable securities, and has no short-term investments included in cash and equivalents.

b) Foreign currency risk

As at September 30, 2011, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company believes its currency risk to be minimal.

c) Price risk

The Company is exposed to price risk with respect to commodity and 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The carrying amount of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The Company does not have significant exposure to changing interest rates.

RISK FACTORS

Exploration and Evaluation

Mineral exploration and evaluation involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and evaluation activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that presently identified mineralization can be mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposit is also dependent upon a number of factors, some of which are beyond the Company's control such as, commodity prices, exchange rates, government policies and regulation and environmental protection.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available to the Company. In the future the Company will require additional funding to maintain its mineral properties in good standing.

The lack of additional financing could result in delay or indefinite postponement of further exploration and possible, partial, or total loss of the Company's interest in its exploration and evaluation assets.

Commodity Price Volatility

The market prices for commodities, over which the Company has no control, are volatile. There is no assurance that if commercial quantities of these commodities are discovered, a profitable market will exist for a production decision to be made or for the ultimate sale of production at a profit. As the Company is currently not in production, no sensitivity analysis for price changes has been provided.

Resource Estimates

There is a degree of uncertainty attributable to the calculation of resource tonnages and grades. Resource estimates are dependent partially on statistical inferences drawn from drilling, sampling and other data. The measured and indicated and inferred resource figures set forth by the Company are estimates, and there is no certainty that these resources can be converted into reserves with profitable extraction. Declines in the market prices for metals may adversely affect the economics of converting a resource estimate into a reserve.

SUBSEQUENT EVENTS

The Company has no subsequent events to report as of the date of this report.

INTERNAL CONTROLS AND PROCEDURES

The Company evaluated the design of its internal controls and procedures over financial reporting.

The Company identified certain material weaknesses and the need for improvement of policies, controls and procedures in areas such as the segregation of duties, taxation and awareness of the accounting implications of certain transactions and decisions. These weaknesses and their related risks are not uncommon in a company the size of Shane Resources Ltd. because of limitations of size and number of staff.

Management is taking steps to further analyze areas of weakness, improve controls and reduce risks by taking active steps to design and implement procedures, including written documentation of these procedures and where appropriate retaining external independent advice on certain key accounting, taxation and legal issues, as the Company does not presently have internal personnel with all of the technical accounting or legal knowledge to address the more complex issues.
While these measures may reduce the likelihood of a material misstatement or untimely disclosure in financial reporting, there is no assurance that a material misstatement will not occur.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with generally accepted accounting principles is also the responsibility of management.