FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
SHANE RESOURCES LTD.
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

The following discussion and analysis, prepared as of April 28, 2011, should be read together with the audited financial statements for the year ended December 31, 2010 and related notes attached thereto, for Shane Resources Ltd. (the "Company") which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the Company's annual audited financial statements for the year ended December 31, 2009 and 2008, and the Management Discussion and Analysis for those years.

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 for view on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS AND OVERVIEW

The principal business of the Company, directly and through joint ventures, is the acquisition, exploration and development 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 mineral properties and rights is dependant 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

On January 15, 2010 the Company granted 1,300,000 options to purchase common shares to directors and officers of the Company. The options have an exercise price of $0.11 per share and are exercisable for a period of ten years.

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 December 31, 2010, 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 an 92% interest in the property by spending $246,627 on the property in 2008. No exploration activities were conducted on the property in 2010. To December 31, 2010, 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 December 31, 2010, the Company had expended a total of $78,149 on acquisition and $258,767 on exploration of the claims.

SELECTED ANNUAL INFORMATION

	Year ended Dec. 31/10	Year ended Dec. 31/09	Year ended Dec. 31/08
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

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).

Fourth quarter results

The Company's net loss for the quarter ended December 31, 2010 of $117,498 was significantly lower compared to $439,600 for the quarter 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 $603 in 2010 ($nil in 2009), unrealized loss on investments $8,002 in 2010 ($11 in 2009), management and other income $19,500 in 2010 ($19,500 in 2009), annual meetings $nil in 2010 ($1,961 in 2009), professional fees $nil in 2010 ($23,533 in 2009), filing fees $390 in 2010 ($390 in 2009), insurance $3,881 in 2010 ($4,500 in 2009), office expense $1,414 in 2010 ($123 in 2009), promotion expense ($990) in 2010 ($2,640 in 2009), management fees $40,482 in 2010 ($22,142 in 2009), transfer agent costs $663 in 2010 ($4,063 in 2009), travel and accommodations $151 in 2010 ($292 in 2009), rent $4,150 in 2010 ($2,817 in 2009), and amortization $236 in 2010 ($165 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.

	Dec.31/10	Sept. 30/10	June 30/10	Mar.31/10
Total assets	627,837	667,485	662,495	719,387
Mineral properties & deferred costs	435,100	435,100	435,100	435,100
Working capital (deficiency)	170,473	210,303	224,209	256,198
Shareholders' equity	605,573	646,247	660,235	692,305
Management and other income	19,500	19,500	19,500	19,500
Net loss (income)	117,498	13,988	32,070	91,676
Loss (earnings) per share	$0.004	$0.0001	$0.001	$0.003

	Dec.31/09	Sept.30/09	June 30/09	Mar.31/09
Total assets	759,491	1,169,759	1,185,556	1,213,322
Mineral properties & deferred costs	435,100	747,662	747,662	747,662
Working capital (deficiency)	282,019	408,892	419,344	446,541
Shareholders' equity	718,981	1,158,582	1,169,198	1,196,559
Management and other income	19,500	19,500	19,500	19,780
Net loss (income)	439,600	10,616	27,362	17,232
Loss (earnings) per share	$0.000	$0.000	$0.001	$0.001

LIQUIDITY AND CAPITAL RESOURCES

	December 31, 2010	December 31, 2009
Working Capital	170,473	282,019
Deficit	(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.

SHARE CAPITAL

The authorized share capital of the company is an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As at April 28, 2011, December 31, 2010 and 2009, 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 stock based compensation plan pursuant to which options to purchase common Ssares 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 April 28, 2011 and December 31, 2010 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
Outstanding December 31, 2009	600,000
Granted	1,300,000
Expired	(150,000)
Outstanding December 31, 2010	1,750,000

Warrants

There were no outstanding share purchase warrants of the Company as at April 28, 2011, December 31, 2010 and 2009.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010 the Company incurred charges from directors or companies sharing common directors as follows:

	December 31, 2010	December 31, 2009
Management fees	$ 75,000	$ 75,000
Office	6,960	13,000
Professional fees	2,678	-
Premises expense	11,000	11,000
Travel	877	-
	$ 96,515	$ 99,000

During the year the Company received funds from companies sharing common directors as follows:

	2010	2009
Management and office administrative income	$ 78,000	$78,000

Included in accounts payable and accrued liabilities is $2,678 (2009 - $Nil) owing for professional fees to a limited liability partnership of which a director is an employee.

As at December 31, 2010 the accounts receivable includes $30,713 (2009 - $10,238) due from United Uranium Corp. and $27,300 (2009 - $17,064) from Star Uranium Corp.; companies sharing common directors. The related parties refer to consultants, professional services and directors.

The amounts charged to and from the Company for the services provided have been determined by negotiations among the parties. These transactions were in the normal course of operations and were measured at the exchange value which represented the amounts of consideration established and agreed by the related parties.

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

Future Accounting Pronouncements

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS international accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

Section 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The adoption of these three sections will affect the Company's accounting for business combinations, if any, on or after January 1, 2011.

Conversion to International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for financial periods beginning on and after January 1, 2011. The Company plans to adopt IFRS with an adoption date of January 1, 2011 and a transition date of January 1, 2010.

The Company completed a preliminary IFRS transition assessment which highlighted several key areas of difference between existing Canadian GAAP and IFRS, specifically, presentation of financial statements, the treatment of asset retirement obligations, impairment of assets and share-based payments.

The Company developed an IFRS project plan assigning responsibilities and outlining the proposed timing of execution of key IFRS conversion projects. The Company's IFRS project plan stipulates several project phases. The first phase includes initial training and education for key finance staff. This phase is currently underway and is expected to be completed by the end of the Company's fiscal quarter ending March 31, 2011, with key members of the IFRS project team attending external courses, as well as conducting self-study training.

The next phase of the Company's IFRS project was the "impact assessment" phase, whereby the project team reviewed each of the significant areas of difference highlighted by the initial diagnostic. In this phase, the project team determined the potential qualitative differences between Canadian GAAP and IFRS and assessed the impact of these differences on the Company's accounting policies, information systems, internal controls over financial reporting and other business processes. To-date, the Company has identified the following key areas of potential difference with respect to the accounting for:

- Share-based payments – Canadian GAAP allows the preparer to choose from two options, namely a) treating all options granted at a particular date and with the same terms and conditions as one pool (pooling method) and b) treating options with different vesting dates as different grants (vesting method). The cost of such options is calculated according to Black-Scholes for both methods. For the pooling method, the total expense is amortized on a straight line basis over the longest vesting period of all of the options in the pool resulting in equal charges to income over the period. The vesting method looks at each vesting tranche and the expense associated with that particular vesting tranche and amortizes that in a straight line. This second method front end loads the expense so that although available, this method is rarely used under Canadian GAAP. Under IFRS, the vesting method is the only method that may be used.

- Asset retirement obligation – Canadian GAAP requires that the future cost of asset retirement be discounted at the credit adjusted risk-free interest rate with the asset book value being increased by the discounted amount and a liability being recognized in the same amount. The credit adjusted risk-free interest rate is defined as the rate of interest on monetary assets that are essentially free of default risk, adjusted for the effect of the entity's credit standing. On the asset side, the discounted asset retirement amount is amortized over the life of the asset whereas the liability is increased or accreted at the credit adjusted risk-free rate so that, at the end of the project's life, the full liability for the rehabilitation work will have been recorded. Unless the anticipated cost of the asset retirement obligation changes due to more stringent requirements, improved technology or for other reasons, no further adjustment is made to the original asset retirement obligation except for ongoing amortization (asset side) or accretion (liability side).

  In contrast, IFRS requires that the asset retirement obligation must be calculated using a discount rate equal to the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Further, re-measurement must be made at the end of each reporting period to give a best estimate of the obligation and includes recalculating using the discount rate at the balance sheet date. As interest rates fluctuate, the discounted asset retirement obligation will also change causing changes to both the amortization and accretion expense. The effect of these changes may be material. Re-measurement for changes in the interest rate is not a requirement of Canadian GAAP.

- Impairment of assets – IAS 36, Impairment of Assets ("IAS 36"), uses a one-step approach for testing and measuring asset impairments with asset carrying values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash

flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent write-downs in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on a discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses.

- Mineral property costs – The Company has evaluated its existing policy for exploration cost accounting and does not expect any of the differences between IFRS and Canadian GAAP to impact its accounting for exploration costs.

On changing to IFRS, the Company will be eligible to make elections under the standard for the transition to IFRS, namely IFRS 1 – First Time Adoption. In some cases, the changes that would otherwise have been retrospective are, with election, applicable from the date of transition and prospectively; in a number of other cases, there is a mandatory approach to deal with the effects of the changes. Where an election is available, the Company is currently reviewing the selection of a suitable option. Typically, IFRS requires significantly more disclosure than is the case under current Canadian GAAP, particularly with respect to the notes to the financial statements. The Company, as part of the Plan, will be reviewing its data collection and reporting systems to ensure that the requisite information will be available and reliable.

The Company has completed a preliminary review of the above areas of potential difference on its information systems and is planning a number of new software implementations as a result. The above changes are not expected to have a significant impact on the Company's information and data systems, business processes, internal controls over financial reporting, disclosure controls and business activities.

The Company has completed the majority of its impact assessment phase. The next project phase consists of developing new IFRS-compliant accounting policies, implementation of these policies, calculating the Company's opening balance sheet under IFRS as at January 1, 2010, related testing and additional training as required. The Company expects to have developed new IFRS-compliant accounting policies and calculated its opening balance sheet under IFRS by the end of its fiscal quarter ending March 31, 2011.

FINANCIAL INSTRUMENTS

The Company has classified its cash and equivalents, and marketable securities as held-for-trading and is measured as a level 1 financial instrument under the fair value hierarchy. Receivables and accounts payable and accrued liabilities are classified as other assets or liabilities, which are measured at amortized cost. The fair value of accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short term nature, which is the amount recorded on the balance sheet.

RISK FACTORS

Exploration and Development

Mineral exploration and development 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 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 mineral properties.

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

There are no subsequent events to report during this period.

INTERNAL CONTROLS AND PROCEDURES

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under the Multilateral Instrument 52-109 for the fiscal period ended June 30, 2008.

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 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.