Sheltered Oak Resources Corp.

(formerly Lucrum Capital Corp.)

Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2009

(Expressed in Canadian Dollars)

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Sheltered Oak Resources Corp. (formerly Lucrum Capital Corp.) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2008 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sheltered Oak Resources Corp.
(formerly Lucrum Capital Corp.)
Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)
(Unaudited)

	June 30, 2009	December 31, 2008
Assets		
Current		
Cash	$ 115,440	$ 508,307
Prepaid and sundry receivable	122,313	87,575
	237,753	595,882
Deposit on drilling contract	62,920	62,920
Mineral properties (statement and Note 5)	1,374,056	1,462,942
	$ 1,674,729	$ 2,121,744
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	$ 77,068	$ 482,401
Future income tax liability	337,705	-
	414,773	482,401
Shareholders' equity		
Share capital (Note 6)	1,845,063	2,022,463
Warrants (Note 7)	739,300	445,946
Contributed surplus	300,809	253,637
Deficit	(1,625,216)	(1,082,703)
	1,259,956	1,639,343
	$ 1,674,729	$ 2,121,744

Going concern (Note 1(b))
Commitment (Note 13)
Subsequent events (Note 14)

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Sheltered Oak Resources Corp.
(formerly Lucrum Capital Corp.)
Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Expenses				
General and administrative (Note 10)	**$ 212,048**	$ 102,666	**$ 361,523**	$ 196,648
Write-off of exploration property costs (Note 5)	**180,990**	-	**180,990**	-
Net loss before the following	**(393,038)**	(102,666)	**(542,513)**	(196,648)
Future income tax recovery	**-**	**-**	**-**	132,928
Net loss and comprehensive loss for the period	**$ (393,038)**	$ (102,666)	**$ (542,513)**	$ (63,720)
Loss per common share (Note 11)	**$ (0.01)**	$ (0.04)	**$ (0.02)**	$ (0.02)

Interim Consolidated Statements of Deficit
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Balance at beginning of period	**$ (1,232,178)**	$ (608,464)	**$ (1,082,703)**	$ (647,410)
Net loss for the period	**(393,038)**	(102,666)	**(542,513)**	(63,720)
Balance at end of period	**$ (1,625,216)**	$ (711,130)	**$ (1,625,216)**	$ (711,130)

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Sheltered Oak Resources Corp.
(formerly Lucrum Capital Corp.)
Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Securities	Six Months Ended June 30, 2009	Number of Securities	Year Ended December 31, 2008
Share capital				
Authorized				
Unlimited number of common shares				
Issued				
Balance at beginning of period	**24,510,808**	**$ 2,022,463**	2,897,379	$ 1,015,078
Cost of issue - Flow-through renunciation	-	**(337,705)**	-	(132,928)
Cancellation of shares	-	-	(252,509)	(252)
Issuance of shares	-	-	68,000	68,000
Shares eliminated on Qualifying Transaction	-	-	(2,712,870)	-
Shares issued on Qualifying Transaction	-	-	10,135,808	117,456
Cost of issue - Qualifying Transaction	-	-	-	(314,810)
Shares transferred on Qualifying Transaction	-	-	4,500,000	-
Private placements - Flow-through common shares	-	-	6,397,500	1,096,500
Private placements - Common shares	**5,500,000**	**467,500**	3,477,500	603,500
Warrants valuation	-	**(295,437)**	-	(122,655)
Cost of issue	-	**(33,400)**	-	(307,426)
Shares issued for property acquisition	**125,000**	**12,500**	-	-
Warrants exercised	**58,823**	**7,059**	-	-
Warrants exercised - fair value	-	**2,083**	-	-
Balance at end of period	**30,194,631**	**$ 1,845,063**	24,510,808	$ 2,022,463
Warrants				
Balance at beginning of period	**8,493,642**	**$ 445,946**	3,808,781	$ 260,850
Warrants granted	**3,142,944**	**295,437**	4,684,861	185,096
Warrants exercised	**(58,823)**	**(2,083)**	-	-
Balance at end of period	**11,577,763**	**$ 739,300**	8,493,642	$ 445,946
Contributed surplus				
Balance at beginning of period		**$ 253,637**		$ 116,000
Stock options vested		**47,172**		137,637
Balance at end of period		**$ 300,809**		$ 253,637
Deficit				
Balance at beginning of period		**$ (1,082,703)**		$ (647,410)
Net loss for the period		**(542,513)**		(435,293)
Balance at end of period		**$ (1,625,216)**		$ (1,082,703)
Total Shareholders' equity		**$ 1,259,956**		$ 1,639,343

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Sheltered Oak Resources Corp.
(formerly Lucrum Capital Corp.)
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash flows (used in)				
Operating activities				
Net loss	**$ (393,038)**	$ (102,666)	**$ (542,513)**	$ (63,720)
Items not affecting cash:				
Future income tax recovery	**-**	-	**-**	(132,928)
Stock-based compensation (Note 8)	**29,287**	-	**47,172**	-
Write-off of exploration property costs (Note 5)	**180,990**	-	**180,990**	-
Changes in non-cash working capital balances:				
Prepaid and sundry receivable	**(28,342)**	101,318	**(34,738)**	(33,881)
Accounts payable and accrued liabilities	**12,879**	(23,225)	**(405,333)**	(32,096)
Deposits received	**-**	-	**-**	25,000
	(198,224)	(24,573)	**(754,422)**	(237,625)
Investing activities				
Additions to mineral properties	**(50,097)**	(135,203)	**(79,604)**	(150,203)
Deposit on drilling contract	**-**	(113,851)	**-**	(113,851)
	(50,097)	(249,054)	**(79,604)**	(264,054)
Financing activities				
Issuance of shares, net of costs	**-**	-	**434,100**	-
Warrants exercised	**7,059**	-	**7,059**	-
Issuance of debenture	-	200,000	-	200,000
	7,059	200,000	**441,159**	200,000
Net decrease in cash during the period	**(241,262)**	(73,627)	**(392,867)**	(301,679)
Cash, beginning of the period	**356,702**	107,465	**508,307**	335,517
Cash, end of the period	**$ 115,440**	$ 33,838	**$ 115,440**	$ 33,838
NON-CASH INVESTING ACTIVITIES				
Shares issued for property acquisition	**$ 12,500**	$ -	**$ 12,500**	$ -

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Sheltered Oak Resources Corp.
(formerly Lucrum Capital Corp.)
Interim Consolidated Statements of Mineral Properties
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Kerrs Property				
Opening balance	**$ 1,311,459**	$ 345,505	**$ 1,281,952**	$ 345,505
Property acquisition costs	**12,500**	-	**12,500**	-
Claim management and other property maintenance costs	**-**	-	**557**	-
Geological consulting and services	**36,537**	50,607	**58,443**	50,607
Geochemistry and geophysics	**13,560**	-	**(2,021)**	-
Drilling and linecutting	**-**	84,596	**22,625**	84,596
Activity during the period	**62,597**	135,203	**92,104**	135,203
Closing balance	**$ 1,374,056**	$ 480,708	**$ 1,374,056**	$ 480,708
Chibougamau Property				
Opening balance	**$ 102,995**	$ 65,482	**$ 102,995**	$ 50,482
Property acquisition costs	**-**	-	**-**	15,000
Written off	**(102,995)**	-	**(102,995)**	-
Activity during the period	**(102,995)**	-	**(102,995)**	15,000
Closing balance	**$ -**	$ 65,482	**$ -**	$ 65,482
Malartic Property				
Opening balance	**$ 77,995**	$ 50,482	**$ 77,995**	$ 50,482
Written off	**(77,995)**	-	**(77,995)**	-
Activity during the period	**(77,995)**	-	**(77,995)**	-
Closing balance	**$ -**	$ 50,482	**$ -**	$ 50,482
Total Mineral Properties	**$ 1,374,056**	$ 596,672	**$ 1,374,056**	$ 596,672

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

1. Nature of Operations and Going Concern

(a) History of entity

Sheltered Oak Resources Corp. ("Sheltered" or the "Company") is an exploration and development stage mineral resources company with a focus on gold properties in Canada. The Company is in the process of exploring a mineral property on which it has an option to earn an interest and has not as yet determined whether this property contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related expenditures is dependent upon: the selling price of gold at the time the Company intends to mine its property; the existence of economically recoverable reserves; the ability of the Company to obtain the necessary financing to complete exploration and development; and future profitable production or proceeds from disposition of such property.

These consolidated financial statements were prepared by management in accordance with Canadian general accepted accounting principles ("Canadian GAAP") and include the accounts of Sheltered (the legal parent) and Sheltered Oak Resources Inc. ("SOR") (the legal subsidiary). On consolidation, all material intercompany transactions and balances were eliminated.

Sheltered was incorporated March 1, 2007 under the laws of the Province of British Columbia. On August 28, 2008, Sheltered completed a transaction contemplated by its amalgamation agreement (the "Amalgamation Agreement") with SOR and Sheltered's wholly-owned subsidiary Lucrum Acquisition Corp. ("Subco") in respect of a "qualifying transaction" that was conducted in accordance with TSX Venture Exchange (the "Exchange") Policy 2.4 concerning Capital Pool Companies. As a result of this transaction, control of Sheltered was passed to the former shareholders of SOR. This type of share transaction is referred to as a "reverse takeover". Under reverse takeover accounting, the post reverse acquisition comparative historical financial statements of the legal acquirer, Sheltered, are those of the legal acquiree SOR, which is considered to be the accounting acquirer.

(b) Going concern assumption

These unaudited interim consolidated financial statements 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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, as described in the following paragraph. These unaudited consolidated financial statements do not reflect the adjustments to the carrying values of 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.

As at June 30, 2009, the Company reported a loss after tax of $542,513, an accumulated deficit of $1,625,216 as at that date and has not generated cash flow from operations. The Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals, successful development and the ability to secure adequate financing to meet the minimum capital required to successfully complete the project and continue as a going concern. There is no assurance that these initiatives will be successful and as a result there is significant doubt regarding the applicability of the going concern assumption.

2. Basis of Presentation and Accounting Policies

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian GAAP. The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements, except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2008, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

New Accounting Policies

(a) Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted Section 3064 – Goodwill and Intangible Assets which replaced the Canadian Institute of Chartered Accountants' ("CICA") Handbook sections 3062 and 3450, EIC 27 and part of Accounting Guideline 11. Under previous Canadian standards, more items were recognized as assets than under International Financial Reporting Standards ("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 portions in the new standard with respect to Goodwill remain unchanged. The provisions relating to the definition and initial recognition of intangible assets intends to reduce the differences with IFRS in the accounting for intangible assets. 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 adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at June 30, 2009.

(b) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The application of this new standard had no impact on the Company's unaudited interim consolidated financial statements as at and for the three and six months ended June 30, 2009.

(c) Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the three and six months ended June 30, 2009 and there was no significant impact on its unaudited interim consolidated financial statements as a result of applying this abstract.

2. Basis of Presentation and Accounting Policies (continued)

Future accounting changes

(a) IFRS

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(b) Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements” and Section 1602, “Non-Controlling Interests”. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, “Business Combinations”. Sections 1601 and 1602 together replace section 1600, “Consolidated Financial Statements”. 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 consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS-27, “Consolidated and Separate Financial Statements”. The Company is in the process of evaluating the requirements of the new standards.

3. Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is comprised of share capital, warrants, contributed surplus and deficit which at June 30, 2009 totaled $1,259,956 (December 31, 2008 - $1,639,343).

The property in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

3. Capital Management (continued)

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) focusing financing exploration expenditures on those properties considered to have the best potential; and
(iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company thinks there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at June 30, 2009.

4. Financial Instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and sundry receivable. The Company has no significant concentration of credit risk arising from operations. Cash is held with the Scotiabank, from which management believes the risk of loss to be minimal. Sundry receivable consists of goods and services tax due from the Federal Government of Canada. Sundry receivable is in good standing as of June 30, 2009. Management believes that the credit risk concentration with respect to sundry receivable is minimal.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2009, the Company had cash of $115,440 (December 31, 2008 - $508,307) to settle current liabilities of $77,068 (December 31, 2008 - $482,401). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is also committed to spending approximately $404,000 in Canadian exploration expenditures by December 31, 2009. The Company intends to fulfill all flow-through commitments by seeking additional capital to increase liquidity.

4. Financial Instruments (continued)

Market risk

Interest rate risk
Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. In the normal course of business, the Company is not exposed to interest rate fluctuations as all of its cash is held in bank accounts.

Foreign currency risk
Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company's functional currency is the Canadian dollar and all major purchases are transacted in Canadian dollars. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious minerals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

Fair value
The Company has, for accounting purposes, designated its cash as held-for-trading, which is measured at fair market value. Sundry receivable is classified for accounting purposes as loans and receivables, which is measured at amortized cost which equals fair market value due to their short term nature. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value due to its short term nature. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

5. Mineral Properties

On a quarterly basis, management of the Company reviews exploration costs to ensure deferred expenditures included only costs and projects that are eligible for capitalization. For a description of the mineral properties, refer to Note 4 of the audited consolidated financial statements as at December 31, 2008. Specific changes to mineral properties that occurred from January 1, 2009 to June 30, 2009 are as follows:

Kerr Property

(a) On February 2, 2009, the Company executed an amendment and extension to the option agreement between Sage Gold Inc. ("Sage"), Jocelyne Kidston and Michael Dyment relating to the Kidston claim on 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 was to issue 125,000 common shares of the Company (issued on April 29, 2009 and valued at $12,500).

(b) On July 10, 2009, Sheltered and Sage jointly announced that unpatented mining claim L1140877 (the “Claim”) covering approximately 240 hectares of the Kerrs Gold Property, one of the 43 unpatented mining claims for which Sheltered has an option to acquire a 55% interest from Sage, automatically forfeited on June 26, 2009.

The Claim automatically forfeited due to an administrative error which resulted from a failure to apply assessment work credits for work which had already been completed on the Claim. An application for Relief from Forfeiture was made to the Ministry of Northern Development and Mines (the “MNDM”) on July 1, 2009. On July 2, 2009, the MNDM issued an order (the “Withdrawal Order”) withdrawing the area covered by the Claim from staking while it considered the application. There is a mandatory 31 day review period before any requested relief can be granted by the MNDM.

Prior to the issuance of the Withdrawal Order, two arms-length individuals staked the area covered by the Claim. One of them filed an application to have his claim recorded with the MNDM in its Kirkland Lake office following the Withdrawal Order but it has not been recorded. Sage and Sheltered are currently assessing the accuracy of the claims staked. At the same time and out of an abundance of caution, Sage and Sheltered have had discussions with these individuals with a view to settling this matter in the event that relief from forfeiture is not granted by the MNDM and the staked claims are recorded.

Sage and Sheltered are actively pursuing a positive resolution to this situation and are making every effort to return the Claim to Sage’s ownership.

(c) Management has decided that no further expenditures are planned on the Chibougamau property and the Malartic property, and accordingly the properties were written off. The total of the write off was $180,990.

(Expressed in Canadian Dollars)

6. Share Capital

Authorized:
An unlimited number of common shares

Issued and outstanding:

Common Shares	Number of Shares	Amount
Balance, December 31, 2008	**24,510,808**	**$ 2,022,463**
Private placement - Common shares (i)	5,500,000	467,500
Cost of issue (i)	-	(33,400)
Warrants valuation (i)	-	(295,437)
Cost of issue - Flow-through renunciation (ii)	-	(337,705)
Shares issued for option extension (iii)	125,000	12,500
Warrants exercised	58,823	7,059
Warrants exercised - valuation	-	2,083
Balance, June 30, 2009	**30,194,631**	**$ 1,845,063**

(i) On February 12, 2009, the Company completed a private placement of 5,500,000 units of the Company at a price of $0.085 per unit, for aggregate proceeds of $467,500. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable at $0.12 per share for a period of 12 months from the date of issuance and at an exercise price of $0.16 per share thereafter to expiry on February 12, 2011.

In connection with the private placement, the Company paid a finder's fee of $33,400 to Deacon & Company Capital Markets Inc. The Company also issued non-transferable compensation options entitling Deacon & Company Capital Markets Inc. to purchase 392,944 units of the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable at $0.12 per share for a period of 12 months from the date of issuance and at an exercise price of $0.16 per share thereafter to expiry on February 12, 2011.

The fair value of the 2,750,000 warrants and 392,944 compensation options was $258,500 and $36,937 respectively. The fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 117.5% - 122.9%, risk-free interest rate 1.15% - 1.17% and expected life of 2 years.

(ii) Upon renunciation of the exploration expenses required under the terms of the flow through common share issuance in fiscal 2008, a future tax liability of $337,705 was recognized during 2009 which was allocated as a cost of issuing the flow-through shares at the time of renunciation.

(iii) On April 29, 2009, the Company issued 125,000 common shares, valued at $12,500 as part of the execution of an amendment and extension to the option agreement between Sage, Jocelyne Kidston and Michael Dyment relating to the Kidston claim on the Kerrs Property (see Note 5(a)).

(Expressed in Canadian Dollars)

7. Warrants

The following table shows the continuity of warrants for the six months ended June 30, 2009:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2008	8,493,642	$ 0.20
Granted	3,142,944	0.12
Exercised	(58,823)	0.12
Balance, June 30, 2009	**11,577,763**	**$ 0.18**

The following are the warrants outstanding at June 30, 2009:

Number of Warrants	Black-Scholes Value	Exercise Price	Expiry Date	
1,636,183	$ 102,635	$ 0.27	August 28, 2009	
263,400	20,487	0.36	August 28, 2009	
78,460	4,928	0.19	August 28, 2009	
200,000	32,460	0.40	August 28, 2009	
1,191,176	42,177	0.12	December 19, 2009	(i)
2,437,500	78,395	0.14	December 19, 2009	(ii)
560,000	20,241	0.12	December 19, 2009	(iii)
200,000	7,540	0.10	January 2, 2010	
2,750,000	258,500	0.12	February 12, 2010	(iv)
392,944	36,937	0.12	February 12, 2011	(v)
1,868,100	135,000	0.27	August 28, 2011	
11,577,763	**$ 739,300**			

(i) $0.16 per warrant expiring December 19, 2010.
(ii) $0.18 per warrant expiring December 19, 2010.

(Expressed in Canadian Dollars)

7. Warrants (continued)

(iii) The Company issued 560,000 compensation options. Each compensation option is exchangeable into 1 unit of the Company as follows:

- 200,000 at $0.085 per unit expiring December 19, 2010;
- 352,000 at $0.10 per unit expiring December 19, 2010; and
- 8,000 at $0.10 per unit expiring December 31, 2010;

Each unit comprises one common share and one half of one common share purchase warrant. Each warrant entitles the holder to acquire a common share at exercise prices as follows:

- 200,000 at $0.12 per share expiring December 19, 2009, thereafter at an exercise price of $0.16 expiring December 19, 2010;
- 352,000 at $0.14 per share expiring December 19, 2009, thereafter at an exercise price of $0.18 expiring December 19, 2010; and
- 8,000 at $0.14 per share expiring December 31,2009, thereafter at an exercise price of $0.18 expiring December 31, 2010.

(iv) $0.16 per warrant expiring February 12, 2011.

(v) Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable at $0.12 per share for a period of 12 months from the date of issuance and at an exercise price of $0.16 per share thereafter to expiry on February 12, 2011.

8. Stock Options

The following table shows the continuity of options for the six months ended June 30, 2009:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2008	1,497,500	$ 0.27
Granted (1)(2)(3)	1,350,000	0.11
Balance, June 30, 2009	**2,847,500**	**$ 0.20**

(1) On January 7, 2009, the Company awarded 800,000 incentive stock options to certain officers and directors of the Company. All of the stock options, which vest one year after grant, are exercisable at $0.10 per common share and expire on January 7, 2012. The fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 119.9%, risk-free interest rate 1.38%, forfeiture rate 0% and expected life of 3 years. The fair value of each stock option granted was $0.084 per option and the aggregate fair value assigned to these options was $67,200. For the three and six months ended June 30, 2009, the impact on expenses was $16,754 and $32,035, respectively.

(Expressed in Canadian Dollars)

8. Stock Options (continued)

(2) On March 4, 2009, the Company awarded 400,000 incentive stock options to certain officers and directors of the Company. All of the stock options, which vest one year after grant, are exercisable at $0.12 per common share and expire on March 4, 2012. The fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 118%, risk-free interest rate 1.44%, forfeiture rate 0% and expected life of 3 years. The fair value of each stock option granted was $0.088 per option and the aggregate fair value assigned to these options was $35,200. For the three and six months ended June 30, 2009, the impact on expenses was $8,776 and $11,380, respectively.

(3) On May 1, 2009, the Company awarded 150,000 incentive stock options to a consultant of the Company. All of the stock options, which vest 50% in six months after grant and 50% one year after grant, are exercisable at $0.20 per common share and expire on May 1, 2012. The fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 118%, risk-free interest rate 1.43%, forfeiture rate 0% and expected life of 3 years. The fair value of each stock option granted was $0.09 per option and the aggregate fair value assigned to these options was $13,500. For the three and six months ended June 30, 2009, the impact on expenses was $3,757.

The weighted average grant date fair value of the options granted was $0.09 per option.

The following table shows the options outstanding at June 30, 2009.

	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Expiry Date
Directors & Officers	1,047,500	2.33	$ 0.20	October 28, 2011
Directors & Officers	800,000	2.52	0.10	January 7, 2012
Directors & Officers	400,000	2.68	0.12	March 4, 2012
Consultant	150,000	2.84	0.20	May 1, 2012
Directors & Officers	450,000	4.16	0.45	August 28, 2013
	2,847,500	2.75	$ 0.20	

(Expressed in Canadian Dollars)

9. Related Party Transactions

During the three and six months ended June 30, 2009, Sheltered paid consulting fees of $43,500 and $81,000, respectively (three and six months ended June 30, 2008 - $45,000 and $105,000, respectively) to a company controlled by an officer and director of Sheltered. The company was also paid $5,580 and $11,160, respectively (three and six months ended June 30, 2008 - $nil) for office related expenses.

During the three and six months ended June 30, 2009, Sheltered paid professional fees of $11,203 and $20,225, respectively (three and six months ended June 30, 2008 - $nil) to a company controlled by the Chief Financial Officer of Sheltered.

The Company also paid consulting fees in the amount of $25,000 and $50,000, respectively during the three and six months ended June 30, 2009 (three and six months ended June 30, 2008 - $nil) to Richbert Agencies S.A. pursuant to a written agreement for the provision of the services that include those of the president and director of Sheltered.

During the three and six months ended June 30, 2009, Sheltered paid geological consulting fees of $33,155 and $58,443, respectively (three and six months ended June 30, 2008 - $50,607) to a company where the President thereof, is a director of Sheltered.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

10. General and Administrative

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
Stock-based compensation	**$ 29,287**	$ -	**$ 47,172**	$ -
Professional fees	**77,156**	46,671	**138,607**	65,225
Accounting and corporate services	**4,100**	-	**10,481**	-
Consulting fees	**37,500**	45,000	**75,000**	105,000
Office and general	**7,145**	7,543	**13,175**	19,315
Travel and entertainment	**436**	-	**1,193**	-
Listing and filing fees	**4,095**	-	**9,086**	-
Insurance	**2,656**	3,183	**5,756**	6,531
Shareholder information	**22,525**	-	**29,596**	-
Investor relations	**21,549**	-	**21,549**	-
Flow-through tax penalty	**5,366**	-	**9,163**	-
Bank service charges	**233**	269	**745**	577
	$ 212,048	$ 102,666	**$ 361,523**	$ 196,648

(Expressed in Canadian Dollars)

11. Loss Per Share

The following table sets out the computation for basic and diluted loss per share:

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Numerator				
Loss for the period	**$ (393,038)**	$ (102,666)	**$ (542,513)**	$ (63,720)
Denominator				
Average number of common shares outstanding	**30,127,971**	2,897,379	**28,728,294**	2,897,379
Basic and diluted loss per share	**$ (0.01)**	$ (0.04)	**$ (0.02)**	$ (0.02)

12. Comparative Figures

Certain comparative figures have been reclassified to conform with current period financial statement presentation.

13. Commitment

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada). As at June 30, 2009, the Company is committed to incurring approximately $404,000 in qualifying exploration expenditures in Canada ("CEE") by December 31, 2009 arising from the flow-through offerings.

14. Subsequent Events

(a) On July 4, 2009, 72,000 stock options exercisable at $0.45 and expiring August 28, 2013 and 81,250 stock options exercisable at $0.20 and expiring October 28, 2011 were cancelled.

(b) On July 23, 2009, the Company announced that it has completed a non-brokered private placement with the MineralFields Group and others for (i) 818,000 units of the Company (the “Units”) at a price of $0.11 per Unit (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, a “Warrant”), and each Warrant shall entitle its holder to acquire one common share in the capital of the Company at an exercise price of $0.17 per share for a period of 12 months from the date of closing) and (ii) 4,209,271 flow-through units of the Company (the “FT Units”) at a price of $0.11 per FT Unit, (each FT Unit is comprised of one common share in the capital of the Company issued on a flow-through basis (an “FT Share”) and one half Warrant) for aggregate proceeds of $553,000. The Units and FT Units are subject to a hold period expiring November 24, 2009.