

SHANE RESOURCES LTD.

INFORMATION CIRCULAR

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 2, 2011

This information is given as of January 31st, 2011 unless otherwise noted.

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **Shane Resources Ltd.** (the "Company") for use at the Annual General and Special Meeting (the "Meeting") of the shareholders of the Company, to be held on Wednesday, March 2nd, 2011 at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

PERSONS OR COMPANIES MAKING THE SOLICITATION

The enclosed form of Proxy is solicited by Management. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Information Circular.

APPOINTMENT AND REVOCATION OF PROXIES

Kyle Kozuska is a director of the Company and Loranna Laing is an officer of the Company (the management designees named in the accompanying Form of Proxy). **A Shareholder has the right to appoint a person (who need not be a shareholder), other than Kyle Kozuska or Loranna Laing to represent such Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the other person in the blank space provided on the Form of Proxy. Alternatively, a Shareholder may complete another appropriate Form of Proxy.

The completed Proxy should be deposited with the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays and holidays. The Proxy must be dated and be signed by the shareholder or by his attorney in writing, or if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

REVOCATION OF PROXIES

In addition to revocation in any other manner permitted by law, a shareholder may revoke a Proxy either by:

- (a) **signing a Proxy bearing a later date and depositing it at the place and within the time aforesaid;**

- (b) signing and dating a written notice of revocation (in the same manner as the Proxy is required to be executed as set out in the notes to the Proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof; or
- (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such Proxy shall be deemed to have been revoked.

NON-REGISTERED HOLDERS OF COMPANY'S SHARES

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the common shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares. More particularly, a person is not a Registered Shareholder in respect of common shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or
- (b) in the name of a clearing agency of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms).

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs”.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the Notice of Meeting, this Information Circular, and a form of Proxy (collectively, the “Meeting Materials”) directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to the respective OBOs, unless an OBO has waived the right to receive them. Meeting Materials sent to Non-Registered Holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “VIF”). This form is used by Non-Registered Holders instead of a proxy.

By returning the VIF in accordance with the instructions noted on it a Non-Registered Holder is able to instruct the Registered Shareholder how to vote on behalf of the Non-Registered Shareholder. VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder or his/her nominee the right to attend and vote at the Meeting. **Non-Registered Holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

All references to shareholders in this Information Circular and the accompanying form of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed form of Proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution will do so in accordance with such direction.

In the absence of any direction in the Proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular. The form of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to any matters, which may properly be brought before the Meeting. At the time of printing of this Information Circular, Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters, which are not now known to the Management, should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value. On January 31st, 2011, the record date of the Meeting, 26,240,750 common shares were issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each share of which he is the holder.

Only shareholders of record on the close of business on the 31st day of January, 2011, who either personally attend the Meeting or who complete and deliver a Proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Company, only the following shareholders own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company:

Name of Shareholder	Number of Shares	Percentage of Issued and Outstanding Shares
Dale Tingley	4,420,000	16.8%

The above information was provided by management of the Company as of January 31, 2011.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion & Analysis

Objectives of the Compensation Program

The board of directors is responsible for setting the overall compensation strategy of the Company and administering the Company's executive compensation program. The board of directors approves the appointment and remuneration of the Company's executive officers, including the Named Executive Officers identified in the Summary Compensation Table. The board of directors is also responsible for reviewing the Corporation's compensation policies and guidelines generally.

The objective of the executive compensation program is to engage senior management by motivating and rewarding corporate, individual or shareholder success. It is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance and contribution of the individuals involved and the overall performance of the Company. The Company believes that a competitive, goal oriented compensation policy is critically important to the creation of value for stockholders. To that end, the Company has created a compensation program intended to reward performance.

The goals of the compensation program are to align compensation with the successful accomplishment of business objectives and performance to enable us to attract and retain high quality executive officers and other key employees, reward them for the Company's progress and motivate them to enhance long-term stockholder value. The compensation program is intended to implement the following principles:

- Compensation should be related to the value created for shareholders.
- The Compensation program should be tied to short-term and long-term strategic goals and the Company's corporate objectives.
- The Compensation program should reflect and promote the Company's values and reward individuals for contributions to the Company's success.
- The Company's compensation program should be designed to attract and retain well-qualified executives.

In evaluating performance, the board of directors gives consideration to the Company's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements. In addition, the board of directors will receive and review recommendations of the Chief Executive Officer ("CEO") relating to the general compensation structure and policies and programs for the Company and the salary and benefit levels for the executive officers.

Elements of Compensation

The executive compensation program is comprised of two principal components: base salaries and a stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives. Each component of the executive compensation program is described below.

Base Salaries

The base compensation of the Named Executive Officers was previously established at the time the Corporation offered employment to the said Named Executive Officers. The board of directors reviews on a regular basis the base compensation of the Named Executive Officers (“NEOs”). NEOs are paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The Company’s approach to base salary compensation is to offer salaries which are targeted at the competitive median for similar Canadian focused junior mining exploration companies to attract and retain high quality individuals.

For the purpose of establishing these levels, the board of directors reviews competitive market data, including salaries for comparable positions in other public Canadian junior mining exploration companies. Salaries of the NEOs are not determined based on benchmarks or a specific formula. The board of directors determines the salary of the CEO. The board of directors then considers the salaries recommended by the CEO for the other executive officers of the Company. Based upon its reviews of industry data, the board of directors determined that the base salaries of the NEOs were appropriate and necessary to attract individuals of such high calibre within the mining industry for 2010. The board of directors reviews the salaries of the CEO and other executive officers annually. Salaries may be increased based upon the individual’s performance and contribution or increases in median competitive pay levels.

Stock Option Plan

The Company has adopted an incentive stock option plan (the “**Option Plan**”) pursuant to which options to purchase Common Shares (“**Options**”) may be granted to directors, officers, employees and consultants of the Company. The Option Plan is designed, through the grant of Options, to reward key individuals in relation to the share price of the Company. The Option Plan is an integral component of the Company’s total compensation program in terms of attracting and retaining key employees and enhances shareholder value by aligning the interests of executives and employees with the growth and profitability of the Corporation. The longer-term focus of the Option Plan complements and balances the short-term elements of the compensation program of the Company.

Pursuant to the Option Plan, the board of directors may grant, from time to time, to directors, officers, employees and consultants of the Corporation, Options. In determining the number of Options to be granted to the executive officers, the board of directors considers the amount, terms and vesting levels of existing Options held by the officers and also the number of Options remaining available for grant by the Company in the future to attract and retain qualified technical and administrative staff. Generally, the number of Options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made by the optionee to the business and affairs of the Company, the number of Options that have already been granted to the optionee and such other factors as the board of directors may consider relevant. Please refer to “*Particulars of Matters to Be Acted Upon – Approval of Amended Stock Option Plan*” for further details regarding the Option Plan.

Option-based Awards

The process the Corporation follows in respect of the grant of option-based awards is set out under “*Compensation Discussion and Analysis – Stock Option Plan*”.

Executive Officers of the Company

The following table contains information about the compensation paid to, or earned by, those who were, at December 31, 2010:

- (a) the Company's chief executive officer (or an individual who acted in a similar capacity);
- (b) the Company's chief financial officer (or an individual who acted in a similar capacity);
- (c) each of the Company's three other most highly compensated executive officers (except those whose total salary and bonus does not exceed \$150,000); and
- (d) any additional individuals whose total salary and bonus exceeded \$150,000 during the year ended December 31, 2010.

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended Dec 31⁽⁵⁾	Salary (\$)	Share-Based Awards (\$)⁽¹⁾	Option-Based Awards (\$)⁽²⁾⁽⁴⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Kyle Kozuska⁽³⁾⁽⁶⁾ President and Chief Executive Officer	2008	nil	nil	nil	nil	nil	nil	nil	nil
	2009	nil	nil	nil	nil	nil	nil	nil	nil
	2010 ⁽⁷⁾	nil	nil	22,500	nil	nil	nil	nil	22,500
Lorilee Kozuska Chief Financial Officer	2008	nil	nil	nil	nil	nil	nil	20,000	20,000
	2009	nil	nil	nil	nil	nil	nil	20,000	20,000
	2010 ⁽⁷⁾	nil	nil	12,500	nil	nil	nil	20,000	32,500

Notes:

- (1) "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, stock options, stock appreciation rights and similar instruments that have option-like features.
- (3) Mr. Kozuska did not receive any additional compensation for serving as a director of the Corporation while serving as a Named Executive Officer.
- (4) The "grant date fair value" has been determined by using the Black-Scholes option pricing model.
- (5) For information on the Named Executive Officers compensation for the financial year ended December 31, 2007, please see the management information circular of the Corporation dated August 15, 2008 filed on SEDAR.
- (6) Mr. Kozuska was appointed CEO and President on December 8, 2008.
- (7) As of the date of this information circular, the audited financial statements have not been completed for the financial year ended December 31, 2010.

No stock options were granted during the Company's financial years ended December 31, 2008 or December 31, 2009. The Company granted an aggregate of 700,000 stock options to NEOs during the 2010 financial year.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards - Named Executive Officers

The following table sets forth details of all awards outstanding for each NEO of the Company as of the most recent financial year end, including awards granted before the most recently completed financial year. None of the awards disclosed in the table below have been transferred at other than fair market value.

Name and Title	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option ⁽¹⁾⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
Kyle Kozuska President and Chief Executive Officer	450,000	\$0.11	Jan. 15, 2020	nil	nil	nil
Lorilee Kozuska Chief Financial Officer	150,000 150,000 150,000 250,000	\$0.25 \$0.50 \$0.75 \$0.11	Dec. 18, 2012 Dec. 18, 2012 Dec. 18, 2012 Jan. 15, 2020	nil	nil	nil

Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2010, being \$0.07 per Common Share, and the exercise price of the options.

Incentive Plan Awards - Value Vested or Earned During the Year - Named Executive Officers

The following table sets forth the value of option-based awards and share-based awards which vested or were earned by each NEO during the 2009 and 2010 financial years:

Name and Title	Option-Based Awards – Value vested during the year (\$)	Share-Based Awards – Value vested during the year (\$)	Non-Equity Incentive Plan Compensation – Value earned during the year (\$)
Kyle Kozuska Interim President and CEO	2009 – nil 2010 – 22,500	2009 – nil 2010 - nil	2009 – nil 2010 - nil
Lorilee Kozuska Chief Financial Officer	2009 – nil 2010 – 12,500	2009 – nil 2010 - nil	2009 – nil 2010 - nil

The Company’s Stock Option Plan was previously approved by the shareholders of the Corporation on December 2, 2009. As discussed in this Circular under “*Particulars Of Matters To Be Acted Upon - Approval of Amended Stock Option Plan*”, the Company is seeking shareholder approval of an amended Stock Option Plan in substantially the form attached hereto as Schedule “B”. The significant terms of the Option Plan are disclosed in this Circular under “*Particulars Of Matters To Be Acted Upon - Approval of Amended Stock Option Plan*”.

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Option and SAR Repricings

There were no repricings of stock options held by senior management and directors under the Plan or otherwise during the Company's completed financial years ended December 31, 2009 and December 31, 2010.

Defined Benefit or Actuarial Plan

The Company did not have a defined benefit or actuarial plan during the financial years ended December 31, 2009 and December 31, 2010.

Termination and Change of Control Benefits

Other than as set forth herein, the Company was not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a Named Executive Officer's responsibilities during the financial years ended December 31, 2009 and December 31, 2010.

DIRECTOR COMPENSATION

The Company currently has three directors, one of which is also a Named Executive Officer. For a description of the compensation paid to the Named Executive Officers of the Company who also act or acted as directors of the Corporation, see "SUMMARY COMPENSATION TABLE".

Director Compensation Table

The following table sets forth all compensation provided to directors who are not also Named Executive Officers ("**Outside Directors**") of the Corporation for the financial years ended December 31, 2009 and December 31, 2010:

Name	Fees Earned (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Steve Rogoschewsky	2009 – nil 2010 - nil	2009 – nil 2010 - nil	2009 - nil 2010 - 10,000	2009 – nil 2010 - nil	2009 – nil 2010 - nil	2009 – nil 2010 - nil	2009 – nil 2010 – 10,000
Michael Der	2009 – nil 2010 - nil	2009 – nil 2010 - nil	2009 – nil 2010 – 17,500	2009 – nil 2010 - nil	2009 – nil 2010 - nil	2009 – nil 2010 - nil	2009 – nil 2010 – 17,500

Notes:

- (1) "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, stock options, stock appreciation rights and similar instruments that have option-like features.
- (3) The "grant date fair value" has been determined by using the Black-Scholes option pricing model.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards - Outside Directors

The following table sets forth details of all awards outstanding for each Outside Director of the Company as of the most recent financial year end, including awards granted before the most recently completed financial year:

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option ⁽¹⁾⁽²⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
Steve Rogoschewsky	200,000	0.11	Jan. 15, 2020	nil	nil	nil
Michael Der	350,000	0.11	Jan. 15, 2020	nil	nil	nil

Notes:

- (1) Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.
- (2) The aggregate of the difference between the market value of the Common Shares as at December 31, 2010, being \$0.07 per Common Share, and the exercise price of the options.

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year - Outside Directors

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the financial years ended 2009 and 2010 for Outside Directors of the Company:

Name	Option-Based Awards – Value vested during the year (\$)	Share-Based Awards – Value vested during the year (\$)	Non-Equity Incentive Plan Compensation – Value earned during the year (\$)
Steve Rogoschewsky	2009 – nil	2009 – nil	2009 – nil
	2010 – 10,000	2010 - nil	2010 - nil
Michael Der	2009 – nil	2009 – nil	2009 – nil
	2010 – 17,500	2010 - nil	2010 - nil

The significant terms of the Stock Option Plan are disclosed in this Circular under “*Particulars Of Matters To Be Acted Upon - Approval of Amended Stock Option Plan*”.

Other Compensation

Other than as set forth herein, the Company did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which

compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of the financial year ended December 31, 2010, the Company's Stock Option Plan was the only equity compensation plan under which securities were authorized for issuance. The following table sets forth information with respect to the Company's Stock Option Plan as at the year ended December 31, 2010:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1) ⁽¹⁾
Equity compensation plans approved by securityholders	1,750,000	\$0.20	874,075
Equity compensation plans not approved by securityholders	nil	nil	nil
Total	1,750,000	\$0.20	874,075

Note:

(1) The aggregate number of Common Shares that may be reserved for issuance under the Stock Option Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares. As at December 31, 2010, the number of Common Shares issued and outstanding was 26,240,750.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors or senior officers of the Company or any associates or affiliates of the Company are or have been indebted to the Company at any time during the 2009 or 2010 financial years.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction during the 2009 and 2010 financial years or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries other than as set out herein.

MANAGEMENT CONTRACTS

Except as otherwise disclosed in this Information Circular, management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

AUDIT COMMITTEE

Pursuant to the provisions of section 165 of *The Business Corporations Act* (Saskatchewan), the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* ("NI 52-110"), have a written charter which sets out the duties and responsibilities of its audit committee. In providing the following disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

Audit Committee's Charter

Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements. The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the CEO and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with the Independence Standards Board Standard I.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors, take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's

first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

Composition of the Audit Committee

For the purposes of the following, the terms "Independent" and "Financially Literate" have the meaning ascribed to them in NI 52-110. The following are the members of the Committee:

- a) Kyle Kozuska, Not Independent Financially Literate;
- b) Michael Der, Not Independent, Financially Literate; and
- c) Steve Rogoschewsky, Independent, Financially Literate.

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Kyle Kozuska – Kyle Kozuska is a director and the Chief Executive Officer of a portfolio management corporation, and has reviewed the financial performance of corporations for many years.

Michael Der – Michael Der is a commercial and securities lawyer who specializes in transactions involving listed issuers.

Steve Rogoschewsky – Steve Rogoschewsky is the Chief Executive Officer of a privately held data company in Saskatoon known as BlackSun Inc. Mr. Rogoschewsky is responsible for the day to day operations in managing electronic data, web hosting, email, domains, and the associated network of computer systems that are responsible for delivering those Internet services.

Audit Committee Oversight

At no time since the commencement of the Company’s most recent completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “External Auditors”.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees*	Tax Fees**	All Other Fees***
2009	\$10,670	nil	nil	nil
2010****	nil	nil	nil	nil

* Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under “Audit Fees”.

** Fees charged for tax compliance, tax advice and tax planning services.

*** Fees for services other than disclosed in any other column.

**** As of the date of this information circular, the audit has not been completed for the 2010 financial year.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the board of directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the board of directors and who are charged with the day-to-day management of the Company. The board of directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) the Company is required to disclose its corporate governance practices, as summarized below. The board of directors will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

Board of Directors

The board of directors is currently composed of three directors, Messrs. Kyle Kozuska, Michael Der and Steve Rogoschewsky. NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

The board of directors is responsible for determining whether a director is an independent director. Kyle Kozuska, as a member of management, is not an independent director. Michael Der, as a lawyer providing legal services to the Company, is not an independent director. Steve Rogoschewsky is an independent director of the Company, as he does not hold a management position with the Company. Mr. Rogoschewsky has no ongoing interest or relationship with the Company other than his shareholdings in the Company and serving as directors.

Directorships

The following directors of the Company also serve as directors of other reporting issuers:

Kyle Kozuska – Star Uranium Corp. (TSX.V) and United Uranium Corp. (TSX.V)

Michael Der - United Uranium Corp. (TSX.V)

Orientation and Continuing Education

Each new director is given an outline of the nature of the Company’s business, its corporate strategy, and current issues within the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company’s business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as directors of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the TSX Venture Exchange to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Company’s directors either by way of director or committee meetings or by direct communications from management to the directors.

Ethical Business Conduct

The Board of Directors promotes ethical business conduct through the nomination of board members it considers ethical. The Board of Directors has also established a “whistleblower” policy which details complaint procedure for financial concern.

In addition, as the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board of Directors must comply with the conflict of interest provisions of *The Business Corporations Act* (Saskatchewan), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

Nomination of Directors

The Company's management is continually in contact with individuals involved in the mineral exploration industry and public sector resource issuers. From these sources the Company has made numerous contacts and in the event that the Company were in a position to nominate any new directors, such individuals would be brought to the attention of the board of directors. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

Compensation

The board of directors has the responsibility for determining the compensation of the CEO and does so with reference to industry standards and the Company's financial situation. The board of directors has the responsibility for determining the compensation of the directors who currently are not compensated in their capacity as directors but do receive stock options.

Other Board Committees

The Company does not have any committees other than an Audit Committee. See "Audit Committee" above.

Assessments

Being a venture issuer with limited administration resources, the Board of Directors work closely with management and, accordingly, are in a position to assess individual director's performance on an ongoing basis.

PARTICULARS OF MATTERS TO BE ACTED UPON

A. Election of Directors

Although Management is only nominating three (3) individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting. Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Positions and Residence	Date Appointed Director or Officer	Principal Occupations for the Previous Five Years	Number and Percentage of Common Shares Held or Controlled as at the Effective Date⁽¹⁾⁽²⁾
Kyle Kozuska ⁽³⁾ Saskatoon, Saskatchewan	Director since October 17, 2007	President & Chief Executive Officer of Paradigm Portfolio Management Corporation.	388,380 (1.5%)
Steve Rogoschewsky ⁽³⁾ Saskatoon, Saskatchewan	Director since December 2, 2009	Chief Executive Officer of Blacksun Inc.	363,000 (1.4%)
Michael Der ⁽³⁾ Calgary, Alberta	Director since December 2, 2009	Associate with the law firm of Davis LLP since 2009. Prior thereto, an associate with the law firm of Bennett Jones LLP since 2005.	56,000 (less than 1%)

Notes:

- (1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based upon information furnished to the Corporation by the above individuals.
- (2) Assumes a total of 26,240,750 Common Shares issued and outstanding as at the Effective Date.
- (3) Member of the Audit Committee.

It is contemplated that all of the above directors will also serve as members of the Audit Committee.

No proposed director:

- (a) is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The nominee directors and senior officers of the Company as a group beneficially own, directly or indirectly, an aggregate of approximately 807,380 shares, which together represent approximately 2.9% of the total votes attached to the Company's common shares.

B. Appointment of Auditor

The persons named in the enclosed form of Proxy will vote for the appointment of Davidson & Company LLP as auditor of the Company for the ensuing year, until the close of the next annual general meeting of the shareholders at remuneration to be fixed by the directors. The former auditor, Twigg & Company has not been proposed for re-appointment by the board of directors. Attached as Schedule "A" is the Change of Auditor Notice, together with letters received from Twigg & Company and Davidson & Company LLP in accordance with NI 51-102 agreeing with the content of the Change of Auditor Notice.

C. Fix Number of Directors Elected

Shareholders of the Company will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that three (3) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at three (3).**

D. Amendment and Approval of Stock Option Plan

Under the Option Plan, the board of directors may, from time to time, grant options to purchase common shares to certain directors, officers, employees and consultants of the Company. The Option Plan is administered by the board of directors, or if appointed, by a special committee of directors appointed from time to time by the board of directors (the "**Committee**"). The aggregate number of common shares which may be reserved for issuance under the Option Plan shall not exceed 10% of the Company's issued and outstanding common shares from time to time. The number of common shares subject to an option to a participant shall be determined by the Committee, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the common shares are then listed, or other regulatory body having jurisdiction. The exercise price of the common shares covered by each option shall be determined by the Committee, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the common shares are then listed, or other regulatory body having jurisdiction. The maximum length of any option shall be ten (10) years from the date the option is granted, provided that such participant's options shall expire on date that is the later of ninety (90) days after a participant ceases to act for the Company, subject to extension at the discretion of the board of directors, except upon the

death of a participant, in which case the participant's estate shall have twelve (12) months in which to exercise the outstanding options. Under the rules of the TSX Venture Exchange, listed issuers with stock option plans that reserve a percentage of the issued and outstanding voting securities in the capital stock of the listed issuer from time to time for the issuance of stock options pursuant to the listed issuer's incentive stock option plan must have that stock option plan approved at each annual meeting of shareholders of the listed issuer. The amended Option Plan also takes into account employee stock option withholding obligations. The amended plan also reflects changes due to withholding requirements imposed by the Canada Revenue Agency.

The shareholders will be asked to consider and if thought fit, approve an ordinary resolution approving the adoption of the amended Option Plan attached hereto as Schedule "B" as the Company's stock option plan. In order for the resolution approving the Option Plan to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting. **In the absence of contrary direction, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

OTHER BUSINESS

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Instrument of Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com. The Company's annual audited financial statements and management discussion and analysis ("MD&A") for the fiscal year ended December 31, 2009 is available for review under the Company's profile on SEDAR. A copy of these financial statements and MD&A have also been mailed out to those shareholders who returned the Company's Financial Statement Request Form provided with the Company's 2009 annual general and special meeting material, in accordance with National Instrument 51-102 "Continuous Disclosure Obligations". Shareholders may contact the Company to request copies of the financial statements and MD&A by:

- (i) mail to Suite 212 – 116 Research Drive, Saskatoon, SK S7N 3R3; or
- (ii) fax to (306) 244-0042.

APPROVAL

The content and sending of this Information Circular has been approved by the Company's board of directors. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED at Saskatoon, Saskatchewan, the 3rd day of February, 2011.

BY ORDER OF THE BOARD

"Kyle Kozuska"

President and Director

SCHEDULE "A"

CHANGE OF AUDITOR NOTICE

NOTICE OF CHANGE OF AUDITOR
NATIONAL INSTRUMENT 51-102
SHANE RESOURCES LTD.
(the "Corporation")

Re: Appointment of Davidson & Company LLP as auditors of the Corporation.

The Corporation proposes to change its auditor from Twigg & Company Chartered Accountants (the **"Former Auditor"**) to Davidson & Company LLP, Chartered Accountants (the **"Successor Auditor"**) of Suite 1200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, effective as of the 2nd day of March, 2011, that being the date of the next annual general meeting of the Corporation. The Corporation will thus not be proposing the Former Auditor for appointment at the next annual general meeting of the Corporation.

There were no reservations contained in the Former Auditor's reports for the audits of the Corporation's two most recently completed financial years, nor were any modified opinions issued for the Former Auditor's reports during the same time period.

The termination of the Former Auditor and the recommendation to appoint the Successor Auditor were considered and approved by the Corporation's board of directors and audit committee on January 18, 2011.

There were no reportable events between the Corporation and the Former Auditor.

Dated this 18th day of January, 2011

(signed) "Kyle Kozuska"

Kyle Kozuska, President and Director

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

J.S. TWIGG D. Comm., C.A.
L.D. SAFINUK D. Comm., C.A.

January 20, 2011

650 REGENCY CENTER
333 - 25th STREET EAST
SASKATOON, SK S7K 0L4
TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

Saskatchewan Financial Services Commission
Securities Division
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan
S4P 4H2

TSX Venture Exchange
10th Floor, 300 - 5th Avenue SW
Calgary, Alberta
T2P 3C4

Dear Sirs:

Re: Shane Resources Ltd.(the "Corporation")
National Instrument No. 51-102 - Change of Auditor

Pursuant to the operation of National Instrument No. 51-102, please be advised that we have read the "Notice of Change in Auditor" of the Corporation dated January 18, 2011. Please be further advised that, based upon our knowledge at this time of the relevant information regarding the Corporation, we are in agreement with the information contained in that notice.

Yours truly,

TWIGG & COMPANY



Jim Twigg, Partner



January 20, 2011

Saskatchewan Financial Services Commission
Securities Division
Suite 601, 1919 Saskatchewan Drive
Regina, SK
S4P 4H2

TSX Venture Exchange
300 – 5th Avenue SW
10th Floor
Calgary, AB
T2P 3C4

Dear Sirs:

Re: Shane Resources Ltd. (the "Company")
Notice Pursuant to NI 51-102 - Change of Auditor

As required by the National Instrument 51-102 and in connection with our proposed engagement as auditor of the Company, we have reviewed the information contained in the Company's Notice of Change of Auditor, dated January 18, 2011 and agree with the information contained therein, based upon our knowledge of the information relating to the said notice and of the Company at this time.

Yours very truly,

“DAVIDSON & COMPANY LLP”

DAVIDSON & COMPANY LLP
Chartered Accountants



SCHEDULE "B"
AMENDED STOCK OPTION PLAN

2011 STOCK OPTION PLAN

1. Purpose

The purpose of the Stock Option Plan (the “**Plan**”) of Shane Resources Ltd., a corporation incorporated under *The Business Corporations Act* (Saskatchewan) (the “**Corporation**”) is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the “**Shares**”), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. Administration

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

4. Shares Subject to Plan

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. Exercise Price

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

8. Number of Optioned Shares

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any one twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relations activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3 month period.

9. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSX Venture Exchange (“**TSX Venture**”), the maximum term may not exceed 10 years.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board.

“**Black Out Period**” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading that is in effect at that time.

10. Option Period, Consideration, Payment and Withholding Taxes

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.
- (f) The Corporation shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Participant to the Corporation, of any taxes or other required source deductions which the Corporation is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Corporation may, in its sole discretion:

- (i) deduct and withhold additional amounts from other amounts payable to a Participant;
- (ii) require, as a condition of the issuance of Shares to a Participant that the Participant make a cash payment to the Corporation equal to the amount, in the Corporation's opinion, required to be withheld and remitted by the Corporation for the account of the Participant to the appropriate governmental authority and the Corporation, in its discretion, may withhold the issuance or delivery of Shares until the Participant makes such payment; or
- (iii) sell, on behalf of the Participant, all or any portion of Shares otherwise deliverable to the Participant until the net proceeds of sale equal or exceed the amount which, in the Corporation's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Participant.

11. Ceasing To Be a Director, Officer, Consultant or Employee

Subject to Section 12, if a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

12. Death of Participant

Notwithstanding Section 11, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

13. Rights of Optionee

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

14. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

15. Adjustments

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, arrangement, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of options, or the exercise price per share as set forth in the respective stock option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

16. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

17. Amendment and Termination of Plan

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

18. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

19. Effective Date of Plan

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

20. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Saskatchewan.

21. Disinterested Shareholder Approval

- (a) The Corporation must obtain disinterested shareholder approval of stock options granted pursuant to the Plan if at any time:
 - (i) the number of shares reserved for issuance under stock options granted to insiders of the Corporation exceeds 10% of the issued shares of the Corporation;
 - (ii) the grant to insiders of the Corporation, within a 12 month period, of a number of options exceeds 10% of the issued shares of the Corporation;
 - (iii) the Corporation proposes to issue, to any one individual, within a 12 month period, a number of shares exceeds 5% of the issued shares of the Corporation; or
 - (iv) the Corporation decreases the exercise price of stock options previously granted to insiders of the Corporation.
- (b) If (a) applies, the proposed grant(s) or the Plan must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting approving the Plan, excluding votes attaching to shares beneficially owned by:
 - (i) insiders to whom options may be granted under the stock option plan; and

- (ii) associates of persons referred to in (b)(i) hereof.
- (c) Holders of non-voting and subordinate voting shares shall be given full voting rights on a resolution that requires disinterested shareholder approval.

22. Shareholder Approval

Approval of the Plan must take place at a meeting of the Shareholders on an annual basis. Furthermore, the Plan is subject to the approval of the Exchange on an annual basis. Shareholder approval can be given at a meeting of the shareholders after the establishment of the Plan, grant of options or amendment of options, provided that no options are exercised under the Plan, individual grant, or amendment before the meeting.

Made by the Board of Directors of the Corporation as evidenced by the signature of the following director duly authorized in that behalf effective February 1, 2011, and approved by the shareholders of the Corporation on March 2, 2011.

SHANE RESOURCES LTD.

Per: signed "Kyle Kozuska"
Kyle Kozuska
President and Director

