

SHEAR MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED FEBRUARY 28, 2009

GENERAL

This management's discussion and analysis ("MD&A") supplements, but does not form part of, the unaudited interim financial statements of Shear Minerals Ltd. ("Shear" or the "Company") for the three months ended February 28, 2009. The following information, prepared as of April 20, 2009, should be read in conjunction with those statements and with the Company's audited financial statements for the year ended November 30, 2008, both of which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts have been expressed in Canadian dollars unless otherwise indicated. Additional information related to the Company can be found on SEDAR at www.sedar.com.

The following MD&A is management's assessment of the Company's operations and financial results, together with future prospects. Certain statements contained in the MD&A are considered forward-looking statements. Please refer to "Forward-Looking Information" for a discussion on the risks and uncertainties related to such information.

DESCRIPTION OF BUSINESS

Shear is an exploration stage company focused on diamond exploration. The Company acquires and explores mineral properties located primarily in the Northwest and Nunavut Territories, Alberta, and Michigan. The Company is a reporting issuer in Alberta and British Columbia and trades on the TSX Venture Exchange under the symbol SRM.

PRIOR YEAR COMPARISONS

In preparing the financial statements for the three months ended February 28, 2009, we determined that the future income tax recovery reported in our previously issued unaudited interim financial statements for the three months ended February 29, 2008 was understated by \$60,458. As a result, the comparative figures for the three months ended February 29, 2008 have been restated. The impact of this restatement on the interim balance sheet at February 29, 2008 is a change to the future income tax liability and deficit. The impact of the restatement on the interim statement of operations and deficit for the three months ended February 29, 2008 is a change to the future income tax recovery, and net loss and comprehensive loss. Additional details on the restatement are available in note 4 to our unaudited interim financial statements for the three months ended February 28, 2009. Comparative information in this MD&A has been updated to reflect this restatement.

SUMMARY OF QUARTERLY RESULTS

The following summary of quarterly results is derived from unaudited quarterly financial statements prepared by management:

	2009		2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Mineral property expenditures	\$ 40,255	\$ 506,825	\$ 2,626,735	\$ 2,236,039	\$ 445,569	\$ 370,531	\$ 3,621,858	\$ 1,832,967	
Revenue	850	2,064	8,048	70,837	58,745	60,883	124,641	88,637	
Expenses excluding stock-based compensation	164,460	178,326	88,509	218,288	223,696	250,579	211,164	211,797	
Stock-based compensation	-	1,343	5,868	583,655	-	29,463	-	-	
Unrealized gain (loss) on short-term investments	3,242	(22,100)	(12,902)	(25,166)	6,887	(12,408)	(15,140)	(28,107)	
Write down of mineral properties (recovery)	(25,000)	285,433	869,252	-	-	180,338	-	234,814	
Future income tax recovery	47,885	397,539	304,058	84,738	60,458	1,468,589	-	68,100	
Net (loss) income	(87,483)	(87,599)	(664,425)	(550,618)	(97,606)	411,905	(101,663)	(317,975)	
Basic and diluted (loss) income per share	(0.001)	(0.001)	(0.008)	(0.007)	(0.001)	0.014	(0.001)	(0.005)	

The Company's revenues are derived mainly from interest on deposits and short-term investments and management fees charged to joint venture partners. These items fluctuate from quarter to quarter depending on the amount of property work being done, our outstanding investment balance, and the participation in exploration programs by our joint venture partners. The Company is in the exploration stage and has no revenue from mining operations. The variations in the net loss from quarter to quarter are primarily due to non-cash items such as mineral property write-downs net of future income tax recoveries, write-downs and recoveries of short-term investments, and stock-based compensation.

The decline in revenue beginning in 2008 is due primarily to lower management fees charged to a joint venture partner as a result of the partner's election to not participate in the 2008 exploration program. The net income in the fourth quarter of 2007 was due to a reduction of \$1,113,308 in the valuation allowance recorded against the Company's future income tax assets.

Results of Operations for the Three Months Ended February 28, 2009

Shear had a net loss of \$87,483 for the three months ended February 28, 2009 (three months ended February 29, 2008 – \$97,606). The Company's expenses were \$164,460 for the three months ended February 28, 2009 compared to \$223,696 for the three months ended February 29, 2008, a decrease of \$59,236 from the comparative quarter. The decrease in expenses and a \$25,000 recovery of mineral property expenditures previously written off were partially offset by decreases of \$57,895 in revenue and \$12,573 in the future income tax recovery.

General and Administrative Expense

Significant components of general and administrative expense were as follows:

	Three months ended February 28, 2009	Three months ended February 29, 2008
Office expenses	\$ 21,698	\$ 38,407
Regulatory and transfer fees	14,336	10,817
Corporate travel and tradeshows	6,464	48,627
Shareholder communications and promotion	4,091	13,689
Payroll	1,197	28,864
Other	61,046	509
	\$ 108,832	\$ 140,913

General and administrative expense decreased by \$32,041 from the comparative quarter, primarily due to a decrease in corporate activity. The decreases of \$16,709 in office expenses, \$42,163 in corporate travel and tradeshows, and \$27,667 in payroll are due to an emphasis on reducing corporate costs in the latter part of fiscal 2008. In response to economic conditions, we implemented a number of initiatives to reduce our corporate costs, including reductions in headcount and corporate storage and office facilities, and we also reduced our attendance at investment shows and conferences which resulted in lower fees and travel expenses in the current quarter. Other general and administrative expense for the current quarter includes \$59,562 paid to Canada Revenue Agency related to unspent flow-through funds renounced to shareholders under the look-back rule.

Other Expenses

	Three months ended February 28, 2009	Three months ended February 29, 2008
Professional fees	\$ 30,279	\$ 37,283
Management fees	9,910	30,000
Consulting fees	3,886	5,232
Amortization	11,553	10,268
	\$ 55,628	\$ 82,783

Management fees declined \$20,090 from the three months ended February 29, 2008. The decrease is partly due to fees of \$10,090 that were charged to the Company's mineral properties in the quarter ended February 28, 2009 (2008 - \$nil) as well as an overall reduction in management fees of \$10,000 from the comparative quarter in response to the current economic environment.

FINANCIAL CONDITION

Liquidity and Going Concern

The Company does not generate cash from operations and relies upon the proceeds of private placement financings to support its mineral property acquisition and exploration projects.

In response to the current market volatility and financial crisis, the Company has taken measures to reduce general and administrative expenses, including reductions in staff and management fees, and the closure of certain corporate storage and office facilities. Shear has no commitments for capital expenditures or contractual obligations for future property option payments.

At February 28, 2009, the Company had cash and cash equivalents of \$456,766 (November 30, 2008 - \$132,645) and working capital of \$148,444 (November 30, 2008 - working capital deficiency of \$1,251,531). Although funds were raised in a private placement in December 2008 (see "Financial Condition – Recent Financings"), the Company will need to raise additional capital to sustain operations and continue as a going concern. The Company's financial statements were prepared using generally accepted accounting principles applicable to a going concern. As described below, there are several adverse conditions that cast significant doubt on the validity of this assumption (see also "Risks and Uncertainties" in our annual MD&A for the year ended November 30, 2008).

Management intends to raise additional capital through private placements in the upcoming year to finance additional exploration expenditures and continue as a going concern. The current financial equity market conditions, the challenging funding environment and the low price of the Company's common shares make it difficult to raise funds by private placements of shares. The junior resource industry has been severely impacted by the world economic situation as it is considered to be a high-risk investment. There is no assurance that the Company will be successful with any financing ventures. The Company is dependent upon the continuing financial

support of shareholders and obtaining financing to continue exploration of its mineral property interests. While the Company is expending its best efforts to achieve its plans by examining various financing alternatives, there is no assurance that any such activity will generate funds that will be available for operations.

Recent Financings

In December 2008, the Company issued 770,000 units ("Units") at a price of \$0.07 per Unit and 23,347,857 flow-through units ("FT Units") at a price of \$0.07 per FT Unit for total gross proceeds of \$1,688,250. Each Unit consisted of one common share and one non-transferable share purchase warrant. Each FT Unit consisted of one flow-through share and one-half of a share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of \$0.20 at any time within 12 months of issue. The Company will be required to incur \$1,627,207 of qualifying expenditures which were renounced to the holders of the flow-through shares effective on December 31, 2008. The fair values attributable to the common shares and warrants issued were \$1,528,075 and \$160,175, respectively. In addition, agents received 1,353,349 warrants as commission at an exercise price of \$0.10 per common share, which expire in December 2010.

RELATED PARTY TRANSACTIONS

During the three months ended February 28, 2009, the Company incurred fees of \$20,000 (2008 – \$30,000) to Encore Resources Inc., a company in which a director and officer of Shear has significant influence, and \$22,210 (2008 – \$29,265) to a proprietorship controlled by an officer of Shear. These transactions were in the normal course of operations and were for management, professional and geological consulting services received, including fees paid to officers in their capacity as executives of the Company.

These fees are recorded in the financial statements as follows:

	Three months ended February 28, 2009	Three months ended February 29, 2008
Management fees	\$ 9,910	\$ 30,000
Professional fees	22,210	29,265
Mineral properties	10,090	-
	<u>\$ 42,210</u>	<u>\$ 59,965</u>

There was \$33,628 related to these fees recorded in accounts payable and accrued liabilities at February 28, 2009 (November 30, 2008 - \$42,204). In the opinion of management, these fees are considered to be at fair value and are recorded at the exchange amount.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at April 20, 2009, Shear had 112,099,484 common shares outstanding. The following table provides a summary of Shear's share options and warrants outstanding at April 20, 2009:

Security	Number	Exercise Price (\$)	Expiry Date
Share options	50,000	0.75	September 3, 2009
Share options	1,300,000	0.40	February 22, 2010
Share options	275,000	0.60	April 12, 2011
Share options	1,700,000	0.65	April 15, 2013
Share options	785,000	0.50	April 15, 2013
Warrants	1,333,250	0.95	December 12, 2009
Warrants	286,995	0.75	December 19, 2009
Warrants	210,000	0.30	February 15, 2010
Warrants	302,000	0.40	February 15, 2010
Warrants	8,872,500	0.20	December 19, 2010
Warrants	853,350	0.10	December 19, 2010
Warrants	3,571,429	0.20	December 31, 2010
Warrants	499,999	0.10	December 31, 2010

MINERAL PROPERTIES

During the three months ended February 28, 2009, expenditures on exploration and acquisition of the Company's mineral properties totalled \$40,255 compared to \$455,569 in the three months ended February 29, 2008.

The Company's active mineral properties are listed below. The following discussion includes a summary of exploration activities during the quarter ended February 28, 2009 and an update to disclosure in documentation filed with regulatory authorities and available for viewing under the Company's profile on SEDAR. Please refer to our most recent annual MD&A for the year ended November 30, 2008 for additional information on our mineral properties.

1. CHURCHILL DIAMOND, NUNAVUT

The Churchill Diamond Project ("Churchill") is comprised of mineral rights to approximately 1.0 million acres near the communities of Rankin Inlet and Chesterfield Inlet in the Kivalliq region of Nunavut. This project is a new and expanding kimberlite district which Shear and its partners discovered in 2003. To date, 88 kimberlites have been discovered on the property, including 9 discovered in 2008. Shear and Stornoway Diamond Corp. ("Stornoway") own 58.14% and 41.86% interests, respectively, in the project. Stornoway has chosen not to participate in the 2008 exploration program and, as a result, Shear's interest in the project could potentially increase to approximately 62%.

The property is subject to a 1% gross overriding royalty and net smelter royalty in favour of the Hunter Exploration Group ("Hunter") and 1% in favour of International Royalty Corp. with respect to the commercial production of diamonds. 100% of all non diamond rights are held by Kaminak Gold Corp.

The property hosts 11 high interest, diamond bearing kimberlites:

Kahuna: The Kahuna kimberlite is located within the Josephine River Corridor and is a 3.5m to 4m wide vertical kimberlite dyke averaging 2.8m in true width that trends for more than 5.5 km based on geophysical interpretation. Estimated diamond grade 1.04 cpt (carats per tonne).

Notch: The Notch kimberlite is located 15 km southwest of Kahuna in the Sedna Corridor and is a 1.5m wide vertical kimberlite dyke that trends for more than 3 km based on geophysical interpretation. Notch North was collected 1.5 km north of the main Notch outcrop. Estimated diamond grade 0.82 cpt.

PST: The PST kimberlite is located 2 km to the south of Notch within the Sedna Corridor. It is a 0.8m wide vertical dyke estimated to trend for 500m based on geophysical interpretation and is open along strike in both directions. Estimated diamond grade 2.18 cpt.

Jigsaw: The Jigsaw kimberlite is located 20 km northwest of Notch to the northwest of the head of the Sedna Corridor. Jigsaw is a 1.3m wide vertical dyke estimated to be 1 km in length based on geophysical interpretation. Estimated diamond grade 0.49 cpt.

In 2007 an additional five high interest kimberlites were discovered, including four narrow unnamed dykes within the Sedna Corridor, and the fifth is the Meeka kimberlite located southeast of Jigsaw. In 2008, two new high-interest kimberlites, Killiq and the Kahuna Breccia, were discovered.

Churchill High Interest Kimberlites : Dimensions Implied by Current Drilling							
Kimberlite Name	Body Type	Grade (Carats Per Tonne) for stones >0.85mm	Tonnes processed to date	Width (m)	Length (m)	Deepest Drill Intersection (metres below surface)	Dip (degrees)
Kahuna	Dyke	0.95 ⁽¹⁾	356	2.8	5,500	151.6	Vertically-emplaced
Notch	Dyke	0.82	4.93	1.5	3,000	79.5	Vertically-emplaced
North Notch	Dyke	0.8	0.5	1	n/a	n/a	Vertically-emplaced
Jigsaw	Dyke	0.49	5.15	1.3	1,000	n/a	Vertically-emplaced
Meeka	Dyke	n/a	1.8	unknown	500	n/a	Vertically-emplaced
PST 003	Dyke	2.18	3.55	0.8	500	53.9	Vertically-emplaced
Killiq	Dyke	n/a	n/a	0.75	n/a	n/a	Vertically-emplaced

⁽¹⁾ An additional 6.196 carats were recovered from an audit of 15–22% of the tailings indicating a potential grade increase to 1.04 cpt.

2008 Exploration Program – Pending Results

Results pending from the 2008 program include microdiamond analyses from other drilling and prospecting discoveries, indicator mineral results from till samples and macrodiamond results from the total of 26.1 wet tonnes collected from the Notch bulk samples.

Future Plans

Once additional results from the 2008 exploration program are received, the Company will develop future exploration plans for the property.

2. CHURCHILL WEST, NUNAVUT

The Company is currently exploring the Churchill West project with International Samuel Exploration Corp. ("Samuel"), Stornoway and BHP Billiton Diamonds Inc. ("BHPB") where the Company holds a 26.45% interest, and Samuel, Stornoway and BHPB have interests of 48.75%, 18.37% and 6.43%, respectively, in the diamond rights to the property. The property is subject to a 2% gross overriding royalty and net smelter royalty in favour of Hunter with respect to the commercial production of diamonds. Kaminak Gold Corp. currently holds the non-diamond rights to the property although Shear and Stornoway have a joint right of refusal on these rights. BHPB did not participate in the 2006 or 2007 Churchill West exploration programs and their interest will dilute accordingly. Shear is currently the operator of the project.

The Churchill West project encompasses 397,705 acres located near the community of Rankin Inlet in the Kivalliq region of Nunavut, contiguous to the Churchill Diamond Project. In 2003, two kimberlites were discovered on the Churchill West property, one of which was diamondiferous.

Future Plans

A review of all past data focused on mineral chemistry is underway. Based on those results, future budgets will be discussed with joint venture partners and finalized.

3. AYLMER LAKE WEST, NORTHWEST TERRITORIES

This project operates under a joint venture agreement with Diamondex Resources Ltd. Shear currently holds 62.9% of the project. Shear is obligated to pay a 3.5% gross underlying royalty on production from the property. The property is comprised of two mineral leases (5,165 acres) located 50 km east of the Diavik Diamond Mine and the established diamond district of Lac de Gras and approximately 320 km northeast of Yellowknife, Northwest Territories. There are two known kimberlites on the property: the Nicholas Bay and Nic2 kimberlites.

Future Plans

Future plans may include the re-interpretation of the known kimberlites to determine whether further sampling of the kimberlites is warranted.

4. AFRIDI LAKE, NORTHWEST TERRITORIES

This project operates under a joint venture agreement with Samuel, New World Resource Corp. ("New World" - formerly Dasher Energy Corp.) and Mantle Resources Inc. ("Mantle"). Shear currently holds a 58.2% interest in the property and Samuel, New World and Mantle have 25.4%, 8.2% and 8.2%, respectively.

The Company is obligated to issue 100,000 of its common shares to Mantle for each diamondiferous kimberlite discovered on the property, to a maximum of three kimberlites. The Company is also obligated to pay a 5% gross overriding royalty and net smelter fee on production of the property.

The Afridi Lake Property is comprised of 22 mineral claims and three mineral leases (64,000 acres) located approximately 40km east of the Diavik Diamond Mine within the established diamond district of Lac de Gras and approximately 320 km northeast of Yellowknife, Northwest Territories. There are five known kimberlites on the properties (DA-1, DA-2, DA-3, DA-2SW and the Jordan kimberlites) and more than 100 geophysical targets, some of which have been covered by ground geophysics and are drill-ready.

Future Plans

A remaining 6 priority targets have been identified and designated for drill testing from the 2008 work. A total of 86 geophysical targets suggestive for follow up have been chosen on the property and will be continuously assessed during ongoing exploration. At the present time the joint venture is applying for all government land-use permits in anticipation of continued exploration in 2009-2010, subject to budget approvals by joint venture partners.

5. LIEGE, ALBERTA

On November 30, 2005, the Company acquired a farm-out agreement on a significant land position in north central Alberta for diamond exploration. The property, known as the Liege Diamond Project, was acquired from a Canadian oil and natural gas exploration, development and production company. A \$10,000 cash finder's fee was paid by Shear under the terms of the agreement. The terms of the agreement were amended on May 1, 2008, such that Shear could earn into an initial 51% interest by incurring a total of \$1,000,000 of exploration expenditures over three years inclusive of \$325,000 in exploration by November 30, 2009. The Company issued 100,000 common shares as consideration for this first amendment. On April 7, 2009, the expenditure period was extended to May 31, 2010 for no consideration.

Seven prominent pipe-like targets have been identified from seismic surveys and are suggestive of kimberlites. They were generated during exploration for oil and gas. The Liege Diamond Project consists of 155,000 acres and is located 360km north of Edmonton, Alberta. The project area lies 80km immediately east of the Buffalo Head Hills kimberlite cluster and is located along the projected trend of the Peace River Arch, a crustal structure potentially favourable for kimberlite emplacement.

Future Plans

Seven priority targets suggestive of kimberlite have been identified and designated for drill testing. At the present time, the Company is applying for all government land-use permits in anticipation of future drill testing, additional ground geophysics and prospecting.

6. RATTLESNAKE NORTH, ALBERTA

On February 17, 2009, the Company relinquished all rights in the Rattlesnake North property to Grizzly Diamonds Ltd. The carrying amount of the property of \$76,138 was written off in 2008. During the quarter ended February 28, 2009, the Company recorded a \$25,000 recovery of the amount that was written off in 2008.

7. SAKARI, NUNAVUT

During 2007, the Company earned into a 50% interest in approximately 42,000 acres of claims located within the southwest portion of Diamonds North Resources Inc.'s Amaruk project in the Franklin Kimberlite District of Nunavut. The Sakari property is located adjacent to the Darby project where nine kimberlites have been discovered to date. Diamonds North Resources Ltd. retains the other 50% interest in the property and is the operator.

Future Plans

Results from the 2008 exploration program will be interpreted by Diamonds North Resources Inc., after which future plans for the project will be determined.

8. CRYSTAL, MICHIGAN, USA

In 2007, the Company issued 100,000 shares to acquire the Crystal Diamond project in Michigan, USA. The Company is obligated to issue 20,000 of its common shares to the vendors of the project for each diamondiferous kimberlite discovered on the property, to a maximum of 100,000 shares. The Company is also obligated to pay a 3% gross overriding royalty on production from the property, of which 1.5% can be purchased by Shear for US\$ 1,000,000 for each whole percentage, and if any fraction of a percentage is purchased, by an amount pro-rated in accordance with the percentage purchased.

Future Plans

Future plans for the Crystal project are currently being developed but will likely include additional ground checking and geophysics with follow-up drill testing. At present, five priority targets suggestive of kimberlite have been identified for drill testing.

ANALYSIS OF ACQUISITION AND EXPLORATION COSTS

Three Months Ended February 28, 2009

	Churchill	Churchill West	Aylmer Lake West	Afridi Lake	Liege	Sakari	Rattlesnake North	Crystal	Total
Acquisition Costs									
Expenditures:									
Land tenure	\$ 1,276	\$ -	\$ 5,157	\$ -	\$ 2,044	\$ -	\$ -	\$ 4,800	\$ 13,277
Option costs - cash	-	-	-	-	-	-	(25,000)	-	(25,000)
	1,276	-	5,157	-	2,044	-	(25,000)	4,800	(11,723)
Less:									
Recovery of amounts previously written off	-	-	-	-	-	-	25,000	-	25,000
Net additions	1,276	-	5,157	-	2,044	-	-	4,800	13,277
Balance - beginning of period	4,629,610	66,116	10,673	176,767	96,435	97,618	-	118,598	5,195,817
Balance - end of period	4,630,886	66,116	15,830	176,767	98,479	97,618	-	123,398	5,209,094
Exploration Costs									
Expenditures:									
General exploration	16,768	1,214	103	5,219	1,266	(9,798)	-	103	14,875
Bulk sampling	2,141	-	-	-	-	-	-	-	2,141
Environment	-	-	-	-	-	-	-	-	-
Drilling	4,554	-	-	2,780	-	-	-	-	7,334
Sampling	-	-	-	-	-	-	-	-	-
Ground geophysics	-	-	-	-	-	-	-	-	-
Airborne geophysics	-	-	-	-	-	-	-	-	-
Prospecting	2,628	-	-	-	-	-	-	-	2,628
Community consultations	-	-	-	-	-	-	-	-	-
Net additions	26,091	1,214	103	7,999	1,266	(9,798)	-	103	26,978
Balance - beginning of period	19,523,229	308,419	245	1,984,562	351,542	390,235	-	278,396	22,836,628
Balance - end of period	19,549,320	309,633	348	1,992,561	352,808	380,437	-	278,499	22,863,606
Total - end of period	\$ 24,180,206	\$ 375,749	\$ 16,178	\$ 2,169,328	\$ 451,287	\$ 478,055	\$ -	\$ 401,897	\$ 28,072,700

Three Months Ended February 29, 2008

	Churchill	Churchill West	Aylmer Lake West	XYZ	Afridi Lake	Piche	Liege	Hecla	Sakari	Crystal	Total
Acquisition Costs											
Expenditures:											
Land tenure	\$ 10,768	\$ -	\$ -	\$ -	\$ 34	\$ -	\$ 9,375	\$ -	\$ -	\$ -	\$ 20,177
Balance - beginning of period	4,598,435	57,785	10,314	180,956	168,332	9,973	51,492	17,102	97,618	113,864	5,305,871
Balance - end of period	4,609,203	57,785	10,314	180,956	168,366	9,973	60,867	17,102	97,618	113,864	5,326,048
Exploration Costs											
Expenditures:											
General exploration	296,208	-	34	137	9,189	934	4,724	-	-	85	311,311
Bulk sampling	409	-	-	-	-	-	-	-	-	-	409
Environment	8,996	-	-	-	-	-	-	-	-	-	8,996
Drilling	50,800	-	-	-	8,534	-	6,486	-	-	-	65,820
Sampling	132,955	-	-	-	-	-	-	-	-	-	132,955
Ground geophysics	9,431	300	-	-	27,623	24,618	87,213	-	-	250	149,435
Airborne geophysics	(24,089)	-	-	-	-	-	-	-	-	-	(24,089)
Prospecting	6,513	-	-	-	-	-	-	-	-	14,951	21,464
Community consultations	1,325	-	-	-	750	375	1,500	-	-	-	3,950
	482,548	300	34	137	46,096	25,927	99,923	-	-	15,286	670,251
Less:											
Expenses recovered from partners	(244,859)	-	-	-	-	-	-	-	-	-	(244,859)
Net additions	237,689	300	34	137	46,096	25,927	99,923	-	-	15,286	425,392
Balance - beginning of period	15,360,749	261,719	-	473,937	942,925	169,147	229,792	195,509	185,940	246,373	18,066,091
Balance - end of period	15,598,438	262,019	34	474,074	989,021	195,074	329,715	195,509	185,940	261,659	18,491,483
Total - end of period	\$ 20,207,641	\$ 319,804	\$ 10,348	\$ 655,030	\$ 1,157,387	\$ 205,047	\$ 390,582	\$ 212,611	\$ 283,558	\$ 375,523	\$ 23,817,531

CRITICAL ACCOUNTING ESTIMATES

The most significant accounting estimate for the Company relates to the carrying value of its mineral property assets. At the end of each quarter, exploration and acquisition expenditures are reviewed and, if the expenditures are deemed to have added value to the property, the expenditures are capitalized. The impairment of mineral properties is assessed whenever changes in circumstances indicate that the carrying amount may not be recoverable and the properties are written down to estimated fair value. The Company may choose to retain the mineral rights to a property after it is written off if management believes there may be an opportunity to vend or explore the property in the future.

The Company follows the recommendations in Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3063, "Impairment of Long-Lived Assets" and the CICA Emerging Issues Committee Abstract No. 174, "Mining Exploration Costs". Handbook Section 3063 requires that the Company review long-lived assets, including mineral properties, for impairment. Long-lived assets are assessed for impairment when events and circumstances warrant an assessment.

Resource property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on results of exploration work, management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded. The recent economic downturn warranted an assessment of the estimated recoverable amount for the Company's mineral properties. It is management's opinion that the carrying amount of the remaining properties is supported by positive results from recent exploration work and the Company's near-term exploration plans.

Capitalized costs as reported on the balance sheet represent costs incurred to date and may not reflect actual present or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the resource property interests. It is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amounts (see "Financial Condition – Liquidity and Going Concern").

Another significant accounting estimate used by the Company relates to the accounting for stock-based compensation. The Black-Scholes option pricing model is used to determine the fair value of the option and utilizes subjective assumptions such as expected price volatility and expected life of the option. Discrepancies in these input assumptions can significantly affect the fair value estimate.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The following new accounting pronouncements were adopted by the Company in the three months ended February 28, 2009:

- CICA Handbook Section 3064, "Goodwill and Intangible Assets";
- CICA Emerging Issues Committee Abstract No. 174, "Mining Exploration Costs"

Additional information on these standards is available in Note 3(a) to our financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The CICA published exposure drafts entitled "Adopting IFRSs in Canada" in April 2008 and March 2009. The exposure drafts propose to incorporate IFRS into the CICA Handbook effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. The Company is reviewing the impact of IFRS on its financial statements and has begun developing the key elements and timing of an implementation plan. The financial reporting impact of the transition to IFRS cannot be reasonably determined at this time.

FINANCIAL INSTRUMENTS

The Company has exposure to credit risk from its use of financial instruments. Operator recoveries are due from companies which operate in the mining exploration industry and, accordingly, are subject to the credit risks associated with this industry. The Company regularly monitors the activities and balances in these accounts to manage its credit risk and to assess the need for an allowance for any doubtful accounts.

The Company is also exposed to credit risk with respect to its cash and cash equivalents. To minimize this risk, cash has been placed with a major financial institution. The total amount of cash is available on demand and is not invested in commercial paper or asset-backed security programs. At February 28, 2009, the maximum exposure to credit risk was the carrying value of the Company's cash and cash equivalents, accounts receivable, and operator recoveries.

Shear is also exposed to liquidity risk from its use of financial instruments. The Company prepares annual exploration and administration budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs are dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. At April 20, 2009, the Company does not have sufficient cash on hand to complete its planned exploration activities and will need to raise additional capital to continue its operations.

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration

It is management's opinion that the Company is not exposed to significant currency or interest rate risks arising from its financial instruments.

FORWARD-LOOKING INFORMATION

This document contains forward-looking information that is based on expectations, assumptions and estimates as of the date of this document. Our forward-looking information is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward looking information. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by the use of the future tense

or other forward-looking words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “should”, “may”, “could”, “would”, “target”, “objective”, “projection”, “forecast”, “continue”, “strategy”, or the negative of those terms or other variations of them or comparable terminology.

Examples of such forward-looking information in this document include, but are not limited to, statements with respect to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect:

- Our intention to raise additional capital through private placements (see “Financial Condition – Liquidity and going concern”).

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company’s control, including the impact of financial equity market and general economic conditions, and volatility of the Company’s share price.

In formulating the forward-looking information above, the Company has made assumptions regarding general financial market conditions and the availability of financing.

While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See also “Risks and Uncertainties” in our most recent annual MD&A for a discussion of other risks that affect our business.

RISKS AND UNCERTAINTIES

There has been no significant change to our risk factors from those described in the MD&A for the year ended November 30, 2008. For a detailed discussion of these risk factors see “Risks and Uncertainties” in our annual MD&A dated March 30, 2009.