Sheltered Oak Resources Corp.

Consolidated Financial Statements
Years Ended December 31, 2010 and 2009

(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 years ended December 31, 2010 and 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.

(signed)
J.J. Elkin
President and Chief Executive Officer

(signed)
Art Hampson
Chief Financial Officer

Toronto, Canada
April 20, 2011

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April 20, 2011

Independent Auditor's Report

To the Shareholders of Sheltered Oak Resources Corp.

We have audited the accompanying consolidated financial statements of Sheltered Oak Resources Corp. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sheltered Oak Resources Corp. and its subsidiaries as at December 31, 2010 and 2009 and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Sheltered Oak Resources Corp.'s ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

Sheltered Oak Resources Corp.
Consolidated Balance Sheets
(An exploration stage company)
(Expressed in Canadian Dollars)

As at	December 31, 2010	December 31, 2009
Assets		
Current		
Cash	**$ 399,583**	$ 334,978
Restricted cash	**-**	5,000
Prepaids and sundry receivables	**183,962**	45,449
	583,545	385,427
Mineral properties (Statement and Note 5)	**4,698,646**	3,462,151
	$ 5,282,191	$ 3,847,578
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**$ 161,324**	$ 713,767
Long term payables	**100,000**	125,000
	261,324	838,767
Shareholders' equity		
Share capital (Note 6)	**4,615,163**	2,962,139
Warrants (Note 7)	**1,865,021**	1,505,984
Contributed surplus	**926,436**	651,249
Deficit	**(2,385,753)**	(2,110,561)
	5,020,867	3,008,811
	$ 5,282,191	$ 3,847,578

Going concern assumption (Note 1(b))
Commitment (Note 13)
Subsequent Events (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.

Consolidated Statements of Loss and Comprehensive Loss

(An exploration stage company)

(Expressed in Canadian Dollars)

For the Years Ended December 31,		2010		2009
Expenses				
General and administrative (Note 10)	**$**	**420,049**	$	995,332
Write-off of exploration property costs (Note 5 (c))		**47,838**		180,990
		(467,887)		(1,176,322)
Interest received		**-**		1,324
Loss before the following		**(467,887)**		(1,174,998)
Future income tax recovery (Note 6 (6))		**192,695**		147,140
Loss and comprehensive loss for the year	**$**	**(275,192)**	$	(1,027,858)
Loss per share (Note 12)	**$**	**(0.01)**	$	(0.03)

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

Sheltered Oak Resources Corp.
Consolidated Statements of Shareholders' Equity
(An exploration stage company)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2008	24,510,808	$ 2,022,463	$ 445,946	$ 253,637	$ (1,082,703)	$ 1,639,343
Cost of issue, flow-through renunciation	-	(120,656)	-	-	-	(120,656)
Private placement, common shares	16,258,000	1,501,780	-	-	-	1,501,780
Private placement, flow-through common shares	6,209,271	653,020	-	-	-	653,020
Warrant valuation	-	(1,222,631)	1,222,631	-	-	-
Cost of issue	-	(173,479)	-	-	-	(173,479)
Shares issued for property acquisition	2,125,000	292,500	-	-	-	292,500
Warrants exercised	58,823	9,142	(2,083)	-	-	7,059
Stock-based compensation	-	-	-	263,586	-	263,586
Warrants expired	-	-	(160,510)	134,026	-	(26,484)
Net loss for the year	-	-	-	-	(1,027,858)	(1,027,858)
Balance, December 31, 2009	**49,161,902**	**$ 2,962,139**	**$ 1,505,984**	**$ 651,249**	**$ (2,110,561)**	**$ 3,008,811**
Flow-through renunciation (Note 6)	-	(143,741)	-	-	-	(143,741)
Stock-based compensation	-	-	-	8,314	-	8,314
Warrants expired, net of future income tax	-	-	(315,827)	266,873	-	(48,954)
Warrants exercised (Note 6)	312,000	28,200	-	-	-	28,200
Fair value of warrants exercised (Note 6)	-	11,277	(11,277)	-	-	-
Private placement, common shares (Note 6)	29,013,333	2,832,300	-	-	-	2,832,300
Warrant valuation (Note 6)	-	(773,668)	773,668	-	-	-
Cost of issue (Note 6)	-	(301,344)	(87,527)	-	-	(388,871)
Net loss for the year	-	-	-	-	(275,192)	(275,192)
Balance, December 31, 2010	**78,487,235**	**$ 4,615,163**	**$ 1,865,021**	**$ 926,436**	**$ (2,385,753)**	**$ 5,020,867**

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

Sheltered Oak Resources Corp.
Consolidated Statements of Cash Flows
(An exploration stage company)
(Expressed in Canadian Dollars)

For the Years Ended December 31,	2010	2009
Cash flows (used in)		
Operating activities		
Loss	**$ (275,192)**	$ (1,027,858)
Items not affecting cash:		
Future income tax recovery (Note 6(6))	**(192,695)**	(147,140)
Stock-based compensation (Note 8)	**8,314**	263,586
Write-off of exploration property costs	**47,838**	180,990
Changes in non-cash working capital balances:		
Prepaid and sundry receivables	**(138,513)**	42,126
Accounts payable and accrued liabilities	**(648,591)**	231,366
	(1,198,839)	(456,930)
Investing activities		
Additions to mineral properties	**(1,213,185)**	(1,762,699)
Deposit on drilling contract	**-**	62,920
	(1,213,185)	(1,699,779)
Financing activities		
Issuance of shares, net of costs	**2,443,429**	1,981,321
Warrants exercised	**28,200**	7,059
	2,471,629	1,988,380
Net change in cash during the year	**59,605**	(168,329)
Cash, beginning of the year	**339,978**	508,307
Cash, end of the year	**$ 399,583**	$ 339,978
Cash and cash equivalents consist of:		
Cash	**$ 399,583**	$ 334,978
Restricted cash	**-**	5,000
	$ 399,583	$ 339,978
NON-CASH INVESTING ACTIVITIES		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Shares issued for property acquisition (Note 5(a) and (b))	**$ -**	$ 292,500

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

Sheltered Oak Resources Corp.
Consolidated Statements of Mineral Properties
(An exploration stage company)
(Expressed in Canadian Dollars)

For the Years Ended December 31,	2010	2009
Kerrs Property (Note 5(a) and (b))		
Opening balance	**$ 3,462,151**	$ 1,281,952
Property acquisition costs	**(100,000)**	1,216,565
Claim management and other property costs	**-**	638
Geological consulting and services	**439,454**	530,669
Geochemistry and geophysics	**58,033**	-
Legal	**25,153**	-
Drilling and linecutting	**765,661**	432,327
Activity during the period	**1,188,301**	2,180,199
Closing balance	**$ 4,650,452**	$ 3,462,151

Terry Property (Note 5(c))		
Opening balance	**$ -**	$ -
Property acquisition costs	**18,750**	-
Legal	**29,088**	-
Written off	**(47,838)**	-
Activity during the period	**-**	-
Closing balance	**$ -**	$ -

Chibougamau Property (Note 5(e))		
Opening balance	**$ -**	$ 102,995
Written off	**-**	(102,995)
Activity during the period	**-**	(102,995)
Closing balance	**$ -**	$ -

Malartic Property (Note 5(f))		
Opening balance	**$ -**	$ 77,995
Written off	**-**	(77,995)
Activity during the period	**-**	(77,995)
Closing balance	**$ -**	$ -

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

Sheltered Oak Resources Corp.
Consolidated Statements of Mineral Properties (continued)
(An exploration stage company)
(Expressed in Canadian Dollars)

		2010		2009
Goldcorp Optioned Property (Note 5(d))				
Opening balance	**$**	**-**	$	-
Property acquisition costs		**25,000**		-
Legal		**23,194**		-
Activity during the period		**48,194**		-
Closing balance	**$**	**48,194**	$	-
Total Mineral Properties	**$**	**4,698,646**	$	3,462,151

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 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 generally 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.

(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, the Company reported a loss after tax of $275,192, an accumulated deficit of $2,385,753 as at that date and has not generated cash flow from operations. The Company's working capital as at December 31, 2010 is $422,221. 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.

Accounts which requires management to make material estimates in determining amounts recorded include, among others: the recoverability of mineral properties and deferred exploration costs, future income taxes, fair value of warrants and stock-based compensation.

(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, 2010, 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.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities" as defined by the Canadian Institute of Chartered Accountants ("CICA") 3855, "Financial Instruments - Recognition and Measurement".

Financial assets and financial liabilities designated as "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings/loss. Financial assets designated as "available-for-sale" are measured at fair value, with changes in those fair values recognized in other "comprehensive income" until it is appropriate to recognize them in net earnings/loss. Financial assets designated as "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization. Derivative financial instruments that do not qualify as hedges or are not designated as hedges are classified as "held-for-trading" and are measured at fair value with changes in those fair values recognized in net earnings/loss.

Cash is designated as "held-for-trading". Prepaids and sundry receivables are designated as "loans and receivables". Accounts payable and accrued liabilities are designated as "other financial liabilities".

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.

(Expressed in Canadian Dollars)

2. Basis of Presentation and Accounting Policies (continued)

(k) 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, 2010 and there was no significant impact on its consolidated financial statements as a result of applying this abstract.

(l) 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, 2010. 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	$ -	$ 399,583	$ -

(m) 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.

2. Basis of Presentation and Accounting Policies (continued)

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. The Company is currently in the process of evaluating the potential impact of IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations.

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, 2010 totaled $5,020,867 (December 31, 2009 - $3,008,811).

The properties 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, 2010.

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 receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held with a reputable Canadian Chartered Bank, 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. Sundry receivables are in good standing as of December 31, 2010. Management believes that the credit risk concentration with respect to sundry receivables 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 December 31, 2010, the Company had cash of $399,583 (December 31, 2009 - $334,978) to settle current liabilities of $161,324 (December 31, 2009 - $713,767). 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. The Company is also committed to spending approximately $251,968 by December 31, 2011 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.

4. Financial Instruments (continued)

Sensivitiy Analysis

The Company has, for accounting purposes, designated its cash as held-for-trading, which is measured at fair market value. Sundry receivables are 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

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.

(a) Kerrs Property

On September 28, 2009 the Company and Sage Gold Inc's ("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.

On August 4, 2010, the Company announced that OAK and Sage Gold Inc. have agreed to accelerate the payment of the cash portion of the purchase price in consideration for a reduction of the cash portion of the purchase price from $500,000 to $400,000 (paid on August 4, 2010).

(b) 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). The Company has complied with the terms of the option agreement and has accordingly earned into its option on the Kidston claim.

5. Mineral Properties (Continued)

(c) Terry Property

On April 9, 2010, the Company entered into an agreement (the "Purchase Agreement") with two individuals (the "Owners") to acquire an interest in the Terry Zone Property and it has entered into an agreement with a corporation which also has an interest in the Terry Zone Property in connection with the acquisition. Subject to the terms and conditions set out in the Purchase Agreement, SOR Inc. has agreed to acquire four unpatented mining claims comprising a total of eight units and the mining rights of one patented claim comprising four units in the Larder Lake Mining District located in the Pacaud and Catharine Townships in the Province of Ontario (the "Terry Zone Property"). In consideration thereof the Owners will receive 150,000 common shares of Sheltered and $75,000 in cash to be paid to the Owners in three equal annual payments starting on September 26, 2010 and ending on September 26, 2012.

On closing of the acquisition, the Owners will receive a 2% Net Smelter Royalty ("NSR") on the Terry Zone Property of which 1% can be purchased from the Owners by Sheltered at any time for $1,000,000. Sheltered will also pay to the Owners a 2% NSR as an advance royalty payment on any bulk sample of 30,000 tons or less of treated ore.

During the year ended December 31, 2010, the Company decided not to continue with the agreement, and has written off the cost of $47,838.

(d) Goldcorp Optioned Property

On May 10, 2010, the Company signed a letter of intent ("LOI") to enter into an option agreement ("Option Agreement") with Goldcorp Canada Ltd. ("Goldcorp") and Goldcorp Inc. concerning the mining rights of certain leases located in Kerrs Township in the Larder Lake mining district (the "Property") part of the Abitibi Greenstone Belt in northern Ontario.

The Property is held by the Porcupine Gold Mines Joint Venture between Goldcorp and Goldcorp Inc. The LOI proposes entering into an option agreement that would give Sheltered the opportunity to earn a 60% interest in the Property by spending $2.6 million in exploration expenditures, completing 14,000 metres of core diamond drilling and making option payments of $150,000 prior to December 31, 2014, and issuing $900,000 worth of common shares of Sheltered prior to the exercise of the option. Pursuant to the Option Agreement, Sheltered would be committed to spending $1.1 million in exploration expenditures, completing 5,000 metres of core diamond drilling and making option payments of $100,000 prior to December 31, 2012, and issuing $300,000 worth of common shares of Sheltered prior to the second anniversary of signing the Option Agreement.

Once a 60% interest is earned by Sheltered, Sheltered and Goldcorp would enter into a definitive joint venture agreement. Sheltered would be the operator of the Property during the option term and remain the operator unless and until Goldcorp acquires a majority interest in the joint venture. Upon Sheltered earning a 60% interest, Goldcorp may elect, within 90 days, to earn back from Sheltered a 20% interest in the Property by performing $2.6 million of exploration expenditures within two years of exercising its earn-back right. If Goldcorp successfully exercises this earn-back right Sheltered would then own a 40% interest.

Upon the Company earning a 60% interest and if Goldcorp does not exercise its earn-back right, following the expenditure of $5.2 million on joint venture operations on the Property, Goldcorp would have the right to exercise the right to acquire from Sheltered a 20% interest in the Property by paying Sheltered 125% of the aggregate of the total minimum qualifying expenditures incurred by Sheltered during the option period and Sheltered's pro rata contribution to the joint venture expenditures. If Goldcorp successfully exercised this back-in right, Sheltered would own a 40% interest in the Property.

(Expressed in Canadian Dollars)

5. Mineral Properties (Continued)

(e) Chibougamau Property

Management decided during the 2009 fiscal year that no further expenditures were planned on the Chibougamau property and accordingly the property was written off. The total of the write off in 2009 was $102,995.

(f) Malartic Property

Management decided during the 2009 fiscal year that no further expenditures were planned on the Malartic property and accordingly the property was written off. The total of the write off in 2009 was $77,995.

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**
Shares issued pursuant of private placement offering (1,4,5)	22,467,271	2,154,800
Cost of issue	-	(173,479)
Warrants valuation (1,4,5))	-	(1,222,631)
Cost of issue - Flow-through renunciation (2)	-	(120,656)
Shares issued for option extension (3)	125,000	12,500
Warrants exercised	58,823	7,059
Warrants exercised - valuation	-	2,083
Shares issued for acquisition of property (Note 5(a))	2,000,000	280,000
Balance, December 31, 2009	**49,161,902**	**$ 2,962,139**
Shares issued pursuant of private placement offering (7,8,9,10)	29,013,333	2,832,300
Cost of issue	-	(301,344)
Warrants valuation (7,8,9,10,11)	-	(773,668)
Cost of issue - Flow-through renunciation (6)	-	(143,741)
Warrants exercised (11)	312,000	28,200
Warrants exercised - valuation	-	11,277
Balance, December 31, 2010	**78,487,235**	**$ 4,615,163**

6. Share Capital (Continued)

(1) 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. The Company also issued non-transferable compensation options entitling the holder 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.

(2) 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.

(3) 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(d)).

(4) On July 23, 2009, the Company completed a non-brokered private placement 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. 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 unexercised compensation option expired 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.

6. Share Capital (Continued)

(5) On September 21, 2009, the Company completed a non-brokered private placement 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. 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 unexpired compensation option expired 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.

(6) Upon renunciation of the exploration expenses required under the terms of the flow-through common share issuance in fiscal 2009, a future tax liability of $143,741 was recognized during 2010 which was allocated as a cost of issuing the flow-through shares at the time of renunciation.

(7) On June 30, 2010, the Company completed the first tranche of its private placement of units and flow-through units for aggregate proceeds of $1,476,200. The Company issued 3,680,000 units (the "Units") at a price of $0.09 per Unit and 11,450,000 flow-through units (the "FT Units") at a price of $0.10 per FT Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each FT Unit was issued on a flow-through basis and is comprised of one common share and one-half of one Warrant. Each whole Warrant shall entitle its holder to acquire a common share of the Company at an exercise price of $0.12 per share and expire on December 31, 2011.

In connection with the private placement, the Company paid finders' fees of $118,096 and issued 1,513,000 non-transferable broker warrants to the finders. Each broker warrant is exercisable into one unit on similar terms as each Unit described above. Each broker warrant will expire on December 31, 2011.

The fair value of the 7,565,000 warrants and 1,513,000 broker warrants was $315,306 and $87,754, respectively. The fair value assigned to these warrants and broker warrants was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 149%, risk-free interest rate 1.45% and expected life of 18 months.

6. Share Capital (Continued)

(8) On September 30, 2010, the Company completed the second tranche of its private placement of units and flow-through units for aggregate proceeds of $642,100. The Company issued 3,623,333 Units at a price of $0.09 per Unit and 3,160,000 FT Units at a price of $0.10 per FT Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a “Warrant”). Each FT Unit was issued on a flow-through basis and is comprised of one common share and one-half of one Warrant. Each whole Warrant shall entitle its holder to acquire a common share of the Company at an exercise price of $0.12 per share and expire on March 31, 2012.

In connection with the private placement, the Company paid finders’ fees of $48,920 and issued 361,000 non-transferable broker warrants to the finders. Each broker warrant is exercisable into one unit on similar terms as each Unit described above. Each broker warrant will expire on March 31, 2012.

The fair value of the 3,391,667 warrants and 361,000 broker warrants was $183,929 and $29,602, respectively. The fair value assigned to these warrants and broker warrants was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 145%, risk-free interest rate 1.4% and expected life of 18 months.

(9) On December 21, 2010, the Company completed the first tranche of its private placement of units for aggregate proceeds of $525,000. The Company issued 5,000,000 units (the "Units") at a price of $0.105 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall entitle its holder to acquire a common share of the Company at an exercise price of $0.135 until June 21, 2012.

In connection with the private placement, the Company paid a finders' fee of $42,000 and issued 400,000 non-transferrable broker warrants to the finders. Each broker warrant is exercisable into one unit on similar terms as each Unit described above. Each broker warrant will expire on June 21, 2012.

The fair value of the 2,500,000 warrants and 400,000 broker warrants was $96,012 and $18,800, respectively. The fair value assigned to these warrants and broker warrants was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 136%, risk-free interest rate of 1.62% and an expected life of 18 months.

The entire issue was subscribed for by Richbert Agencies S.A, a company indirectly controlled by the President and C.E.O. of the Company.

(10) On December 29, 2010, the Completed the second tranche of its private placement of units for aggregate proceeds of $189,000. The Company issued 2,100,000 Units at a price of $0.09 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase Warrant. Each Warrant shall entitle its holder to acquire a common share of the Company at an exercise price of $0.12 until June 29, 2012.

The fair value of the 1,050,000 warrants was $40,440. The fair value assigned to these warrants was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 136%, risk-free interest rate of 1.62% and an expected life of 18 months.

The entire issue was subscribed for by Richbert Agencies S.A., a company indirectly controlled by the President and C.E.O. of the Company.

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(11) On November 4, 2010, 312,000 previously issued compensation warrants (the "Warrants") were exercised. Proceeds related to the exercise of the Warrants was equal to $28,200. 200,000 Warrants were exercised at $0.085 per unit and 112,000 Warrants were exercised at $0.10 per unit. Upon exercise of the 200,000 Warrants, new warrants were granted equal to one-half of each common share exercised.

The fair value of the 100,000 warrants granted was $1,600. The fair value assigned to these warrants was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 142%, risk-free interest rate of 1.39% and an expected life of 45 days.

The fair value of the 56,000 warrants granted was $224. The fair value asssigned to these warrants was calculated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 164%, risk-free interest rate of 1.70% and an expected life of 25 days.

Both sets of warrants expired on December 19, 2010.

7. Warrants

The following table shows the continuity of warrants years ended December 31, 2010 and 2009:

	Number of Warrants	Weighted Average Exercise Price
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**
Granted	16,936,667	0.12
Exercised	(312,000)	(0.09)
Expired	(7,133,133)	(0.16)
Balance, December 31, 2010	**33,906,911**	**$ 0.12**

(Expressed in Canadian Dollars)

7. Warrants (Continued)

The following are the warrants outstanding as at December 31, 2010:

Number of Warrants	Black-Scholes Value	Exercise Price	Expiry Date	
2,750,000	$ 258,500	$ 0.16	February 12, 2011	(1)
392,944	36,937	0.085	February 12, 2011	(2)
1,868,100	135,000	0.27	August 28, 2011	
11,940,000	740,280	0.10	September 21, 2011	(3)
175,200	9,986	0.095	September 21, 2011	(4)
7,565,000	275,347	0.12	December 31, 2011	
1,513,000	87,754	0.09	December 31, 2011	(5)
3,391,667	156,445	0.12	March 31, 2012	
361,000	29,602	0.09	March 31, 2012	(5)
2,500,000	81,881	0.135	June 21, 2012	(6)
400,000	18,800	0.135	June 21, 2012	(6)
1,050,000	34,489	0.12	June 29, 2012	(7)
33,906,911	**$ 1,865,021**			

(1) $0.16 per warrant expiring February 12, 2011.

(2) 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.

(3) 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.

(4) 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.

(5) 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 $0.12 per share for a period of 18 months from the date of closing.

(6) Each unit is comprised of one-half of one 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 $0.135 per share for a period of 18 months from the date of closing.

(7) Each unit is comprised of one-half of one 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 $0.12 per share for a period of 18 months from the date of closing.

(Expressed in Canadian Dollars)

8. Stock Options

The following table shows the continuity of options years ended December 31, 2010 and 2009:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2008	1,497,500	$ 0.27
Granted (i)(ii)(iii)(iv)	3,350,000	0.11
Cancelled	(153,250)	0.32
Balance, December 31, 2010 and 2009	**4,694,250**	**$ 0.15**

(i) 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, 2010, the impact on expenses was $nil.

(ii) 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, 2010, the impact on expenses was $6,076.

(iii) 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, 2010, the impact on expenses was $2,238.

(iv) 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.

(Expressed in Canadian Dollars)

8. Stock Options (Continued)

The following table shows the options outstanding as at December 31, 2010:

	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Expiry Date
Directors & Officers	966,250	0.82	$ 0.20	October 28, 2011
Directors & Officers	800,000	1.02	0.10	January 7, 2012
Directors & Officers	400,000	1.18	0.12	March 4, 2012
Consultant	150,000	1.33	0.20	May 1, 2012
Directors & Officers	378,000	2.66	0.45	August 28, 2013
Directors & Officers	2,000,000	3.91	0.10	November 26, 2014
	4,694,250	**2.36**	**$ 0.15**	

9. Related Party Transactions

During the year ended December 31, 2010, Sheltered expensed consulting fees of $88,875, respectively (December 31, 2009 - $216,250) to a company controlled by an officer and director of Sheltered. The company was also paid $11,160 (for the year ended December 31, 2009 - $22,320, respectively) for office related expenses.

During the year ended December 31, 2010, Sheltered expensed professional fees of $48,000 (year ended December 31, 2009 - $41,741) to a company controlled by the Chief Financial Officer of Sheltered.

The Company also expensed professional fees in the amount of $21,500 during the year ended December 31, 2010 (year ended December 31, 2009 - $100,000) 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, 2010, Sheltered incurred geological consulting fees of $436,173 (year ended December 31, 2009 - $511,110) to a company where the President thereof, is a director of Sheltered.

During the year ended December 31, 2010, Richbert Agencies S.A. subscribed to 7,100,000 common shares of the shares issued under the private placement. Of the 7,100,000 common shares, 2,100,000 were subscribed for at $0.09 per common share and 5,000,000 were subscribed for at $0.105 per common share (see Note 6).

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. See Note 14 Subsequent Events.

(Expressed in Canadian Dollars)

10. General and Administrative

For the Years Ended December 31,	2010	2009
Professional fees	**$ 115,567**	$ 376,133
Investor relations	**73,002**	68,011
Consulting fees	**70,875**	150,000
Shareholder information	**32,732**	42,824
Listing and filing fees	**31,976**	14,179
Travel and entertainment	**27,900**	9,259
Accounting and corporate services	**27,003**	24,083
Office and general	**15,165**	26,950
Insurance	**11,103**	11,561
Stock-based compensation	**8,314**	263,586
Foreign exchange loss	**1,814**	-
Bank service charges	**1,444**	2,261
Flow-through tax penalty	**3,154**	6,485
	$ 420,049	$ 995,332

11. 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 31% (2009 - 33%) to pre-tax loss as a result of the following:

For the years ended December 31,	2010	2009
Loss before income taxes	**$ 467,887**	$ 1,174,998
Combined statutory income tax rate	**31.00 %**	33.00 %
Income tax benefit at the combined Canadian statutory income tax rate	**$ (145,045)**	$ (387,749)
Non-deductible stock-based compensation	**2,577**	86,983
Other permanent differences	**50,240**	28,734
Tax assets recognized on flow-through renunciation	**(143,741)**	(120,656)
Non capital loss not recognized	**43,274**	245,548
Actual income tax expense	**$ (192,695)**	$ (147,140)

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

For the years ended December 31,	2010	2009
Current income tax expense	**$ -**	$ -
Future income tax recovery	**192,695**	147,140
Recovery of income taxes	**$ 192,695**	$ 147,140

(Expressed in Canadian Dollars)

11. Income taxes (Continued)

(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:

	2010	2009
Future tax assets (liabilities)		
Share issue costs deductible	**194,757**	167,581
Non-capital loss carried forward	**703,750**	488,159
Mineral properties	**(342,616)**	(228,603)
	555,891	427,137
Valuation allowance	**(555,891)**	(427,137)
Net future income tax liabilities	**-**	-

The Company has non-capital losses of approximately $2,815,000 (2009 - $2,005,650) which may be carried forward and applied to taxable income in future years. These losses if not utilized will expire in stages through 2030 subject to certain restrictions and the Company also has mineral property expenditures of approximately $2.0 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.

12. Loss Per Share

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

For the Years Ended December 31,	2010	2009
Numerator		
Loss for the period	**$ (275,192)**	$ (1,027,858)
Denominator		
Weighted average number of common shares outstanding	**58,735,959**	35,055,589
Basic and diluted loss per share	**$ (0.01)**	$ (0.03)

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 December 31, 2010, the Company is committed to incurring approximately $251,968 in qualifying exploration expenditures in Canada by December 31, 2011.

14. Subsequent Events

(a) On March 8, 2011, the Company completed a non-brokered private placement offering (the "Offering") for aggregate proceeds of $1,650,999.97. The Company issued a total of 800,000 units of the Company (the "Units") at a price of $0.095 per Unit raising a total of $76,000 and the Company issued a total of 14,999,999 flow-through units of the Company (the "FT Units") at a price of $0.105 per FT Unit raising a total of $1,574,999.97. The securities issued in the private placement are subject to a four month hold period expiring on July 9, 2011.

Each FT Unit is comprised of one flow-through common share in the capital of the Company (a "FT Unit Share") and one-half of one non-flow-through share purchase warrant (each whole warrant, an "A Warrant"). Each whole A Warrant shall entitle its holder to acquire a common share in the capital of the Company (an "A Warrant Share") at an exercise price of $0.135 per A Warrant Share for a period of 18 months from the date of closing. Each Unit is comprised of one non-flow-through share purchase warrant (each whole warrant, a "B Warrant"). Each whole B Warrant shall entitle its holder to acquire a common share in the capital of the Company (a "B Warrant Share") at an exercise price of $0.125 per B Warrant Share for a period of 18 months from the date of closing.

In connection with the private placement, the Company paid a cash finder's fee of $123,350 and issued 1,380,952 finder's fee options (the "Finder's Options"). Each Finder's Option entitles the holder to acquire one unit of the Company for a period of 18 months from the date of closing of the Private Placement at an exercise price of $0.105 per unit.

(b) On February 2, 2011 an amendment to the August 28, 2008 agreement between the Company and RKH Ltd. was signed under which the Company agreed to pay RKH the sum of $2,500 monthly for a four year period commencing January 1, 2011. RKH Ltd. is a company controlled by a director of the Company.