

SHELTERED OAK RESOURCES CORP.
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED DECEMBER 31, 2008

Prepared as of March 4, 2009

INTRODUCTION

This management discussion and analysis (“MD&A”) of results and operations and financial condition of Sheltered Oak Resources Corp. (“Sheltered” or “the Company”) describes the operating and financial results of the Company for the year ended December 31, 2008. The MD&A supplements, but does not form part of, the consolidated financial statements of the Company and should be read in conjunction with Sheltered’s audited consolidated financial statements and related notes for fiscal years 2008 and 2007. The Company prepares and files its financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”), presented in Canadian dollars. Sheltered is currently listed on the TSX Venture Exchange and as such, the following MD&A is prepared in accordance with requirements for venture issuers.

On August 28, 2008, Sheltered’s qualifying transaction (the “Qualifying Transaction”) was completed by way of a “three cornered” amalgamation among the Company, Sheltered Oak Resources Inc. (“SOR”) and a wholly-owned subsidiary of the Company whereby the Company issued an aggregate of 10,135,808 common shares to the shareholders of SOR and SOR amalgamated with Lucrum Acquisition Corp. to form “Sheltered Oak Resources Inc.”. The Company’s name was changed from “Lucrum Capital Corp.” to “Sheltered Oak Resources Corp.” on December 17, 2008.

As a result of the Qualifying Transaction, control of Sheltered was passed to the former shareholders of SOR upon the closing of the transaction. This type of share exchange is referred to as a “reverse takeover”. A reverse takeover transaction involving a non-public enterprise and a non-operating public company is a capital transaction in substance, rather than a business combination. That is, the transaction is equivalent to the issuance of shares by the non-public operating enterprise for the net monetary assets of the non-operating public company, accompanied by a recapitalization of the non-public operating enterprise

The cost of the acquisition should be based on the fair value of the consideration given, except where the fair value of the consideration given is not clearly evident. In such a case, the fair value of the net assets acquired is used.

The fair value of the net assets acquired, totalling \$117,456, has been allocated as follows:

Cash	\$101,706
Prepays and sundry receivables	7,411
Deferred acquisition costs	25,000
Accounts payable and accrued liabilities	<u>(16,661)</u>
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	\$117,456

Purchase consideration:

Common shares issued	<u>\$117,456</u>
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.Accordingly, the accounting of the share exchange is identical to that resulting from a reverse acquisition, except no goodwill is recorded. Under reverse takeover accounting, the post reverse acquisition comparative historical financial statements of the legal acquirer are those of the legal acquiree which is considered to be the accounting acquirer. Various other documents including the Filing Statement in respect of the Qualifying Transaction , dated August 18, 2008 (the “Filing Statement”), the consolidated financial statements for the three month period ended September 30, 2008 and other documents are all available on SEDAR at www.sedar.com under Sheltered. Additionally, the Filing Statement includes the audited annual financial statements for the year ended December 31, 2007 for SOR which should be read in conjunction with this discussion.

Sheltered has one wholly-owned subsidiary, Sheltered Oak Resources Inc. which carries on all of the activities and operations of the Company.

OVERVIEW

Sheltered is a junior mineral exploration company which, through its 100% owned subsidiary SOR, has an option to acquire a 55% interest in the Kerrs Gold property which consists of 43 unpatented mining claims and 12 leasehold interests located in the Matheson area of Ontario. These properties are optioned from Sage Gold Inc. (“Sage”) pursuant to an option agreement dated February 7, 2007 as amended and restated on April 19, 2007, and as amended on August 3, 2007, December 1, 2007, March 28, 2008 and February 2, 2009. Further details about the Property and Option Agreement can be found in the Company’s Filing Statement dated August 18, 2008 and filed on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

Certain statements contained in this management’s discussion and analysis may contain forward-looking information.

Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “estimate”, “expect”, “goal”, “intend”, “may”, “plan” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information disclosed herein includes:

- timing and commencement of drilling and other planned exploration;
- future financings; and
- the ability to exercise its option to earn an interest in the Sage properties (see “Interests in Mineral properties”)
- expectations to report NI 43-101 compliant mineral resources.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by any forward-looking information. Factors that could cause actual results to differ materially from any forward-looking information include, but are not limited to:

- inability to complete future financings to finance exploration;
- unsuccessful exploration results;
- changes in costs of drilling and other planned exploration;
- maintenance of mining claims and leasehold interests by Sage.; and
- the speculative nature of resource exploration.

Readers are cautioned not to place undue reliance on forward-looking information, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking information while considering the risks set forth under the heading “Risk Factors” in the Filing Statement. The Company is under no obligation to publicly update or otherwise revise any forward-looking information, whether as a result of new information, future events or other such factors which affect this information, except as required by law.

INTERESTS IN MINERAL PROPERTIES

Sheltered, through its 100% owned subsidiary SOR, has an option to acquire a 55% interest in the Kerrs Gold property which consist of 43 unpatented mining claims and 12 leasehold interests located in the Matheson area of Ontario.

A copy of the NI 43-101 Technical Report is available at www.sedar.com under the filings for Sheltered. The Phase 3 diamond drilling was completed in December 2008. Results to date have been reported in press releases dated November 20, 2008 and February 18, 2009 and can be found on www.sedar.com. To date, five drill holes (K-08-17 through 21) have been completed totalling 2508 metres.

The Phase 3 program was designed to test the up-dip strike extent below Bell Lake and down-dip extensions of quartz-pyrite replacement veining and quartz green carbonate (PyQGC) vein breccia zones varying in thickness from 10m to 60m. Gold mineralization occurs as pyritized quartz vein breccias enveloped by quartz fuchsite carbonate vein breccias with three brecciation sequences identified in several drill holes. Fine gold is primarily associated with fine pyrite

grains (1 to 5%) disseminated within quartz veins and altered mafic pillow flow volcanic overlying a magnetite/olivine-rich ultramafic assemblage. Coarse gold also occurs in sulphide-poor fuchsite carbonate quartz veins as observed in K-06-13 returning 27.8 g/t over 0.5m and K-05-01 returning 32.8 g/t over .44m in the upper zone.

Drill holes K-08-17, 18 and 19 confirmed the presence of three discrete vein systems which exhibit good continuity over an up-dip length of 250 metres correlating with the three zones reported in hole K-05-7. Drill hole K-09-19 establishes the extension of the Kerrs PyQGC zones to a distance of 150 metres projecting southwesterly under Bell Lake on line 1000N. The “middle” vein replacement breccias zone shows gold enrichment in all three holes with weighted average grades varying between 3.48 g/t and 6.43 g/t over true widths ranging from 2.7 m to 4.5m. Drill holes K-09-20 and 21 confirmed that the Kerrs PyQGC zones are not present on the east side of Bell Lake on line 750N at shallow depths.

Hole Number	Grid Location	Interval(Metres)	Weighted Avg. Au Grade g/t /Metre -True thickness(m)
K-05-01 *	L1150 N / 6+55W Dip: 60° Az 130°	284.3m -286.16m (upper) 375.48m-83.51m (middle)	9.18g/t / 1.86 m 7.43g/t / 3.2 m
K-08-18	L1150N / 280W Dip: -60° Az 310°	276.4m – 278.4m (upper) 280.4m – 284m (middle)	0.62 g/t / 2.2 m 4.14 g/t / 3.6 m
K-08-17	L1150N / 180W Dip: -60° Az 310°	340.8m – 345m (upper) 355.5m – 360m (middle) 397.0m – 402m (lower)	0.82 g/t / 4.2 m 6.43 g/t / 4.5 m 0.96 g/t / 5 m
K-08-19	L1050N / 180W Dip: -60° Az 220°	443.0m – 446m (middle) 453.6m – 455.4m (lower)	3.48 g/t / 2.7 m 1.53 g/t / 1.7 m
K-05-7 **	L1150N / 70W Dip: -60° Az 310°	411m – 413m (upper) 427.5m – 431.3m(middle) 441m – 446.1m (lower)	1.06 g/t / 2 m 5.72 g/t / 3.8 m 2.15 g/t / 5.1 m
K-06-08	L1150N / 70W Dip: -90° Az 310°	430.6m – 434.0 (middle) 434.0m – 435.6 (middle)	0.57 g/t / 3.2 m 0.84 g/t / 1.5 m
K-06-12	L1350N / BL0+00 Dip: -60° Az 310°	429.7m – 436m (middle) 440.0m – 443m (lower)	3.06 g/t / 5.9 m 1.07g/t / 2.8 m
K-06-13	L815N / BL 0+40W Dip: -60° Az 310°	428.1m – 430.6m (upper) 444.4m – 447.1m (lower)	6.99 g/t / 2.5 m 27.8 g/t / 0.5 m

In summary, the Kerrs PyQGC vein system has been defined by 21 drill holes arrayed in a 200m x 200m pattern with in-filling at 100m spacing on section 1150 piercing a shallow dipping

synclinal fold structure. The results of drill holes K-06-08, 10, 11, 12, 13, 14, and 16 indicate that the PyQGC vein breccia zones can be traced for over 1,200 meters along the axis of the fold structure. The down-dip dimension of the fold structure on section 1150N has been delineated by holes K-05-1, K-05-7, K-06-8, K-08-17, K-08-18 and K-09-19 to a depth along a curvilinear inclined plane from 150m to 750m measured from the surface. Drill holes K-09-20 and 21 close off the up-dip extension of the system on line 750N, however 250 metres of strike length remains to be tested under Bell Lake. The system is open to depth from the east side of Bell Lake confirmed by K-09-19 at line 1000N to hole K-06-12 located on line 1350N and may possibly extend 600 metres along strike to the southeast of hole K-06-12, indicated by a recent airborne magnetic survey.

In January, 2009, Sheltered completed a helicopter-supported airborne magnetic survey covering the entire property at 100 m line spacing. Currently, Sheltered is evaluating the results of this survey and awaiting results from an orientation MMI geochemical survey completed last fall. Further information will be made available when received by the Company.

Sheltered is currently planning a comprehensive Phase 4 drilling program designed to systematically delineate and evaluate the Kerrs PyQGC vein systems.

The following work was done by Sage prior to the Option Agreement being executed between Sage and SOR. Drill holes numbered K-05-01 through K-05-07 were drilled during the fall of 2005 and were reported in Sage's press release dated November 8, 2005. Drill holes K-06-08, and K06-12 were drilled during Sage's winter program of 2006 and were reported in Sage's press release of March 7, 2006. K-06-9 and K-06-15 were also drilled during the winter program but did not yield significant assay results

* K-05-01 re-assaying of pulps and pulp metallic analysis of rejects

** K-05-07 was reported as 5.73g/t - 3.3m (press release of November 8, 2005). The core was re-analyzed at a finer grind (-230 mesh from plus 10 mesh) resulting in an improvement of approximately 11% in the grade of the sample.

The Kerrs Gold property has been defined by 18 drill holes arrayed in a 200m x 200m pattern with in-filling at 100m spacing on section 1150 piercing a shallow dipping synclinal fold structure. The results of drill holes K-06-08, 10, 11, 12, 13, 14, and 16 indicate that the green carbonate quartz breccia zone and mafic replacement zones can be traced for over 1,200 meters. The down-dip dimension of the fold structure has been delineated by holes K-05-1, K-05-7, K-06-8, K-08-17 and K-08-18 to depth along a curvilinear inclined plane from 150m to 750m measured from surface. The system is open to depth from surface and along strike to both the northeast and southeast.

The surface diamond drilling program involving geological core logging, sampling and assaying tasks was supervised by Peter Hubacheck, P.Geo. #1059 (APGO) on behalf of Hubacheck Consulting Geologists (HCG), affiliated with W.A. Hubacheck Consultants Ltd. Peter Hubacheck is a qualified person as defined by NI-43-101 and has reviewed and authorized the geotechnical material in this MD&A. Mr. Hubacheck is a Director of the Company.

The NQ core samples were collected by HCG personnel at the drill from the drilling contractor (Salo Drilling, Timmins, Ontario) and transported to a core processing facility located on the Wahgoshig First Nation Reserve, 30 km. from the project site. The drill core was geologically logged for rock type, alteration, mineralization, % recovery and RQD (rock quality designation) factors, prior to being sawn lengthwise in half. Individual core sample lengths (standardized from 0.5m to 1.5m) were selected by the HCG personnel on a geological basis to delimit the gold mineralization based on lithological rock type, alteration and structural features. The remaining half core is stored and secured inside the core processing facility. The core samples were bagged, labeled and then transported in sealed plastic pails by HCG personnel and delivered via Manitoulin Transport to Accurassay Laboratories in Thunder Bay, Ontario. At this facility, there was crushing of the total sample, splitting to 250 grams using a Jones Riffle, and pulverized to 90% -230 mesh. Gold analysis is performed on 50 gram splits using atomic absorption (AA) and AA samples greater than 2000 ppb were checked with gravimetric finishing by fire assay. Quality control was maintained by periodic check assays with the insertion of lab standards and blanks in the sample stream. Duplicate samples were also inserted using quartered core samples from selected samples taken from the mineralized zones.

The Company has incurred, from inception, acquisition costs and exploration costs totalling \$1,462,942 relating to all three gold properties, as detailed in Note 4 to the consolidated financial statements as at December 31, 2008 (\$446,469 to December 31, 2007). In order to maintain its interest in the properties, Sheltered is obligated to pay Sage a total of \$185,000 by September 6, 2009, fund \$500,000 and \$1,000,000 of exploration expenditures on the Kerrs Property by June 30, 2009 and June 30, 2010 respectively, and fund \$125,000 and \$220,000 on the other two properties by December 31, 2009 and December 31, 2010 respectively.

MANAGEMENT CHANGES

On January 7, 2009 the Company announced that Robert Hanson had resigned as President, but remained as CEO, and Mr. J.J. Elkin had been appointed a Director of Sheltered and its President.

On January 7, 2009 the Company announced that Patrick Morris had resigned as CFO and Mr. Art Hampson had been appointed CFO of Sheltered.

FINANCINGS

On December 19, 2008 the Company completed the first tranche of a private placement financing by issuing 2,500,000 units of the Company (the "Units") at a price of \$0.085 per Unit and 4,775,000 flow-through units of the Company (the "FT Units") at a price of \$0.10 per FT Unit, for aggregate proceeds of \$690,000. Each Unit is comprised of one common share in the capital of the Company and one-half of one transferable common share purchase warrant (each whole warrant an "A Warrant"). Each A warrant entitles its holder to acquire a common share in the capital of the Company at an exercise price of \$0.12 per share until December 19, 2009, and thereafter at an exercise price of \$0.16 per share until December 19, 2010. Each FT Unit is comprised of one common share in the capital of the Company and one-half of one transferable common share purchase warrant (each whole warrant a "B Warrant"). Each B warrant entitles its holder to acquire a common share in the capital of the Company at an exercise price of \$0.14 per

share until December 19, 2009, and thereafter at an exercise price of \$0.18 per share until December 19, 2010. In the event that the common shares of the Company trade with a closing price on the TSX Venture Exchange of greater than \$0.20 per share for a period of 20 consecutive trading days at any time after April 20, 2009, the Company may accelerate the expiry date of the A Warrants and the B Warrants by giving notice to the holders thereof and, in such case, the A Warrants and the B Warrants will expire on the 30th day after the date on which such notice is given by the Company. The Units and FT Units are subject to a hold period expiring April 20, 2009. In connection with the first tranche of the private placement, the Company paid finders' fees aggregating \$52,200 and issued non-transferable compensation options ("Compensation Options") entitling the holders to purchase 552,000 non-flow-through units of the Company. Each Compensation Option is exercisable into one unit on terms similar to each Unit and/or into one unit on terms similar to each FT Unit, with an expiry date of December 19, 2010.

On December 31, 2008 the Company completed the second tranche of the private placement financing by issuing 100,000 FT Units at a price of \$0.10 per FT Unit, for aggregate proceeds of \$10,000. The FT Units have the same terms and conditions as the FT Units in the first tranche dated December 19, 2008, and are subject to a hold period expiring May 1, 2009. In connection with the second tranche of the private placement program, the Company paid a finder's fee of \$800 and issued Compensation Options entitling the holders to purchase 8,000 non-flow-through units of the Company. Each Compensation Option is exercisable into one unit on terms similar to each FT Unit, with an expiry date of December 31, 2010.

See Subsequent Events.

STOCK OPTIONS

During fiscal 2008 Sheltered granted stock options to directors and officers of the Company to purchase in the aggregate up to 1,497,500 common shares ("Common Shares") in the capital of the Company at a weighted average exercise price of \$0.27 per Common Share. The stock options expire on October 28, 2011 (1,047,500 options) and August 28, 2013 (450,000 options). The options were granted pursuant to the Company's incentive stock option plan, under which a maximum of 10% of the issued and outstanding Common Shares are reserved for issuance.

See Subsequent Events.

SELECTED ANNUAL INFORMATION

The following table sets out financial data for the last two years derived from the Company's consolidated audited financial statements for the year ended December 31, 2008 and SOR's audited financial statements for the year ended December 31, 2007.

	2008	2007
	\$	\$
Net revenues	-	-
Expenses	568,221	647,410
Net (loss)	(435,293)	(647,410)
Net (loss) per share	(0.03)	(0.06)
Cash flow (used in) operations	(57,476)	(493,943)
Cash, end of year	508,307	335,517
Total assets	2,121,744	803,389

Financial information for 2006 has not been presented as the initial transactions in the Company were negligible.

RESULTS OF OPERATIONS

Year ended December 31, 2008

Sheltered's operations in fiscal 2008 were focused on exploration and financing, and the Company did not generate any operating revenue. Net loss for 2008 decreased to \$435,293 from a loss of \$647,410 for 2007, with the decreased loss being primarily due to lower expenses related to consulting fees, offset in part by higher office and general expenses.

Consulting expenses declined to \$180,000 in fiscal 2008 from \$355,000 primarily due to the reduction in the consulting agreement between the Company and RKH Limited (\$180,000 in fiscal 2008; \$240,000 in fiscal 2007). RKH Limited is a company controlled by an officer and director of Sheltered. Office and general expenses increased to \$388,221 in fiscal 2008 from \$292,410 in 2007. The increase was primarily due to increased professional costs (\$152,880 in 2008; \$107,949 in 2007) which, in 2008, related primarily to the Qualifying Transaction, and higher costs for stock based compensation (\$137,637 in 2008; \$116,000 in 2007).

Summary of Quarterly Results

The following tables set out financial performance highlights for the last four quarters and were prepared in accordance with Canadian GAAP.

	Fourth Quarter Dec. 31, 2008	Third Quarter Sept. 30, 2008	Second Quarter June 30, 2008	First Quarter Mar. 31, 2008
	\$	\$	\$	\$
Net revenues	-	-	-	-
Expenses	165,930	205,643	102,666	93,982
Net income (loss) (including interest income)	(165,930)	(205,643)	(102,666)	38,946
Net income (loss) per share	(0.01)	(0.01)	(0.01)	-
Cash flow from (used in) operations	219,037	(38,888)	(24,573)	(213,052)
Cash, end of period	508,307	266,119	33,838	107,465
Total assets	2,121,744	1,423,557	799,645	725,536

The Company did not prepare interim financial statements for fiscal 2007.

Fourth quarter ended December 31, 2008

The Company's operations in the fourth quarter of 2008 resulted in a net loss of \$165,930. Operating expenses for the quarter of \$165,930 were \$39,713 lower than the operating expenses for the previous quarter in fiscal 2008, primarily related to the change in the consulting agreement between the Company and RKH Limited as noted in the comments above when analyzing the comparative annual results. Expenses during the quarter were comprised of professional fees (\$75,083), stock based compensation (\$47,637) and general office costs (\$43,210). Sheltered's operations during the quarter focused on the completion of the Qualifying Transaction, and furthering the explorations on the Kerrs Property.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2008 the Company had cash of \$508,307 and working capital of \$113,481. The working capital amount at the end of fiscal 2008 is not sufficient to support the Company's operating expenses and projected exploration budget for 2009. The consolidated financial statements as at December 31, 2008 have been prepared using Canadian GAAP applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. The consolidated financial statements do not reflect the adjustments to the carrying value of the assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. See Note 1 (b) to the consolidated financial statements.

Sheltered currently does not have any credit facilities with financial institutions, and does not anticipate that it will generate revenue from its activities in fiscal 2009; therefore it will rely on its ability to obtain equity financing for growth. The Company raised \$1,307,459 (net of costs) in equity financing in fiscal 2008. Management anticipates that it will be able to raise sufficient

capital to further explore and develop its properties in the future. However, specifically in light of the turmoil in the current financial markets, the Company cannot provide any assurance that financing will be available, and on terms and conditions that would be acceptable to the Company. In the event the Company is unable to raise sufficient capital to finance the non-exploration segment of the business, primarily the administrative costs, the Company's strategy would be to pare back related expenses to match the related capital raised. In order to maintain its interest in the properties, Sheltered is obligated to pay Sage a total of \$185,000 by September 6, 2009, fund \$500,000 and \$1,000,000 of exploration expenditures on the Kerrs Property by June 30, 2009 and June 30, 2010 respectively, and fund \$125,000 and \$220,000 on the other two properties by December 31, 2009 and December 31, 2010 respectively. If the Company is unable to meet its cash obligations to Sage or fund the required level of exploration expenditures within the time frames noted in the Option Agreement, the Company may forfeit its option with no recourse.

Refer to "Subsequent Events" and "Risk Management".

OUTSTANDING SHARE CAPITAL

As of the date hereof the Company has 30,010,808 common shares outstanding, 11,636,587 warrants and 2,697,500 stock options.

OFF- BALANCE SHEET ARRANGEMENTS

Sheltered has no off-balance sheet arrangements in place.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2008 the Company paid consulting fees to RKH Limited in the amount of \$180,000 (\$240,000 for fiscal 2007) pursuant to a written consulting agreement for the provision of the services that included those of Robert K. Hanson. Robert K. Hanson was an officer and director of SOR prior to the amalgamation and is currently CEO, Secretary and a Director of Sheltered. Robert Hanson is an officer, director and shareholder of RKH Limited, as well as a shareholder of the Company.

SUBSEQUENT EVENTS

On January 7, 2009, the Company granted stock options to directors and officers of the Company to purchase in the aggregate up to 800,000 common shares in the capital of Sheltered at an exercise price of \$0.10 per common share. The stock options expire on January 7, 2012.

Subsequent to the fiscal 2008 year end, the Company executed an amendment and extension to the option agreement (the 'Kidston/Dyment Option Agreement') dated August 30, 2005 between Sage, Jocelyne A. Kidston and L. Michael Dyment as extended by the Extension and Waiver Agreement dated as of February 21, 2007 and the Amendment Agreement dated November 10, 2008 between Sage, Sheltered, Jocelyne A. Kidston and L. Michael Dyment.

Pursuant to the Kidston/Dyment Option Agreement, Sage has the right to earn a 100% interest in claim number L4202857, situated in Kerrs Township (G-3523), Larder Lake Mining Division,

Province of Ontario. Sheltered, through its wholly-owned subsidiary, SOR has an option to earn a 55% interest in this claim pursuant to an option agreement entered into between SOR and Sage on February 7, 2007 as amended, (the “Sage Option Agreement”). To exercise the option on this claim the Company must spend \$125,000, to and including August 30, 2009, in qualified exploration expenses. These expenses are deductible from the minimum exploration expenses required to be funded by the Company for Sheltered to earn its 55% on the Kerrs Property under the Sage Option Agreement which, as at January 1, 2009, aggregated \$1,500,000. The Company plans to line cut and drill the Kidston claim in the spring or summer of 2009 and spend the required funds to meet the commitments to the Kidston Option Agreement. This commitment of \$125,000 under the Kidston/Dyment Option Agreement must be met for the Company to maintain its interest in the Kerrs Property, regardless of any excess expenditures that may be made by the Company on the remainder of the Kerrs Property.

The term of the Kidston Option Agreement has been extended to September 6, 2009. The consideration for maintaining the Kidston Option Agreement in full force and effect is the issue of 62,500 common shares of the Company to Jocelyne A. Kidston and 62,500 common shares of the Company to L. Michael Dyment.

On February 12, 2009 the Company completed the third tranche of the private placement financing by issuing 5,500,000 Units at a price of \$0.085 per Unit, for gross proceeds of \$467,500. The Units have the same terms and conditions as the Units in the first tranche dated December 19, 2008, and are subject to a hold period expiring June 13, 2009. In connection with the third tranche of the private placement program, the Company paid a finder’s fee of \$33,400 and issued Compensation Options entitling the holders to purchase 392,944 units of the Company. The Compensation Options are exercisable into one unit on terms similar to each Unit, with an expiry date of February 12, 2011.

Sheltered issued a news release on February 18, 2009, which can be found on SEDAR at www.sedar.com outlining the drill assay results received on completion of its Phase 3 drill program which demonstrate that the Company should continue to explore the property. The Company is looking to raise additional funds and start a Phase 4 drill program on the property. Sheltered anticipates that diamond drilling will commence in the second quarter of 2009.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2007, the Company adopted the recommendations of CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement (Section 3855) Section 3861 Financial Instruments – Disclosure and Presentation (Section 3861), Section 1530 Comprehensive Income (Section 1530) and Section 3251 Equity (Section 3251).

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Upon adoption, all existing and new financial assets and financial liabilities of an enterprise must be classified as either held for trading, held to maturity, or available for sale with each classification having a different accounting treatment after the initial recognition of the asset or liability. All financial assets and financial liabilities must be measured at fair value upon initial recognition.

After initial recognition, the financial assets are measured according to the following guidelines. Financial assets that are classified as available for sale or held for trading must be measured at fair value. Any gain or loss on a financial asset held for trading is recorded in the financial statements of operations and comprehensive income (loss) in the period in which it occurs. Any gain or loss on a financial asset that is available for sale is recorded in other comprehensive income (loss) until the financial assets is derecognized at which point the cumulative gain or loss is recognized in net income (loss). Financial assets that are classified as held to maturity should be measured at amortized cost using the effective interest method.

After initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method.

The Company has elected to apply the following classifications to each of its significant categories of financial instruments:

<u>Asset/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Sundry receivables	Held for trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The standard also addresses the appropriate accounting for non-financial contracts with embedded derivatives. The Company does not have any contracts with embedded derivatives.

Section 3251 establishes the standards for presentation of equity and changes in equity during the reporting period. The application of this standard did not materially change the statement of Shareholders' Equity.

Section 1530 sets the standard for reporting and displaying of comprehensive income (loss). It does not address issues of recognition or measurement for comprehensive income (loss) or its components. The standard requires that comprehensive income (loss) and its individual components be presented in the Company's financial statements. The adoption of this policy did not have a material impact on the Company's financial results for the year.

Effective January 1, 2008, the Company adopted applicable accounting standard changes issued by the Canadian Institute of Chartered Accountants (CICA). The Company adopted changes are as follows: amendments to Handbook Section 1400 General Standards of Financial Statement Presentation, ("Section 1400"); new presentation and disclosure standards for: Handbook Section 1535, Capital Disclosures, ("Section 1535"), Handbook Section 3862, Financial Instruments – disclosures ("Section 3862") and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863").

A fifth change, Handbook Section 3031, Inventories, ("Section 3031") replacing Handbook Section 3030 with the same title, has no effect because the Company does not have inventories.

The following are the impact of these changes:

General standards of financial statements presentation (Section 1400):

The Company has adopted amendments to Section 1400, General Standards of Financial Statement Presentation, which include requirements to assess and disclose an entity's ability to continue as a going concern. The requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company monitors its ability to continue operating on an ongoing basis. The adoption of the changes to Section 1400 had no impact on the Company's financial statements.

Capital disclosure (Section 1535):

This Section establishes standards for disclosing information about an entity's capital. It requires that a company disclose its objectives, policies, and procedures for managing its capital and quantitative information about what the entity regards as capital, whether the entity has complied with any capital requirements, and if it has not complied, the consequences of such non-compliance (See Note 7 to the Consolidated Financial Statements as at December 31, 2008).

Financial instruments (Sections 3862 Disclosure and Section 3863 Presentation which replaced Section 3861):

The standards require entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (i) the significance of financial instruments to the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, as well as management's objectives, policies and procedures for managing such risks.

Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classifications for different types of financial instruments.

The Standards also require specific disclosures to be made, including the criteria for:

- (i) designating financial assets and liabilities as held for trading;
- (ii) designating financial assets as available-for-sale; and
- (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include

credit risk, liquidity risk, market risk and other prices risks. (See Note 9 to the Consolidated Financial Statements as at December 31, 2008).

RECENT ACCOUNTING PRONOUNCEMENTS

CICA Handbook Section 3064, Goodwill and Intangible Assets (“CICA 3064”), results in withdrawal of CICA 3450, Research and Developmental Costs, and amendments to Accounting Guideline (AcG) 11, Enterprises in the Development Stage and CICA 1000, Financial Statement Concepts. The standard intends to reduce the differences with International Financial Reporting Standards (“IFRS”) in the accounting for intangible assets. Under current Canadian standards, more items are recognized as assets than under IFRS. The objectives of CICA 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The new standard takes effect for the fiscal years beginning on or after October 1, 2008, with early adoption encouraged. The Company is evaluating the effects of adopting this standard.

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over an expected five year transitional period. In February 2008, the AcSB announced that interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 must be prepared 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 September 30, 2011. While the Company has begun assessing the impact of the adoption of IFRS for the year ended December 31, 2011, the financial reporting impact of the transition of IFRS cannot be reasonably estimated at this time.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

In accordance with Section 5.3 of NI 51-102, as the Company has not had any revenue from operations in either of the past two years, Sheltered has disclosed, in Note 4 to its consolidated financial statements as at December 31, 2008, the capitalized exploration expenditures incurred by property, as follows:

	<u>2007</u>	<u>2008</u>	<u>2008</u>
	Net Book Value	Net Expenditures	Net Book Value
Kerrs Property			
Acquisition	\$285,436	\$ 62,200	\$ 347,636
Exploration expenditures	60,069	874,247	934,316
	<u>345,505</u>	<u>936,447</u>	<u>1,281,952</u>

Chibougamau Property			
Acquisition	50,482	40,000	90,482
Exploration expenditures	-	12,513	12,513
	<u>50,482</u>	<u>52,513</u>	<u>102,995</u>
Malartic Property			
Acquisition	50,482	15,000	65,482
Exploration expenditures	-	12,513	12,513
	<u>50,482</u>	<u>27,513</u>	<u>77,995</u>
Total	\$446,469	\$1,016,473	\$1,462,942

RISK MANAGEMENT

Due to the nature of the Company's business and present stage of exploration and development of the Sage Properties, Sheltered may be subject to significant risks.

The Company does not have a history of business or mining operations, revenue generation or production history.

Sheltered has limited financial resources, no operations and no revenues. If the Company's drilling program on the Kerrs Property is successful, additional funds will be required for the purposes of further exploration and development on the Kerrs Property and for additional cash payments to Sage. There can be no assurance that Sheltered will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders. Failure to obtain such additional financing on a timely basis could cause Sheltered to forfeit its option to acquire an interest in one or more of the Sage Properties.

The only interest the Company has in a mineral property is an option to acquire an interest in the Sage Properties pursuant to the Option Agreement. In order to exercise its option under the Option Agreement, Sheltered is required to make specified expenditures on the Sage Properties and cash payments to Sage. The Company will need to raise further funds to make these payments.

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish mineral resources and

mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Sheltered will be subject to a number of operational risks and may not be adequately insured for various risks. The Company's business is subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, worker health and safety which may involve radioactive or hazardous materials; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions; and encountering unusual or unexpected geological conditions. There is no assurance that the foregoing risks and hazards will not result in damage to the Sage Properties, personal injury or death, environmental damage, costs, monetary losses, potential legal liability, adverse governmental action, any and all of which could have an adverse impact on Sheltered's results of operations and financial condition.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has obtained a title opinion in respect of Sage's title to the Kerrs Property, Sheltered cannot give an assurance that title to such property will not be challenged or impugned. If the Company is able to exercise its option to acquire an interest in one of more of the Sage Properties, it can never be certain that it will have or can obtain valid title to the Sage Properties or that any rights to explore and exploit the Sage Properties will not be revoked, or significantly altered to its detriment, challenged or impugned by third parties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that Sage or Sheltered, as the case may be, does not have title to the Kerrs Property could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Claims by first nation groups in Canada may impact on the operator's ability to conduct activities on a property to the detriment of the Company's interests.

The success of Sheltered is currently largely dependent upon on the performance of its directors and officers. The loss of the services of these persons will have a material adverse effect on the Company's business and prospects. There is no assurance that Sheltered can maintain the service of its directors and officers or other qualified personnel required to operate the business. Failure to do so could have a material adverse affect on the Company and its prospects.

The management of Sheltered may lack all necessary technical training and experience to successfully develop and operate a mine. Without adequate training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within the mining industry and their decisions and choices may not take into account all available and necessary engineering or managerial approaches that experienced mine operating companies commonly use to successfully develop a mine. Consequently, the Company's operations, earnings and ultimate financial success could suffer irreparable harm due to these factors.

Sheltered has all permits and licences necessary to carry on its current exploration activities on the Kerrs Property. A substantial number of additional permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether Sheltered will be able to obtain all such licenses and permits.

The economics of mineral exploration is affected by many factors beyond the Company's control including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Sage Properties.

The current or future operations of Sheltered require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which Sheltered might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and Sheltered may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of Sheltered's Shares. The Company does not maintain insurance against environmental risks.

Significant and increasing competition exists for mineral opportunities in Ontario or elsewhere. There are a number of large established mining companies and mineral exploration companies with substantial capabilities and greater financial and technical resources than Sheltered. The Company may be unable to maintain its interest in the Kerrs Property or to acquire additional attractive mineral properties on terms it considers acceptable. The mineral industry in general is an intensely competitive industry in which operators compete for the acquisition of mineral claims as well as the recruitment and retention of qualified employees.

Directors of the Company may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the *Business Corporations Act* (British Columbia) and the *Business Corporations Act* (Ontario), as applicable, and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Additional information about the Company is available on SEDAR at www.sedar.com under the filings for Sheltered Oak Resources Corp.