Sheltered Oak Resources Corp.
(formerly Lucrum Capital Corp.)

Consolidated Financial Statements
For the Year Ended December 31, 2009 and 2008

(Expressed in Canadian Dollars)

(An Exploration Stage Company)

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements and all of the data included in this report have been prepared by and are the responsibility of the management of the Company. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains systems of internal accounting controls in order to assure, on a reasonable and cost-effective basis, the reliability of its financial information, and that the assets are safeguarded from loss.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee of the Board which meets to satisfy itself that management's responsibilities are properly discharged and with the external auditors to review the financial statements before they are presented to the Board of Directors for approval.

The consolidated financial statements for the year ended December 31, 2009, were audited by PricewaterhouseCoopers LLP Chartered Accountants. Their reports outline the scope of their examination and opinion on the consolidated financial statements. The consolidated financial statements for the year ended December 31, 2008, were audited by Schwartz Levisky Feldman LLP Chartered Accountants.

(signed)
Robert Hanson
President and Chief Executive Officer

(signed)
Art Hampson
Chief Financial Officer

Toronto, Canada
April 7, 2010

Auditors' Report

To the Shareholders of
Sheltered Oak Inc.

We have audited the consolidated balance sheet of Sheltered Oak Inc. (the Company) as at December 31, 2009 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2008 and for the year then ended were audited by other auditors, who expressed an opinion without reservation on those statements in their report dated February 19, 2009.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
April 7, 2010

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

As at December 31,	2009	2008
Assets		
Current		
Cash	**$ 334,978**	$ 508,307
Restricted Cash	**5,000**	-
Prepaid and sundry receivables	**45,449**	87,575
	385,427	595,882
Deposit on drilling contract	**-**	62,920
Mineral properties (Statement and Note 6)	**3,462,151**	1,462,942
	$ 3,847,578	$ 2,121,744
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**$ 713,767**	$ 482,401
Long term payables (Note 6(a))	**125,000**	-
	838,767	482,401
Shareholders' equity		
Share capital (Note 7)	**2,962,139**	2,022,463
Warrants (Note 8)	**1,505,984**	445,946
Contributed surplus	**651,249**	253,637
Deficit	**(2,110,561)**	(1,082,703)
	3,008,811	1,639,343
	$ 3,847,578	$ 2,121,744

Going concern assumption (Note 1(b))
Commitment (Note 14)

Approved on behalf of the Board:

(signed) "Robert Hanson" Director

(signed) "Ken Hight" Director

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

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

For the year ended December 31,	2009	2008
Expenses		
General and administrative (Note 11)	**$ 995,332**	$ 568,248
Write-off of exploration property costs (Note 6(b)(c))	**180,990**	-
	(1,176,322)	(568,248)
Interest received	**1,324**	27
Net loss before the following	**(1,174,998)**	(568,221)
Future income tax recovery (Note 12)	**147,140**	132,928
Net loss and comprehensive loss for the year	**$ (1,027,858)**	$ (435,293)
Loss per common share (Note 13)	**$ (0.03)**	$ (0.03)

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

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

	Number of Securities	Year Ended December 31, 2009	Number of Securities	Year Ended December 31, 2008
Share capital				
Authorized				
Unlimited number of common shares				
Issued				
Balance at beginning of year	**24,510,808**	**$ 2,022,463**	2,897,379	$ 1,015,078
Cost of issue - Flow-through renunciation	-	**(120,656)**	-	(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	**6,209,271**	**653,020**	6,397,500	1,096,500
Private placements - Common shares	**16,258,000**	**1,501,780**	3,477,500	603,500
Warrants valuation	**-**	**(1,222,631)**	-	(122,655)
Cost of issue	**-**	**(173,479)**	-	(307,426)
Shares issued for property acquisition (Note 6(a)(d))	**2,125,000**	**292,500**	-	-
Warrants exercised	**58,823**	**7,059**	-	-
Warrants exercised - fair value	**-**	**2,083**	-	-
Balance at end of year	**49,161,902**	**$ 2,962,139**	24,510,808	$ 2,022,463
Warrants				
Balance at beginning of year	**8,493,642**	**$ 445,946**	3,808,781	$ 260,850
Warrants granted	**18,158,601**	**1,222,631**	4,684,861	185,096
Warrants exercised	**(58,823)**	**(2,083)**	-	-
Expired warrants	**(2,178,043)**	**(160,510)**	-	-
Balance at end of year	**24,415,377**	**$ 1,505,984**	8,493,642	$ 445,946
Contributed surplus				
Balance at beginning of year		**$ 253,637**		$ 116,000
Stock options vested (Note 9)		**263,586**		137,637
Expired warrants		**134,026**		-
Balance at end of year		**$ 651,249**		$ 253,637
Deficit				
Balance at beginning of year		**$ (1,082,703)**		$ (647,410)
Net loss for the year		**(1,027,858)**		(435,293)
Balance at end of year		**$ (2,110,561)**		$ (1,082,703)
Total Shareholders' equity		**$ 3,008,811**		$ 1,639,343

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

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

For the year ended December 31,	2009	2008
Cash flows (used in)		
Operating activities		
Net loss	**$ (1,027,858)**	$ (435,293)
Items not affecting cash:		
Future income tax recovery (Note 12)	**(147,140)**	(132,928)
Stock-based compensation (Note 9)	**263,586**	137,637
Write-off of exploration property costs (Note 6(b)(c)))	**180,990**	-
Changes in non-cash working capital balances:		
Prepaid and sundry receivables	**42,126**	(33,761)
Accounts payable and accrued liabilities	**231,366**	406,869
	(456,930)	(57,476)
Investing activities		
Additions to mineral properties	**(1,762,699)**	(1,014,273)
Deposit on drilling contract	**62,920**	(62,920)
	(1,699,779)	(1,077,193)
Financing activities		
Issuance of shares, net of costs	**1,981,321**	1,307,459
Warrants exercised	**7,059**	-
	1,988,380	1,307,459
Net change in cash during the year	**(168,329)**	172,790
Cash, beginning of the year	**508,307**	335,517
Cash, end of the year	**$ 339,978**	$ 508,307
Cash and cash equivalents consist of:		
Cash	**$ 334,978**	$ 508,307
Restricted cash	**5,000**	-
	$ 339,978	$ 508,307
NON-CASH INVESTING ACTIVITIES		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Shares issued for property acquisition (Note 6(a)(d))	**$ 292,500**	$ -
Warrants issued for property acquisition (Note 6(a))	**$ -**	$ 2,200

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

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

For the year ended December 31,	2009	2008
Kerrs Property (Note 6(a) and (d))		
Opening balance	**$ 1,281,952**	$ 345,505
Property acquisition costs	**1,216,565**	62,200
Claim management and other property costs	**638**	-
Geological consulting and services	**530,669**	284,980
Geophysics	**-**	131,037
Consulting	**-**	25,884
Drilling and linecutting	**432,327**	409,317
Management fees	**-**	23,029
Activity during the year	**2,180,199**	936,447
Closing balance	**$ 3,462,151**	$ 1,281,952
Chibougamau Property (Note 6(b))		
Opening balance	**$ 102,995**	$ 50,482
Property acquisition costs	**-**	40,000
Consulting	**-**	4,547
Geological consulting and services	**-**	3,920
Management fee	**-**	4,046
Written off	**(102,995)**	-
Activity during the year	**(102,995)**	52,513
Closing balance	**$ -**	$ 102,995
Malartic Property (Note 6(c))		
Opening balance	**$ 77,995**	$ 50,482
Property acquisition costs	**-**	15,000
Consulting	**-**	4,547
Geological consulting and services	**-**	3,920
Management fee	**-**	4,046
Written off	**(77,995)**	-
Activity during the year	**(77,995)**	27,513
Closing balance	**$ -**	$ 77,995
Total Mineral Properties	**$ 3,462,151**	$ 1,462,942

The accompanying notes are an integral part of the audited 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 the Kerrs mineral property 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 the 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 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 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 December 31, 2009, the Company reported a loss after tax of $1,027,858, an accumulated deficit of $2,110,561 as at that date and has not generated cash flow from operations. The Company's working capital as at December 31, 2009 is negative $328,340. Accordingly, the Company does not have sufficient funds to permit the Company to meet its current obligations. Additional financing is required to allow the Company to continue operations and discharge its obligations as they come due. 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, maintenance of key property claims, and 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

Management has prepared the consolidated financial statements in accordance with Canadian GAAP. The accounting policies are as follows:

(a) Mineral properties and related expenditure

The cost of mineral properties and their related exploration and development costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production.

Cost includes both cash consideration as well as the fair market value on any securities issued on the acquisition of interests in mineral properties. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduce the cost of the related property and any excess over the costs applied as income.

(b) Stock-based compensation plan

The Company has a stock option plan. Any consideration received on the exercise of stock options or sale of stock is credited to share capital. The Company records compensation expense and credits contributed surplus for all stock options granted. Stock options granted during the year are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated using the Black-Scholes option pricing model.

(c) Use of estimates

The preparation of these consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(d) Foreign currency translation

The functional currency of the Company and its subsidiary is considered to be the Canadian dollar for accounting purposes. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at historical rates. All revenues and expenditure denominated in foreign currencies are translated into Canadian dollars at exchange prevailing at the transaction dates. Gains or losses resulting from translation are included in the consolidated statement of operations and deficit.

2. Basis of Presentation and Accounting Policies (continued)

(e) Loss per share

Basic loss per common share has been determined by dividing net loss attributed to common shareholders by the weighted average number of common shares outstanding during the year, excluding shares securing employee share purchase loans and shares in escrow. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common equivalents outstanding. In order to determine diluted earnings (loss) per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to purchase common shares being included in the denominator of the dilutive earnings (loss) per share calculation.

The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase loss per share. During the year ended December 31, 2009, there was no difference between basic and diluted loss per common share as the effect of outstanding stock options and warrants on basic loss per common share would have been anti-dilutive.

(f) Income taxes

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are recognised for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income (loss) in the year in which those temporary differences are expected to be recovered or settled. When the future realization on income tax assets does not meet the test of being likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no asset is recognised.

(g) Flow-through shares

The Company may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the expenditure of the proceeds. When resource expenditure are renounced to the investor and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognised (renounced expenditure multiplied by the effective corporate tax rate) and share capital is reduced. Previously unrecognised tax assets may then offset or eliminate the liability recorded.

(h) Impairment of long-lived assets

The Company reviews long-lived assets of mineral properties and related expenditures for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment exist, and the carrying value is greater than the net recoverable value, an impairment loss in recognized to the extent that the fair value is below the carrying value. Mineral properties are written off (i.e. the carrying amount reduced to nil) if the property's rights are allowed to lapse or if the property is or is intended to be abandoned.

2. Basis of Presentation and Accounting Policies (continued)

(i) Capital disclosure

This 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. The Company has included the disclosures recommended in Note 3 to these consolidated financial statements.

(j) Financial instruments

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. The Company has included the disclosures recommended in Note 4 to these consolidated financial statements.

(k) New accounting policies

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 year ended December 31, 2009 and there was no significant impact on its consolidated financial statements as a result of applying this abstract.

2. Basis of Presentation and Accounting Policies (continued)

(k) New accounting policies (continued)

Fair Value Hierarchy and Liquidity Risk Disclosure
In June 2009, the CICA issued an amendment to Handbook Section 3862 to provide improvements to fair value and liquidity risk disclosures. The amendment applies to the Company's fiscal year ended December 31, 2009. This adoption resulted in additional disclosure as provided below.

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash and short-term investments. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

	Level One	Level Two	Level Three
Cash	$ -	$ 334,978	$ -
Restricted Cash	$ -	$ 5,000	$ -

(l) Future accounting changes

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.

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 December 31, 2009 totaled $3,008,811 (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.

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 or restrictions. The Company's current capital resources will be sufficient to discharge its liabilities as at December 31, 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 Bank of Nova Scotia, from which management believes the risk of loss to be minimal. Sundry receivables consist of goods and services tax due from the Federal Government of Canada, and an advances to a supplier. Sundry receivables are in good standing as of December 31, 2009. Management believes that the credit risk concentration with respect to sundry receivables is minimal.

4. Financial Instruments (continued)

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 December 31, 2009, the Company had cash of $334,978 (December 31, 2008 - $508,307) to settle current liabilities of $713,767 (December 31, 2008 - $482,401). The Company regularly evaluates its cash position to monitor 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 with the exception of $500,000 which is payable to Sage Gold relating to the acquisition of the Kerrs Property; this liability is due on or before December 22, 2010. In order to meet the $500,000 payment to Sage Gold the Company will need to raise additional funds from financing activities sufficient to discharge this liability. The Company is also committed to spending approximately $40,000 by December 31, 2010 in Canadian exploration expenditures which will satisfy the Company's flow-through commitment.

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. Acquisition and reverse take over transaction

(a) Sheltered completed a qualifying transaction that was conducted in accordance with the Exchange Policy 2.4 concerning Capital Pool Companies. The qualifying transaction was completed by way of a "three corner" amalgamation among Sheltered and its wholly-owned subsidiary Lucrum Acquisition Corp. ("Subco") and SOR whereby Sheltered issued an aggregate of 10,135,808 common shares to the shareholders of SOR.

Pursuant to the agreement:

(i) Each SOR share was exchanged for 3.7362 shares of Sheltered;
(ii) Each SOR warrant was exchanged for 3.7362 warrants of Sheltered;
(iii) 400,000 share purchase options of SOR were cancelled upon closing of the qualifying transaction ("Transaction").

The amalgamation transaction was completed on August 28, 2008. In accordance with this transaction, 10,135,808 common shares of Sheltered were issued to SOR shareholders, 3,846,143 warrants of Sheltered were issued to SOR warrant holders and 450,000 incentive stock options were granted to the new directors and officers of the Company; former shareholders of SOR held shares representing approximately 71% of the issued and outstanding shares of the resulting issuer on a non-diluted basis.

In addition, 1,956,360 of escrowed shares of Sheltered were transferred to new principals at a price of $0.65 per escrowed share.

As a result of the Transaction described above, 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 issue of shares by the nonpublic 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, totaling $117,456 has been allocated as follows:

Cash	$	101,706
Prepaids and sundry receivables		7,411
Deferred acquisition costs		25,000
Accounts payable and accrued liabilities		(16,661)
	$	117,456

Purchase consideration:

Common shares issued	$	117,456

5. Acquisition and reverse take over transaction (continued)

(b) Concurrent with the closing of the Transaction, the Company completed a private placement on August 28, 2008. The private placement consisted of:

(i) a brokered portion of 1,225,000 flow-through shares of the Company at $0.40 per share and 455,000 non-flow-through shares of the Company at $0.40 per share; and
(ii) a non brokered portion of 297,500 flow-through shares of the Company at $0.40 per share and 522,500 non-flow-through shares of the Company at $0.40 per share.

The total shares issued by the private placement were 2,500,000 shares for gross proceeds of $1,000,000.

(c) In connection with the brokered portion, the Company paid to Canaccord Capital Corporation (the "Agent") a cash commission of $53,760 and an administration fee of $15,000, and reimbursed the Agent $23,000 of legal and other expenses, and granted the Agent 134,400 non-flow-through common share purchase warrants, with each Agent's warrant exercisable into one non-flow-through share of the Company at a price of $0.40 per share up until August 28, 2009. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2%; expected volatility of 95%; expected life of one year. The value assigned to these warrants was $26,880.

In connection with the non brokered portion, the Company paid to Deacon & Company Capital Markets Inc. (the "Finder") a cash commission of $26,240 and granted to the Finder 65,600 non-flow-through common purchase warrants, with each Finder's warrant exercisable into one non-flow-through share of the Company at a price of $0.40 per share until August 28, 2009. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2%; expected volatility of 95%; expected life of one year. The value assigned to these warrants was $13,120.

The total share issuance costs for above private placements were $158,000.

6. Mineral Properties

The Company enters into exploration agreements with other companies pursuant to which it may earn interests in mineral properties by issuing common shares and/or making option payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interest or entitlements under the agreements.

On February 7, 2007, as amended and restated on April 19, 2007, and amended on August 3, 2007, December 1, 2007, March 28, 2008 and February 2, 2009 SOR entered into an option agreement with Sage Gold Inc. ("Sage") to acquire an undivided interest in three gold prospective exploration properties, (the "Sage Properties"), in the Ontario and Quebec areas. Under the option agreement, SOR had the sole and exclusive right to acquire an undivided 55% interest in the Kerrs Property, an undivided 100% interest in the Chibougamau Property, and an undivided 100% interest in the Malartic Property.

6. Mineral Properties (continued)

(a) Kerrs Property

The Company issued 10,000 share purchase warrants in fiscal 2008 to the Wahgoshig First Nation as additional consideration for rights to explore the Kerrs Property. These warrants are exercisable at a $1 per warrant for a period of one year which expired August 19, 2009. These common shares and share purchase warrants were exchanged for Sheltered common shares and share purchase warrants on August 28, 2008 at the qualifying transaction rate of 3.7362 Sheltered for one SOR, and exercise prices of the warrants were adjusted accordingly. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2%; expected volatility of 95%; expected life of one year. The value assigned to these warrants was $2,200.

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 ("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.

Prior to the issuance of the Withdrawal Order, two arms-length individuals staked the area covered by the Claim. By December 31, 2009 the Company had reacquired the mining claims which were adverse in interest.

On September 28, 2009 the Company and Sage jointly announced that the Company had agreed to purchase a 100% interest in Sage’s, unpatented claims and interests in the Larder Lake Mining District in Kerrs Township in the Abitibi Greenstone Belt of Ontario (the ‘Kerrs Gold Property’) pursuant to a Purchase Agreement between the companies. The agreement closed on December 23, 2009.

In consideration thereof Sage received 2,000,000 common shares of the Company (issued and valued at $280,000) and $500,000 in cash to be paid to Sage 12 months following the date of closing of the purchase agreement. Sage will receive a 2% Net Smelter Royalty (“NSR”) on the Kerrs Gold Property of which 1% can be purchased from Sage by the Company at any time for $500,000. The Company will also pay to Sage an advance royalty payment of $125,000, payable in five annual installments with the first payment due twenty-four months following the date of closing of the purchase agreement.

(b) Chibougamau Property

In order to maintain its interest under this agreement and its right to exercise the option, SOR shall:

(i) pay or cause to be paid to Sage an aggregate of $105,000 as follows:

- $10,000 on March 6, 2007 (paid);
- $15,000 on March 6,2008 (paid);
- $25,000 on September 6, 2008 (paid);
- $55,000 on September 6, 2009.

6. Mineral Properties (continued)

(b) Chibougamau Property (continued)

(ii) fund or shall cause to be funded exploration expenditures in the aggregate amount of $265,000 as follows:

- a minimum of $40,000 on or before December 31, 2008 (funded);
- an additional minimum of $75,000 on or before December 31, 2009; and
- an additional minimum of $150,000 on or before December 31, 2010.

In addition to the above requirements, SOR issued, in fiscal 2007, 23,400 common shares for a total consideration of $16,380 and issued 65,000 share purchase warrants exercisable at $1.00 for a period of 3 years from the date of which the shares are listed for trading on a recognized exchange. SOR also paid to the Wahgoshig First Nation 9,360 common shares valued at $6,552 for the rights to explore the Chibougamau Property.

Management has decided that no further expenditures are planned on the Chibougamau property and accordingly the property was written off. The total of the write off was $102,995.

(c) Malartic Property

In order to maintain its interest under this agreement and its right to exercise the option, SOR shall:

(i) pay or cause to be paid to Sage an aggregate of $55,000 as follows:

- $10,000 on March 6, 2007 (paid);
- $15,000 on September 6, 2008 (paid);
- $30,000 on September 6, 2009.

(ii) fund or shall cause to be funded exploration expenditures in the aggregate amount of $150,000 as follows:

- a minimum of $15,000 on or before December 31,2008 (funded);
- an additional minimum of $50,000 on or before December 31,2009; and
- an additional minimum of $70,000 on or before December 31, 2010.

In addition to the above requirements, SOR issued, in fiscal 2007, 23,400 common shares for a total consideration of $16,380 and issued 65,000 share purchase warrants exercisable at $1.00 for a period of 3 years from the date of which the shares are listed for trading on a recognized exchange. SOR also paid to the Wahgoshig First Nation 9,360 common shares valued at $6,552 for the rights to explore the Malartic Property.

Management has decided that no further expenditures are planned on the Malartic property and accordingly the property was written off. The total of the write off was $77,995.

6. Mineral Properties (continued)

(d) Kerrs Property - Kidston Claims

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 was 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). As at September 6, 2009 the Company had not complied with the terms and conditions of the option agreement, however negotiations with Kidston and Dyment resulted in an extension through November 30, 2009 at no additional cost to the Company. As at November 26, 2009, the Company complied with the terms of the option agreement and has accordingly earned into its option on the Kidston claim.

7. Share Capital

Authorized:
An unlimited number of common shares

Issued and outstanding:

Common Shares	Number of Shares		Amount
Balance, December 31, 2007 of SOR	**2,897,379**	**$**	**1,015,078**
Renunciation of flow-through expenditures	-		(132,928)
Cancellation of shares (i)	(252,509)		(252)
Issue of SOR shares (ii)	68,000		68,000
Balance, August 28, 2008 of SOR	**2,712,870**	**$**	**949,898**
Balance, August 28, 2008 of Sheltered	**4,500,000**	**$**	**234,688**
Shares issued pursuant to private placement offering (Note 5(b))	2,500,000		1,000,000
Shares issuance cost (Note 5(c))	-		(158,000)
Shares issued from qualifying transaction (Note 5(a))	10,135,808		117,456
Shares issuance cost relating to the qualifying transaction	-		(314,810)
Capital stock of SOR eliminated on consolidation (Note 5(a))	(2,712,870)		-
Capital stock of Sheltered eliminated on consolidation (Note 5(a))	-		(234,688)
Shares issued pursuant of private placement offering - net (iii)	4,875,000		409,105
Shares issued pursuant of private placement offering - net (iii)	2,500,000		168,240
Share issuance cost	-		(149,426)
Balance, December 31, 2008	**24,510,808**		**2,022,463**

7. Share Capital (continued)

Issued and outstanding:

Common Shares	Number of Shares	Amount
Balance, December 31, 2008	**24,510,808**	**2,022,463**
Shares issued pursuant of private placement offering (iv)(vii)(viii)	22,467,271	2,154,800
Cost of issue	-	(173,479)
Warrants valuation (iv)(vii)(vii)	-	(1,222,631)
Cost of issue - Flow-through renunciation (v)	-	(120,656)
Shares issued for option extension (vi)	125,000	12,500
Warrants exercised	58,823	7,059
Warrants exercised - valuation	-	2,083
Shares issued for acquisition of property (Note 6(a))	2,000,000	280,000
Balance, December 31, 2009	**49,161,902**	**$ 2,962,139**

(i) On August 7, 2008, 252,509 founders shares were cancelled as part of the reverse take over agreement.

(ii) The Company issued 68,000 flow through shares for proceeds of $68,000 to a director of the Company prior to the reverse take over transaction.

(iii) The Company issued 4,875,000 flow-through units ("FT unit") at a price of $0.10 per FT unit for aggregate proceeds of $487,500 and 2,500,000 non flow-through units at a price of $0.085 per unit for gross proceeds of $212,500. Each FT unit is comprised of one common share and one-half of one transferable common purchase warrant (each whole warrant "B warrant"). Each non flow-through unit is comprised of one common share and one-half of one transferable common share purchase warrant (each whole warrant, "A warrant").

Each A warrant shall entitle its holder to acquire a common share at an exercise price of $0.12 per share for a period of 12 months from the date of closing and at an exercise price of $0.16 per share for a period of 24 months from the date of closing. Each whole B warrant shall entitle its holder to acquire a common share at an exercise price of $0.14 per share for a period of 12 months expiring in December 2009 and at an exercise price of $0.18 per share for a period of 24 months expiring in December 2010.

The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2%; expected volatility of 95%; expected life of two years. The value assigned to these A warrants and B warrants were $44,260 and $78,395 respectively.

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 four months and one day after the respective closing date, the Company may accelerate the expiry date of the A warrants and B warrants by giving notice to the holders thereof and in such case the A warrants and B warrants will expire on the 30th day after the date on which such notice is given by the Company.

7. Share Capital (continued)

(iii) (continued) In connection with the private placements, the Company paid finders' fees of $24,000 to Limited Market Dealer Inc. ("LMD Inc."), $25,566 to Deacon & Company Capital Markets Inc. ("Deacon & Company"); and $2,634 to Canaccord Capital Corporation. The Company also issued non-transferable compensation options ("Compensation Options") entitling the holders to purchase 560,000 non-flow-through units of the Company expiring in December 2010. The Black-Scholes option pricing model was used to determine the fair value of the compensation options using the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 2%; expected volatility of 95%; expected life of two years. The value assigned to these compensation options were $20,241.

(iv) 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 warrants and compensation 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.

(v) 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 $120,656 was recognized during 2009 which was allocated as a cost of issuing the flow-through shares at the time of renunciation.

(vi) 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 6(d)).

7. Share Capital (continued)

(vii) On July 23, 2009, the Company completed a non-brokered private placement with the MineralFields Group and others for (i) 818,000 units of the Company 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, 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 at a price of $0.11 per flow-through unit, (each flow-through unit is comprised of one common share in the capital of the Company issued on a flow-through basis and one half warrant) for aggregate proceeds of $553,000. The units and flow-through units are subject to a hold period which expired on November 24, 2009.

In connection with the private placement, the Company paid finders' fees of $38,860 to certain finders including Limited Market Dealer Inc., Altus Securities Inc. and Jones Gable & Company Limited. The Company also issued 386,821 non-transferable compensation options to the finders. Each compensation option is exercisable into one unit on similar terms as each unit described above. Each compensation option will expire on July 23, 2010.

The fair value of the 2,513,636 warrants and 386,821 compensation options was $153,332 and $23,596, respectively. The fair value assigned to these warrants and compensation options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 179.7%, risk-free interest rate 1.36% and expected life of 1 year.

(viii) On September 21, 2009, the Company completed a non-brokered private placement with the MineralFields Group and others for (i) 9,940,000 units of the Company at a price of $0.095 per unit and (ii) 2,000,000 flow-through units of the Company at a price of $0.095 per flow-through unit for aggregate proceeds of $1,134,300. The units and flow-through units are subject to a hold period expiring January 22, 2010. Each unit is comprised of one common share in the capital of the Company and one non-transferable common share purchase warrant, and each warrant shall entitle its holder to acquire one common share in the capital of the Company at an exercise price of $0.10 per share for a period of 12 months from the date of closing and at $0.12 per share for a period of 24 months from the date of closing. Each flow-through unit is comprised of one common share in the capital of the Company issued on a flow-through basis and one warrant. The warrants expire 24 months from closing. However, 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 four months and one day after the closing date, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

In connection with the private placement, the Company paid finders' fees of $16,644 to certain finders including Limited Market Dealer Inc. and Jennings Capital Inc. The Company also issued 175,200 non-transferable compensation options to the finders. Each compensation option is exercisable into one unit on similar terms as each unit described above. Each compensation option will expire on September 21, 2010.

The fair value of the 11,940,000 warrants and 175,200 compensation options was $740,280 and $9,986, respectively. The fair value assigned to these warrants and compensation options was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 145.9% - 186.7%, risk-free interest rate 1.28% - 1.32% and expected life of 2 years.

8. Warrants

The following table shows the continuity of warrants for the year ended December 31, 2009 and 2008:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2007	**3,808,781**	**$ 0.27**
Granted under private placements	4,647,499	0.13
Granted to Wahgoshig First Nations (Note 6(a))	37,362	0.27
Balance, December 31, 2008	**8,493,642**	**0.20**
Granted	18,158,601	0.11
Exercised	(58,823)	0.12
Expired	(2,178,043)	0.29
Balance, December 31, 2009	**24,415,377**	**$ 0.14**

The following are the warrants outstanding at December 31, 2009:

Number of Warrants	Black-Scholes Value	Exercise Price	Expiry Date	
200,000	7,540	0.10	January 2, 2010	
2,513,636	153,332	0.17	July 23, 2010	
386,821	23,596	0.11	July 23, 2010	(vii)
1,191,176	$ 42,177	$ 0.16	December 19, 2010	(i)
2,437,500	78,395	0.18	December 19, 2010	(ii)
560,000	20,241	0.10	December 19, 2010	(iii)
2,750,000	258,500	0.12	February 12, 2011	(iv)
392,944	36,937	0.085	February 12, 2011	(v)
1,868,100	135,000	0.27	August 28, 2011	
11,940,000	740,280	0.10	September 21, 2011	(vi)
175,200	9,986	0.095	September 21, 2011	(viii)
24,415,377	**$ 1,505,984**			

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

8. 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.

(vi) Each whole warrant is exercisable at $0.10 per share for a period of 12 months from the date of issuance and at an exercise price of $0.12 per share thereafter to expiry on September 21, 2011. However, 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 four months and one day after the closing date, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

(vii) Each unit is comprised of one common share in the capital of the Company and one-half of one transferable common share purchase 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.

(viii) Each unit is comprised of one common share in the capital of the Company and one non-transferable common share purchase warrant, and each warrant shall entitle its holder to acquire one common share in the capital of the Company at an exercise price of $0.10 per share for a period of 12 months from the date of closing and at $0.12 per share for a period of 24 months from the date of closing. However, 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 four months and one day after the closing date, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

9. Stock Options

The Company has a stock option plan under which directors, officers, employees, consultants and management are periodically granted non transferable stock option to purchase common shares of the Company.

Under the plan, the exercise price for purchasing these shares cannot be less than the market price of the common shares of the last day on which the common shares traded prior to the date of the granted option. All options vest immediately under the plan.

The following table shows the continuity of options for the year ended December 31, 2009 and 2008:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2007	400,000	$ 0.70
Granted (i)(ii)	1,497,500	0.27
Cancelled	(400,000)	0.70
Balance, December 31, 2008	1,497,500	$ 0.27
Granted (iii)(iv)(v)(vi)	3,350,000	0.11
Cancelled	(153,250)	0.32
Balance, December 31, 2009	**4,694,250**	**$ 0.15**

(i) On August 28, 2008, the Company awarded 450,000 incentive stock options to certain officer and directors of the Company. All of the stock options, which vested according to the stock-option plan, are exercisable at $0.45 per common share and expire on August 28, 2013. 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 95%, risk-free interest rate 3%, and expected life of 5 years. The fair value of each stock option granted was $0.20 per option and the aggregate fair value assigned to these options was $90,000 and the full amount was expensed for the year ended December 31, 2008.

(ii) On October 28, 2008, the Company awarded 1,047,500 incentive stock options to certain officer and directors of the Company. All of the stock options, which vested according to the stock-option plan, are exercisable at $0.20 per common share and expire on October 28, 2011. 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 95%, risk-free interest rate 2%, forfeiture rate 0% and expected life of 2 years. The fair value of each stock option granted was $0.045 per option and the aggregate fair value assigned to these options was was $47,637 and the full amount was expensed for the year ended December 31, 2008.

(iii) 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 vested according to the stock-option plan, 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 year ended December 31, 2009, the impact on expenses was $67,200.

9. Stock Options (continued)

(iv) 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 year ended December 31, 2009, the impact on expenses was $29,124.

(v) 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 year ended December 31, 2009, the impact on expenses was $11,262.

(vi) On November 26, 2009, the Company awarded 2,000,000 incentive stock options to certain officers and directors of the Company. All of the stock options, which vested according to the stock-option plan, are exercisable at $0.10 per common share and expire on November 26, 2014. 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 2.35%, forfeiture rate 0% and expected life of 5 years. The fair value of each stock option granted was $0.078 per option and the aggregate fair value assigned to these options was $156,000 and the full amount was expensed for the year ended December 31, 2009.

The weighted average grant date fair value of the options granted for the year ended December 31, 2009 was $0.08 per option.

The following table shows the options outstanding at December 31, 2009.

	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Expiry Date
Directors & Officers	966,250	2.08	$ 0.20	October 28, 2011
Directors & Officers	800,000	2.27	0.10	January 7, 2012
Directors & Officers	400,000	2.43	0.12	March 4, 2012
Consultant	150,000	2.59	0.20	May 1, 2012
Directors & Officers	378,000	3.91	0.45	August 28, 2013
Directors & Officers	2,000,000	4.91	0.10	November 26, 2014
	4,694,250	**3.36**	**$ 0.15**	

Of the total Black-Scholes value of $391,442, $15,063 has not yet vested and will be recorded as an expense upon vesting.

10. Related Party Transactions

During the year ended December 31, 2009, Sheltered paid consulting fees of $216,250 (2008 - $180,000) to a company controlled by an officer and director of Sheltered. The Company was also paid $22,320 (2008 - $nil) for office related expenses.

During the year ended December 31, 2009, Sheltered paid professional fees of $41,741 (2008 - $nil) to a company controlled by the Chief Financial Officer of Sheltered.

The Company also paid professional fees in the amount of $100,000 during the year ended December 31, 2009 (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 year ended December 31, 2009, Sheltered paid geological consulting fees of $511,110 (2008 - $292,820) 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.

11. General and Administrative

For the years ended December 31,	2009	2008
Stock-based compensation	**$ 263,586**	$ 137,637
Professional fees	**376,133**	152,880
Accounting and corporate services	**24,083**	-
Consulting fees	**150,000**	180,000
Office and general	**26,950**	59,083
Travel and entertainment	**9,259**	-
Listing and filing fees	**14,179**	24,456
Insurance	**11,561**	12,731
Shareholder information	**42,824**	-
Investor relations	**68,011**	-
Flow-through tax penalty	**6,485**	-
Bank service charges	**2,261**	1,461
	$ 995,332	$ 568,248

12. Income taxes

(a) Income tax recovery attributed to loss before income taxes differs from the amounts computed by applying the combined Federal and Provincial tax rate of approximately 33% (2008 - 34.2%) to pre-tax loss as a result of the following:

For the years ended December 31,	2009	2008
Loss before income taxes	**$ 1,174,998**	$ 568,221
Combined statutory income tax rate	**33.00 %**	34.20 %
Computed "expected" income tax recovery	**$ (387,749)**	$ (148,870)
Non-deductible stock-based compensation	**86,983**	47,072
Other permanent differences	**28,734**	(41,724)
Tax assets recognized on flow through renunciation	**(120,656)**	(132,928)
Non capital loss not utilized	**245,548**	143,522
Recovery of income taxes	**$ (147,140)**	$ (132,928)

(b) Significant components of recovery of income taxes are as follows:

For the years ended December 31,	2009	2008
Current income tax expense	**$ -**	$ -
Future income tax recovery	**147,140**	132,928
Recovery of income taxes	**$ 147,140**	$ 132,928

(c) The tax effects of temporary differences that give rise to significant portion of the future tax assets and future tax liabilities as at December 31 are presented below:

	2009	2008
Future tax assets (liabilities)		
Share issuance costs deductible	**167,581**	182,216
Non-capital loss carried forward	**488,159**	383,232
Mineral properties	**(228,603)**	(136,800)
	427,137	428,648
Valuation allowance	**(427,137)**	(428,648)
Future tax assets (liabilities)	**-**	-

The Company has non-capital losses of approximately $1,952,000 (2008 - $1,200,000) which may be carried forward and applied to taxable income in future years. These losses if not utilized will expire in stages through to 2029 subject to certain restrictions and the Company also has mineral property expenditures of approximately $1.9 million dollars available to reduce taxable income in future years that have an unlimited life. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

13. Loss Per Share

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

For the years ended December 31,	2009	2008
Numerator		
Loss for the year	**$ (1,027,858)**	$ (435,293)
Denominator		
Weighted average number of common shares outstanding	**35,055,589**	12,876,561
Basic and diluted loss per share	**$ (0.03)**	$ (0.03)

14. 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 December 31, 2009, the Company is committed to incurring approximately $40,000 in qualifying exploration expenditures in Canada by December 31, 2010.