

SHELTERED OAK RESOURCES CORP.
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED DECEMBER 31, 2010

INTRODUCTION

This management discussion and analysis (“MD&A”) of results and operations and financial condition of Sheltered Oak Resources Corp. (“Sheltered” or “the Company”) constitutes management’s review of the operating and financial results of the Company for the year ended December 31, 2010. The MD&A supplements, but does not form part of, the consolidated financial statements of the Company and should be read in conjunction with Sheltered’s audited consolidated financial statements and related notes for fiscal years 2010 and 2009. The Company prepares and files its financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”), presented in Canadian dollars. Sheltered is currently listed on the TSX Venture Exchange and as such, the following MD&A is prepared in accordance with requirements for venture issuers. Information contained herein is presented as of April 20, 2011, unless otherwise indicated.

For purposes of preparing this MD&A, management in conjunction with the Board of Directors consider the materiality of information. Information is considered material if; (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Sheltered common shares (“Common Shares”); or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management in conjunction with the Board of Directors evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Sheltered’s website at www.shelteredoak.com or on SEDAR at www.sedar.com.

The Company is a reporting issuer under applicable securities legislation in the provinces of British Columbia, Alberta and Ontario and its outstanding Common Shares are listed on the Toronto Venture Stock Exchange under the symbol “OAK”.

CAUTION REGARDING FORWARD - LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All

statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company’s goal of creating shareholder value by concentrating on the acquisition of properties prospective for precious metals; its ability to meet its operating costs for fiscal 2011; the plans, costs, timing and capital for future exploration and development of the Company’s current and future property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management’s outlook regarding future trends; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility for precious metals; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, price volatility for precious metals, changes in equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data, the possibility that future exploration results will not be consistent with the Company’s expectations, increases in costs, environmental compliance and changes in environmental legislation and regulation, exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mining industry, as well as those risk factors listed in the “Risk Factors” section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for the Company’s exploration and development activities; operating and exploration and development costs; its ability to retain and attract skilled staff and consultants; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking

statement, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

OVERVIEW

Sheltered is a Canadian-based junior mineral exploration company primarily focused on the acquisition, exploration and development of mineral properties in Canada. As of the date of this MD&A, the Company holds a 100% interest in the Kerrs Gold Property (“Kerrs Gold”) which consists of 43 unpatented mining claims and 12 leasehold interests located in the Matheson area of Ontario, and an option in the Kerrs Goldcorp Property (“Kerrs Goldcorp”) in Kerrs Township in the Larder Lake mining district, part of the Abitibi Greenstone Belt in northern Ontario, concerning the mining rights of 46 individual leases covering 781 hectares.

The Company is a reporting issuer in British Columbia and Ontario, and trades on the TSX Venture Exchange under the symbol “OAK”.

INTERESTS IN MINERAL PROPERTIES

Kerrs Gold Property

Sheltered, through its 100% owned subsidiary SOR, acquired a 100% interest in the Kerrs Gold Property consisting of 43 unpatented mining claims and 12 leasehold interests located in the Matheson area of Ontario.

SOR has completed the Phase 5 drilling program which consists of fifteen drill holes totalling 5,944 metres. The program is designed to complete in-fill drilling of the Kerrs quartz carbonate breccia deposit. The prime objective of this program is directed to the completion of a NI 43-101 compliant resource estimation. The resource estimate is expected to be announced within the next 30 days from the date of this report.

While assay results for some holes are pending, encouraging results were noted in holes as follows:

K-10-42 on section 900N which returned 3.84 g/t Au over 6.5 m (380.1m to 387.6m), including a 2m interval grading 7.34 g/t Au;

On section 1100N, hole K-10-39 returned 2.10g/t Au over 2m (390m to 392m);

On section 1300N, hole K-10-30 returned 3.01 g/t Au over 2m (410m to 412m);

On section 1300N, hole K-10-32 returned 3.23 g/y Au over 1.5m (358m to 359.5m).

The Phase 5 diamond drilling program involving geological core logging, sampling and assaying tasks was supervised by Peter Hubacheck, P.Geol. #1059 (APGO) on behalf of Hubacheck Consulting Geologists (HCG), affiliated with W.A. Hubacheck Consultants Ltd. Peter Hubacheck is a qualified person as defined by NI-43-101 and has reviewed and authorized the geotechnical material in this MD&A. Mr. Hubacheck is a Director of the Company.

The Company has incurred, from inception, acquisition costs and exploration costs totalling \$4,650,452 relating to the Kerrs Gold Property, as detailed in the Consolidated Statement of

Mineral Properties included in the consolidated financial statements as at December 31, 2010 (\$3,462,151 to December 31, 2009).

Sheltered plans to conduct a 11,500 metre drilling program on the Kerrs Quartz Green Carbonate Breccia Deposit located on the Kerrs Property and the adjoining property located in the East Timmins Gold Camp during fiscal 2011. The objectives of this exploration program are:

- Definition drilling within the Kerrs deposit study area to expand the mineral resource inventory.
- Extension drilling along the Kerrs Deposit trend towards the adjoining property.
- Stratigraphic fence drilling across the projected Kerrs Deposit trend on the adjoining property.
- Reconnaissance drilling on a 1,600 metre long parallel structure supported by MMI geochemical anomalies.

During fiscal 2010 the Company allowed three claims located in Lake Abitibi to lapse, and these claims were staked by a third party. In accordance with the agreement between the Company and Sage Gold, the former owner of the property, Sheltered was to have first offered the claims back to Sage prior to allowing to lapse. The Company is currently in negotiations to reclaim these three claims. These claims are not, in management's opinion, material to the Company and no exploration work had been performed to date.

In addition, Sheltered is in the process of acquiring additional claims contiguous to the existing claims, and intends to continue to increase its land position within the area.

Terry Property

On April 9, 2010 the Company announced that, through its subsidiary SOR, it had entered into an agreement with two individuals to acquire an interest in the Terry Zone Property and a separate agreement with a corporation which also has an interest in the Property.

Subsequent to the end of the second quarter of 2010 the Company withdrew its offer to acquire the property as one of the claimholders decided not to proceed. Accordingly, all costs incurred relating to the property were written off.

Kerr's Goldcorp 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 46 individual leases covering 781 hectares located in Kerrs Township in the Larder Lake mining district, 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 the Company, 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 30% 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.

Completion of this transaction is subject to certain conditions including, without limitation, the signing of a definitive Option Agreement, approval of Goldcorp's senior management, and acceptance of the TSX Venture Exchange. Sheltered has given Goldcorp a conditional deposit of \$25,000.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities or obligations associated with its property interests. The Company is conducting its operations in a manner that is consistent with governing environmental legislation.

OVERALL OBJECTIVE

The Company is a junior mineral exploration company with an experienced management team engaged in the acquisition, exploration and development of properties for the mining of precious metals. Sheltered is in the process of exploring its mineral properties and has not yet determined whether the properties contain any economically recoverable mineral reserves. The recoverability of the amounts shown for mineral property interests is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of its properties, the selling prices of minerals at the time, if ever, that the Company commences production from its properties,

government policies and regulations and future profitable production or proceeds from the disposition of such properties.

Sheltered has not discovered economically recoverable mineral reserves. While discovery of ore-bearing structures may result in substantial rewards, it should be noted that few properties that are explored are ultimately developed into producing mines.

The Company may also seek to acquire additional mineral resource properties or companies holding such properties. The Company notes that mineral exploration in general is uncertain and the probability of finding economically recoverable mineral reserves on any one of its early stage prospects is low. However, the probability that one of the many prospects acquired will host economically recoverable mineral reserves is higher. As a result, the Company believes it is able to reduce overall exploration risk by acquiring additional mineral properties. In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history of the properties, their location, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish economically recoverable mineral reserves, the fact that expenditures made by the Company may not result in discoveries of economically recoverable mineral reserves, environmental risks, risks associated with land title, the competition faced by the Company and the potential failure of the Company to generate adequate funding for any such acquisitions. See "Risk Management" below.

FINANCINGS

(i) On June 30, 2010, the Company completed the first tranche of a 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 FT Unit was issued on a flow-through basis and is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at \$0.12 per share, expiring December 31, 2011.

In connection with the private placement, the Company paid finders' fees of \$118,096, and issued non-transferable broker warrants entitling the holder to purchase 1,513,000 units of the Company. Each unit and related warrant has the same terms and conditions as the units noted above, and expire on December 31, 2011.

(ii) On September 30, 2010, the Company completed the second tranche of a private placement 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 FT Unit was issued on a flow-through basis and is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at \$0.12 per share, expiring 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 expires on March 31, 2012.

(iii) On December 21, 2010, the Company completed the first tranche of a private placement of units ("Units") for aggregate proceeds of \$525,000. The Company issued 5,000,000 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 shall entitle its holder to acquire a common share of the Company at an exercise price of \$0.135 until June 21, 2012. 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.

In connection with the private placement, the Company paid finders' fees of \$42,000, and issued 400,000 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 June 21, 2012.

(iv) On December 21, 2010, the Company completed the second tranche of a private placement of units ("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 whole 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 entire issue was subscribed for by Richbert Agencies S.A., a company indirectly controlled by the President and C.E.O. of the Company.

(v) On November 4, 2010, 312,000 previously issued broker warrants (the "Warrants") were exercised. Proceeds related to the exercise of the Warrants were 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 312,000 Warrants, 156,000 new warrants were granted with an exercise price of \$0.16, which expired December 19, 2010.

STOCK OPTIONS

The Company maintains an incentive stock option plan under which a maximum of 10% of the issued and outstanding Common Shares are reserved for issuance.

There were no issuances of stock options during the 2010 fiscal year.

SELECTED ANNUAL INFORMATION

The following table sets out financial data for the last three years derived from the Company's consolidated audited financial statements for the years ended December 31, 2010, 2009 and 2008 inclusive.

	2010	2009	2008
	\$	\$	\$
Net revenues	-	-	-
Expenses	467,887	1,176,322	568,248
Net (loss)	(255,833)	(1,027,858)	(435,293)
Net (loss) per share	(0.01)	(0.03)	(0.03)
Cash flow (used in) operations	(1,198,839)	(456,930)	(57,476)
Cash, end of year	399,583	339,978	508,307
Total assets	5,282,191	3,847,578	2,121,744

- The net loss for the year ended December 31, 2010 consisted primarily of (i) professional fees of \$115,567; (ii) consulting fees of \$70,875; and (iii) investor relations expenses of \$73,002, partially offset by a future income tax recovery of \$212,054.
- The net loss for the year ended December 31, 2009 consisted primarily of (i) professional fees of \$376,133; (ii) stock-based compensation of \$263,586; (iii) write-off of exploration property costs of \$180,990; and consulting fees of \$150,000, partially offset by a future income tax recovery of \$147,140.
- The net loss for the year ended December 31, 2008 consisted primarily of (i) consulting fees of \$180,000; (ii) professional fees of \$152,880; and (iii) stock-based compensation of \$137,637, offset partially by a future income tax recovery of \$132,928.

RESULTS OF OPERATIONS

Year ended December 31, 2010 compared with year ended December 31, 2009

Sheltered's operations in fiscal 2010 and fiscal 2009 were focused on exploration and financing, and the Company did not generate any operating revenue. Net loss for 2010 was \$255,833 and a loss of \$0.01 per share, compared to a loss of \$1,027,858 and a loss of \$0.03 per share for 2009. The decreased loss of \$772,025 was principally due to:

- Professional fees for the year ended December 31, 2010 were \$115,567 (year ended December 31, 2009 - \$376,133); a decrease of \$260,566 compared to the same period in 2009. This decrease is primarily attributable to a reduction in the fees pertaining to Richbert Agencies, who provide the services of the Company's President and C.E.O., J.J. Elkin, and decreased legal fees relating to both financing and property matters.

- Stock-based compensation expense during the year ended December 31, 2010 was \$8,314 (year ended December 31, 2009 - \$263,586); a decrease of \$255,272 compared to the same period in 2009. During the year ended December 31, 2009, the Company granted 3,350,000 options and 153,250 options were cancelled. During the fiscal year ended December 31, 2010 the Company neither issued nor cancelled any options.. Stock-based compensation expense varies due to the vesting terms of options. The options vested in accordance with the stock option plan. Users of the financial statements should be cautious of the valuation of stock-based compensation since its calculation is subjective and can impact net loss significantly.
- Consulting fees for the year ended December 31, 2010 were \$70,875 (year ended December 31, 2009 - \$150,000); a decrease of \$79,125 compared to the same period in 2009. This decrease is attributable to the reduction in fees pertaining to RKH Limited, a company controlled by Robert Hanson, the Company's former CEO who resigned during the year. Mr. Hanson remains as a director of the Company; a position he has held since incorporation in 2007.
- Future income tax recovery for the year ended December 31, 2010 was \$212,054 (year ended December 31, 2009 - \$147,140); an increase of \$64,914 compared to the same period in 2009.

Summary of Quarterly Results

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

	Fourth Quarter Dec. 31, 2010 (1)	Third Quarter Sept. 30, 2010 (2)	Second Quarter June 30, 2010 (3)	First Quarter Mar. 31, 2010 (4)
	\$	\$	\$	\$
Net revenues	-	-	-	-
Expenses	111,882	81,415	104,109	170,481
Net income (loss) (including interest income)	(14,710)	(58,450)	(175,293)	(7,380)
Net income (loss) per share	(0.01)	-	-	-
Cash flow from (used in) operations	(634,939)	(322,962)	(17,205)	(223,733)
Cash, end of period	399,583	489,016	1,209,610	74,827
Total assets	5,282,191	5,190,032	4,811,673	3,669,643

	Fourth Quarter Dec. 31, 2009 (5) \$	Third Quarter Sept. 30, 2009 (6) \$	Second Quarter June 30, 2009 (7) \$	First Quarter Mar. 31, 2009 (8) \$
Net revenues	-	-	-	-
Expenses	373,341	260,468	393,038	149,475
Net income (loss) (including interest income)	(226,179)	(259,166)	(393,038)	(149,475)
Net income (loss) per share	(0.01)	(0.01)	(0.01)	-
Cash flow from (used in) operations	357,201	(59,709)	(198,224)	(556,198)
Cash, end of period	339,978	1,190,881	115,440	356,702
Total assets	3,847,578	3,180,258	1,674,729	2,006,042

- (1) Net loss of \$ 14,710 relates primarily to travel and entertainment of \$25,000, investor relations fees of \$22,404, and accounting and corporate services of \$12,716, offset by a future income tax recovery of \$48,954. All other expenses related to general working capital purposes.
- (2) Net loss of \$ 58,450 relates primarily to professional fees of \$48,877 and investor relations fees of \$11,755, offset in part by a recovery of previously written-off exploration property costs of \$22,965. All other expenses related to general working capital purposes.
- (3) Net loss of \$175,293 relates primarily to write-off of exploration property costs of \$71,184, consulting fees of \$37,500, investor relations fees of \$18,125, professional fees of \$16,310 and shareholder information costs of \$11,044. All other expenses related to general working capital purposes.
- (4) Net loss of \$7,380 relates primarily to professional fees of \$70,238, consulting fees of \$37,500, and investor relations fees of \$20,718, offset in large part by a future income tax recovery of \$163,101. All other expenses related to general working capital purposes.
- (5) Net loss of \$226,179 relates primarily to stock-based compensation of \$184,844, professional fees of \$93,986, and consulting fees of \$37,500, offset in part by a future income tax recovery of \$147,140. All other expenses related to general working capital purposes.
- (6) Net loss of \$259,166 relates primarily to professional fees of \$143,540, consulting fees of \$37,500, stock-based compensation of \$31,570, and investor relations fees of \$20,761. All other expenses related to general working capital purposes.

- (7) Net loss of \$393,038 relates primarily to write-off of exploration property costs of \$180,990, professional fees of \$77,156, consulting fees of \$37,500, stock-based compensation of \$29,287, shareholder information costs of \$22,525, and investor relations fees of \$21,549. All other expenses related to general working capital purposes.
- (8) Net loss of \$149,475 relates primarily to consulting fees of \$62,500, professional fees of \$36,451, stock-based compensation of \$17,885, and shareholder information costs of \$7,071. All other expenses related to general working capital purposes.

Three months ended December 31, 2010, compared with three months ended December 31, 2009

The Company's net loss totalled \$14,710 for the three months ended December 31, 2010, with a loss per share of \$0.01. This compares with a net loss of \$226,179 with a loss per share of \$0.01 for the three months ended December 31, 2009. The decrease of \$211,469 in net loss was principally due to:

- Stock-based compensation during the three months ended December 31, 2010 was \$nil (three months ended December 31, 2009 - \$184,844); a decrease of \$184,844 compared to the same period in 2009. During the three months ended December 31, 2010, the Company did not grant any options, compared to the granting of 2,000,000 options in the prior year's comparative period. Stock-based compensation expense varies due to the vesting terms of options. The options vested in accordance with the stock option plan. Users of the financial statements should be cautious of the valuation of stock-based compensation since its calculation is subjective and can impact net loss significantly.
- Professional fees for the three months ended December 31, 2010 were \$(19,858) (three months ended December 31, 2009 - \$93,986); a decrease of \$113,844 compared to the same period in 2009. This decrease is primarily attributable to a reclass of professional fees related to property issues in 2010 and the elimination of fees pertaining to Richbert Agencies, who provided the services of the new President, J.J. Elkin, in the fourth quarter of fiscal 2010.
- Consulting fees for the three months ended December 31, 2010 were \$nil (three months ended December 31, 2009 - \$37,500); a decrease of \$37,500 compared to the same period in 2009. This decrease is attributable to the cessation of fees pertaining to RKH Limited, a company controlled by Robert Hanson, the Company's former CEO during the fourth quarter of fiscal 2010.
- Future income tax recovery for the three months ended December 31, 2010 was \$nil (three months ended December 31, 2009 - \$147,140); a decrease of \$147,140. The decrease is related to the timing of the recognition of the tax recovery in relationship to the related flow-through renunciations.

LIQUIDITY AND CAPITAL RESOURCES

As the Company has no current sources of revenue and relies on the issuance of common shares to generate funds required to advance its property exploration and fund its administrative overhead. As at December 31, 2010, the Company had cash of \$399,583 (December 31, 2009 - \$339,978) and a working capital of \$422,221 (December 31, 2009 - working capital deficit of \$328,340). The working capital at the end of fiscal 2010 is not sufficient to support the Company's operating expenses and projected exploration budget for 2011, thereby requiring the Company to source financing in the near term. See "Subsequent Event" below.

Cash used in operations was \$1,198,839 for the year ended December 31, 2010. The non-cash charges to net loss include a charge for stock-based compensation of \$8,314, a write-off of exploration property costs of \$47,838, offset partially by a future income tax recovery of \$212,054. Operating activities were also affected by the net change in non-cash working capital balances of \$787,104, which was determined by a decrease in accounts payable and accrued liabilities and an increase in prepaid and sundry receivables over the prior year.

Cash used in investing activities was \$1,213,185 for the year ended December 31, 2010, relating to cash expenditures on the Property.

Cash provided by financing activities was \$2,471,629 for the year ended December 31, 2010, relating to the net cash proceeds on the issuance of common shares of \$2,443,429 and proceeds on the exercise of warrants of \$28,200.

The Company relies on external financings to generate capital. The Company continues to generate net losses. As at December 31, 2010, the Company had 78,487,235 Common Shares issued and outstanding, 33,906,911 warrants outstanding which would raise \$3,994,264 if exercised in full for unexpired warrants as of the date of this report, and 4,694,250 options outstanding which would raise \$721,350 if exercised in full. The timing of the exercising of warrants and options is dependent upon the warrant and option holders and the related exercise price compared to the Company's stock value at the date of exercise.

Prepaid and sundry receivables as at December 31, 2010 relate to the goods and services tax receivable from the federal government and the unamortized portion of the Company's Directors and Officers insurance policy. Sheltered currently does not have any credit facilities with financial institutions, and does not anticipate that it will generate revenue from its activities in fiscal 2011; therefore it will rely on its ability to obtain equity financing for growth. The Company raised \$2,443,429 (net of costs) in equity financing in fiscal 2010. Management anticipates that it can raise sufficient capital to further explore and develop its properties in the future. However, the Company cannot provide any assurance that financing will be available, and on terms and conditions that would be acceptable to the Company. In the event the Company is unable to raise sufficient capital to finance the non-exploration segment of the business, primarily the administrative costs, the Company's strategy would be to pare back related expenses to match the related capital raised.

The consolidated financial statements as at December 31, 2010 have been prepared using Canadian GAAP applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. The consolidated financial statements do not reflect the adjustments to the carrying value of the assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. See Note 1 (b) to the consolidated financial statements.

Refer to “Risk Management”.

OUTSTANDING SHARE CAPITAL

As at April 20, 2011 the Company has 94,120,663 common shares outstanding, 4,694,250 stock options and 39,829,633 warrants.

As at April 20, 2011, the following stock options were outstanding, each exercisable to acquire one Common Share:

Number of stock options	Exercise price	Expiry date
966,250	\$0.20	October 28, 2011
800,000	\$0.10	January 7, 2012
400,000	\$0.12	March 4, 2012
150,000	\$0.20	May 1, 2012
378,000	\$0.45	August 28, 2013
2,000,000	\$0.10	November 26, 2014

As at April 20, 2011, the following warrants were outstanding, each exercisable to acquire one Common Share:

Number of warrants	Exercise price	Expiry date
1,868,100	\$0.27	August 28, 2011
11,940,000	\$0.10	September 21, 2011
175,200	\$0.095	September 21, 2011
7,565,000	\$0.12	December 31, 2011
1,513,000	\$0.09	December 31, 2011
3,391,667	\$0.12	March 31, 2012
361,000	\$0.09	March 31, 2012
2,900,000	\$0.135	June 21, 2012
1,050,000	\$0.12	June 29, 2012
1,380,952	\$0.105	September 8, 2012
7,284,714	\$0.135	September 8, 2012
400,000	\$0.125	September 8, 2012

OFF- BALANCE SHEET ARRANGEMENTS

Sheltered has no off-balance sheet arrangements in place.

COMMITMENTS

Pursuant to the terms of the flow-through share agreements, the Company is required to comply 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.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2010 the Company expensed consulting fees of \$88,875 (2009 - \$216,250) to RKH Limited pursuant to a written agreement for the provision of the services that include those of Robert K. Hanson. Mr. Hanson is an officer, director and shareholder of RKH Limited, as well as a director and shareholder of the Company.

The Company also expensed professional fees in the amount of \$21,500 during the year ended December 31, 2010 (2009 - \$100,000) to Richbert Agencies S.A. pursuant to a written agreement

for the provision of the services that include those of J.J. Elkin. Mr. Elkin is President and Chief Executive Officer of the Company and a Director of Sheltered.

The Company expensed professional fees in the amount of \$48,000 during the year ended December 31, 2010 (2009 - \$41,741) to Hampson Consulting Services Inc. pursuant to a written agreement for the provision of the services that include those of Art Hampson. Mr. Hampson is currently the Chief Financial Officer of the Company.

During the year ended December 31, 2010 the Company incurred geological consulting fees of \$436,173 (2009 - \$511,110) to W.A. Hubacheck Consultants Inc.; a company where the President thereof is a director of Sheltered.

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make certain estimates that affect the amounts reported in the consolidated financial statements. The accounting estimates considered significant are the valuation of the Company's mineral properties and deferred exploration costs, warrants and stock-based compensation.

The policy of capitalizing exploration costs to date does not necessarily relate to the future economic value of the exploration properties. The valuation of mineral properties is dependent entirely upon the discovery of economic mineral deposits.

The Company uses the Black-Scholes option model to estimate the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation and warrants is the stock price volatility used. The Company uses historical price data and comparables in the estimate of stock price volatility.

Other items requiring estimates for the consolidated financial statements are prepaid expenses and other receivables, accounts payable and accrued liabilities and future income taxes. Changes in the accounting estimates in these items may have a material impact on the financial position of the Company.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011. The Company's interim and annual financial statements will include comparative 2010 financial statements, adjusted to reflect any changes in accounting policies resulting from the adoption of IFRS.

IFRS Transition Plan

The Company has established a comprehensive IFRS transition plan and has obtained third-party advice to assist with the planning and implementation of its transition plan to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan;

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	Complete
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS First-time Adoption of International Financial Reporting Standards.	In progress; to be completed in conjunction with the Q1 2011 IFRS financial statements.
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	In progress; to be completed in conjunction with the Q1 2011 IFRS financial statements.
Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	In progress; to be completed in conjunction with the Q1 2011 IFRS financial statements.
Quantification of the financial statement impact of changes in accounting policies.	Throughout 2010
Management and employee education and training	Throughout the transition process

We anticipate engaging advisors, subject to cost constraints, to review our determination of accounting policies under IFRS, the quantitative impact of adopting IFRS on our financial statements and our first interim IFRS financial statements (Q1 2011).

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting system and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of the consolidated financial statements are being trained on the new relevant aspects of IFRS and the anticipated changes to accounting policies. Other individuals who will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First Time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment. The Company will review these exemptions and exceptions to determine whether any should apply to the Company's IFRS financial statements.

IFRS 1 does not permit changes to estimates that have been previously made. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time, however, the Company

is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) *Exploration and Development Expenditures*

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and the development of mineral properties.

The Company expects to establish an accounting policy to expense, as incurred, all costs relating to exploration and development until such time as it has been determined that a property has economically recoverable reserves.

The application of this policy on the adoption of IFRS will have a significant impact on the Company's consolidated financial statements. On adoption of IFRS, the carrying value of the unproven properties will be reduced to zero (at the transition date), with a corresponding adjustment to accumulated deficit. All subsequent exploration and development costs will be expensed as incurred until such time as it has been determined that a property has economically recoverable reserves.

2) *Impairment of (Non-financial) Assets*

IFRS requires a write-down of assets if the higher of the fair market value, less cost to sell, and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets will be changed to reflect these differences. However, the Company does not expect that this change will have an immediate impact on the carrying value of its assets. The Company will perform impairment assessments in accordance with IFRS at the transition date.

3) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current GAAP.

The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its consolidated financial statements.

4) *Income Taxes*

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future income taxes.

The Company may experience changes to its accounting policies related to income taxes that may result in a significant change to line items within its consolidated financial statements.

5) *Flow-through Share Financing*

Under predecessor Canadian GAAP, the Company accounted for the tax effects of renouncing expenditures in favour of its investors upon formal notice of renunciation filed with the CRA on or before its deadline of February 28 each year. The Company expects that there may be several changes in respects of accounting for flow-through shares under IFRS.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's first financial statements prepared in accordance with IFRS will be the interim consolidated financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2011 will also include consolidated financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (at January 1, 2010).

MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain adequate levels of funds to support the acquisition, exploration and development of mineral properties.

The Company considers its capital to be equity, which is comprised of share capital, contributed surplus, warrants and deficit, which at December 31, 2010 totalled \$5,020,867 (2009 - \$3,008,811).

The Company manages its capital structure in a manner that provides sufficient funding for development, exploration and development of mineral properties and operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

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.

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2010.

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 and are in good standing as at 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 - \$339,978) 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.

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 the cash is held in bank accounts.

Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognized 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 metals, 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. Prepaid and sundry receivables are classified for accounting purposes as loans and receivables, which are 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.

Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2010:

	Level 1	Level 2	Level 3
Cash	-	\$399,583	-

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited consolidated financial statements; and (ii) the audited consolidated financial

statements present fairly in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under national Instrument 52-109 Certificate of Disclosure in Issuer's Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

In accordance with Section 5.3 of NI 51-102, as the Company has not had any revenue from operations in either of the past two years, Sheltered has disclosed, in the Consolidated Statements of Mineral Properties in its consolidated financial statements as at December 31, 2010, the capitalized exploration expenditures incurred by property, as follows:

Kerrs Property	December 31, 2010	December 31, 2009
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
Closing balance	\$4,650,452	\$3,462,151

Chibougamau and Malartic Properties	December 31, 2010	December 31, 2009
Opening balance	\$ -	\$180,990
Written off		(180,990)
Closing balance	\$ -	\$ -

Terry Property	December 31, 2010	December 31, 2009
Opening balance	\$ -	\$ -
Property acquisition costs	18,750	-
Legal	29,088	-
Written off	(47,838)	-
Closing balance	\$ -	\$ -

Goldcorp Optioned Property	December 31, 2010	December 31, 2009
Opening balance	\$ -	\$ -
Property acquisition costs	25,000	-
Legal	23,194	-
Closing balance	\$ 48,194	\$ -

SUBSEQUENT EVENT

On March 8, 2011, the Company completed a non-brokered private placement 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 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 Unit is comprised of one common share in the capital of the Company and one-half of one share purchase warrant (each whole warrant, a "B Warrant"). Each B Warrant shall entitle its holder to acquire a common share in the capital of the Company at an exercise price of \$0.125

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

In connection with the private placement, the Company paid a cash finders' fee of \$123,350 and issued 1,380,952 finders' fee options (the "Finders' Options"). Each Finders' Option entitles the holder to acquire one Unit of the Company for a period of eighteen months from the date of closing of the private placement at an exercise price of \$0.105 per Unit.

RISK MANAGEMENT

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

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

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

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

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

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

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

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

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

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

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

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

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

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

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

The market price for the Company's common stock may be volatile and is subject to significant fluctuations in response to a variety of factors, including the liquidity of the market for the common stock, variations in quarterly operating results, regulatory or other changes in the mineral industry generally, announcements of business developments by the Company or its competitors, litigation, changes in operating costs and variations in general market conditions. As the Company has a limited operating history, the market price for the common stock may be more volatile than that of a seasoned issuer. Changes in the market price of Sheltered's securities may have no connection with the Company's operating results. No predictions or projections can be made as to what the prevailing market price for the common shares will be at any time.

The Company plans to retain all available funds for use in the business, and therefore does not plan to pay any cash dividends with respect to the Company's securities in the foreseeable future. Hence, investors in Sheltered's common stock should not expect to receive any distribution of cash dividends with respect to such securities for the foreseeable future.

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