Sheltered Oak Resources Corp.

Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2011

(Expressed in Canadian Dollars)
(Unaudited)

Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Sheltered Oak Resources Corp. (the "Company" or "Sheltered") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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

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

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

(signed)
J.J. Elkin
Chief Executive Officer

(signed)
Art Hampson
Chief Financial Officer

Toronto, Canada
June 27, 2011

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2011 have not been reviewed by the Company's auditors.

Sheltered Oak Resources Corp.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		March 31, 2011		December 31, 2010 (note 18)		January 1, 2010 (note 18)
Assets						
Current assets						
Cash and cash equivalents (note 7)	**$**	**1,797,755**	$	399,583	$	334,978
Restricted cash		**-**		-		5,000
Prepaids and sundry receivables (note 8)		**114,692**		183,962		45,449
Total current assets		**1,912,447**		583,545		385,427
Mineral property interests (note 3)		**1,464,201**		1,464,201		1,564,201
Total assets	**$**	**3,376,648**	$	2,047,746	$	1,949,628
Equity and Liabilities						
Current liabilities						
Amounts payable and other liabilities (note 9)	**$**	**200,513**	$	161,324	$	713,767
Flow-through shares liability		**305,820**		8,847		689
Total current liabilities		**506,333**		170,171		714,456
Long term payables		**100,000**		100,000		125,000
Total liabilities		**606,333**		270,171		839,456
Equity						
Share capital (note 10)		**5,680,449**		4,720,760		2,975,295
Reserves		**3,063,609**		2,788,733		2,154,509
Deficit		**(5,973,743)**		(5,731,918)		(4,019,632)
Total equity		**2,770,315**		1,777,575		1,110,172
Total equity and liabilities	**$**	**3,376,648**	$	2,047,746	$	1,949,628

Going concern (note 1)
Contingencies and commitments (notes 3 and 17)
Subsequent events (note 19)

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

Sheltered Oak Resources Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (note 18)
Operating expenses		
Exploration and evaluation expenditures	**$ 87,315**	$ 41,418
General and administrative (note 14)	**135,123**	170,481
Operating loss	**(222,438)**	(211,899)
Financing costs	**(22,414)**	-
Loss before income tax	**(244,852)**	(211,899)
Deferred income tax recovery	**3,027**	284
Net loss and comprehensive loss for the period	**$ (241,825)**	$ (211,615)
Basic and diluted net loss per share (note 13)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**82,562,855**	49,161,902

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

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (note 18)
Operating activities		
Net loss for the period	**$ (241,825)**	$ (211,615)
Adjustments for:		
Share based payments	**-**	7,740
Deferred income tax recovery	**(3,027)**	(284)
Changes in non-cash working capital items:		
Prepaid and sundry receivables	**69,270**	(45,798)
Accounts payable and accrued liabilities	**39,189**	(15,194)
Net cash and cash equivalents used in operating activities	**(136,393)**	(265,151)
Financing activities		
Exercise of warrants	**22,270**	-
Issue of common shares, net of costs	**1,512,295**	-
Net cash and cash equivalents provided by financing activities	**1,534,565**	-
Net change in cash and cash equivalents	**1,398,172**	(265,151)
Cash and cash equivalents, beginning of period	**399,583**	339,978
Cash and cash equivalents, end of period	**$ 1,797,755**	$ 74,827
Cash and cash equivalents consist of:		
Cash	**$ 147,755**	$ 51,077
Restricted cash	**-**	23,750
Guaranteed investment certificates	**1,650,000**	-
	$ 1,797,755	$ 74,827

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

Sheltered Oak Resources Corp.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

		Reserves			
	Share capital	Contributed surplus	Warrant reserve	Deficit	Total
Balance, January 1, 2010	**$ 2,975,295**	**$ 648,525**	**$ 1,505,984**	**$ (4,019,632)**	**$ 1,110,172**
Warrants expired	-	7,540	(7,540)	-	-
Share based payments	-	7,740	-	-	7,740
Net loss and comprehensive loss for the period	-	-	-	(211,615)	(211,615)
Balance, March 31, 2010	**2,975,295**	**663,805**	**1,498,444**	**(4,231,247)**	**906,297**
Share based payments	-	574	-	-	574
Warrants expired, net of deferred income tax	-	259,333	(308,287)	-	(48,954)
Warrants exercised	28,200	-	-	-	28,200
Fair value of warrants exercised	11,277	-	(11,277)	-	-
Private placement, common shares	2,832,300	-	-	-	2,832,300
Warrant valuation	(773,668)	-	773,668	-	-
Cost of issue	(301,344)	-	(87,527)	-	(388,871)
Flow-through share premium	(51,300)	-	-	-	(51,300)
Net loss and comprehensive loss for the period	-	-	-	(1,500,671)	(1,500,671)
Balance, December 31, 2010	**4,720,760**	**923,712**	**1,865,021**	**(5,731,918)**	**1,777,575**
Warrants expired	41,975	228,834	(270,809)	-	-
Warrants exercised	22,270	-	-	-	22,270
Fair value of warrants exercised	24,628	-	(24,628)	-	-
Private placement, common shares (note 10(vi))	1,651,000	-	-	-	1,651,000
Warrant valuation (note 10(vi))	(341,479)	-	341,479	-	-
Cost of issue	(138,705)	-	-	-	(138,705)
Flow-through share premium (note 10(vi))	(300,000)	-	-	-	(300,000)
Net loss and comprehensive loss for the period	-	-	-	(241,825)	(241,825)
Balance, March 31, 2011	**$ 5,680,449**	**$ 1,152,546**	**$ 1,911,063**	**$ (5,973,743)**	**$ 2,770,315**

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

1. Nature of operations and going concern

Sheltered Oak Resources Corp. (the "Company" or "Sheltered") was incorporated pursuant to the laws of British Columbia on March 1, 2007. The principal operation of the Company is the acquisition, exploration and development of mineral property interests. The Company's common shares are listed on the TSX Venture Exchange under the symbol OAK. The primary office is located at 330 Bay Street, Suite 820, Toronto, Ontario, Canada, M5H, 2S8.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on June 27, 2011.

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. 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 cast significant doubt upon the entity's ability to continue as a going concern. The Company has incurred a loss in the current and prior periods, with a current net loss of $241,825 during three months ended March 31, 2011 (three months ended March 31, 2010 - $211,615) and has an accumulated deficit of $5,973,743 (December 31, 2010 - $5,731,918, January 1, 2010 - $4,019,632).

At March 31, 2011, the Company will need additional financing to complete its budgeted plans for the next twelve months. While there is no assurance that future funds can be raised, the Company believes such financing will be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

2. Significant accounting policies

(a) Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and IFRS 1, “First-time adoption of International Financial Reporting Standards” ("IFRS 1"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The disclosures required by the provisions of IFRS 1, explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Company, are presented in note 18.

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements subject to certain transitional provisions in IFRS 1. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 (note 18) for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1).

2. Significant accounting policies (continued)

(a) Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS") (continued)

These unaudited condensed interim consolidated financial statements have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Company. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of June 27, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IRFS, that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011, could result in restatement of these condensed interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

(b) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(n).

(c) Basis of consolidation

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, Sheltered Oak Resources Inc. ("SOR"). All intercompany transactions, balances and realized gains and losses are eliminated on consolidation.

(d) Financial Instruments

The Company’s financial instruments consist of the following:

Financial assets:	**Classification:**
Cash and cash equivalents	Loans and receivables
Financial liabilities:	**Classification:**
Accounts payable and other liabilities	Other financial liabilities

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

2. Significant accounting policies (continued)

(d) Financial Instruments (continued)

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss and comprehensive loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the condensed interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Significant accounting policies (continued)

(d) Financial Instruments (continued)

As of March 31, 2011, December 31, 2010 and January 1, 2010, none of the Company's financial instruments are recorded at fair value on the condensed statement of financial position.

(e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(f) Exploration and evaluation expenditures and mineral property interests

The Company expenses exploration and evaluation expenditures as incurred. Acquisition costs of mineral properties are capitalized as incurred and include property option payments made in cash or in shares.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(g) Flow-through shares

The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and is then derecognized in the period of renunciation. The recognition of deferred income tax liability upon renunciation of the flow through expenditure is recorded as income tax expense in the period of renunciation. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss and comprehensive loss.

(h) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, and which are readily convertible into a known amount of cash.

(i) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

2. Significant accounting policies (continued)

(j) Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

(k) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

Tax on income in interim periods accrued using the tax rate that would be applicable to expected total annual earnings.

(l) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no restoration, rehabilitation and environmental costs as at March 31, 2011, December 31, 2010 and January 1, 2010.

2. Significant accounting policies (continued)

(m) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

(n) Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of mineral property interests including an assessment of triggering events at each reporting period;
- all inputs used in the Black-Scholes model for determining the fair value of share based payment transactions in statement of loss and comprehensive loss;
- the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate and recoverability;
- management's assumption of no material restoration, rehabilitation and environmental provision, based on the facts and circumstances that existed during the period;
- management's position that there are no income tax considerations required within these unaudited condensed interim consolidated financial statements, with exception to those discussed in note 18; and
- categorization of financial assets and liabilities is an accounting policy that requires management to make judgments or assessments.

2. Significant accounting policies (continued)

(o) New accounting standards and interpretations

International Financial Reporting Standard 9, Financial Instruments (IFRS 9)

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments - Recognition and Management ("IAS 39") for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

International Financial Reporting Standard 10, Consolidated Financial Statements (IFRS 10)

In May 2011, the IASB issued IFRS 10 which is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation Special Purpose Entities, provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. In conjunction with IFRS 10, the IASB also issued amended and retitled IAS 27 - Separate Financial Statements effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Management has not yet determined the potential impact the adoption of IFRS 10 and the amendment to IAS 27 will have on the Company's consolidated financial statements.

International Financial Reporting Standard 11, Joint Arrangements (IFRS 11)

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures, IFRS 11 supersedes IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities - Non-monetary Contribution by Venturers.

The Company has not yet assessed the impact of the standards or determined whether it will adopt the standard early.

International Financial Reporting Standard 12, Disclosure of Interests in Other Entities (IFRS 12)

IFRS 12 establishes disclosure requirements for interests in other entities, such as, joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

2. Significant accounting policies (continued)

(p) New accounting standards and interpretations (continued)

International Financial Reporting Standard 13, Fair Value Measurement (IFRS 13)

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

3. Mineral property interests

(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. 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.

4. 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, reserves and deficit which at March 31, 2011 totalled $2,770,315 (December 31, 2010 - $1,777,575 and January 1, 2010 - $1,110,172).

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 March 31, 2011.

5. Financial risk factors

Financial risk

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

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivables. Cash is held with select major Canadian chartered bank, from which management believes the risk of loss to be minimal.

Sundry receivables consists of sales tax receivable from government authorities in Canada. Sundry receivables are in good standing as of March 31, 2011. Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

5. Financial risk factors (continued)

(ii) 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 its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2011, the Company had cash and cash equivalents of $1,797,755 (December 31, 2010 - $399,583 and January 1, 2010 - $334,978) to settle current liabilities of $506,333 (December 31, 2010 - $170,171 and January 1, 2010 - $714,456). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(c) Commodity and equity 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.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

(i) Cash is subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would have a $4,125 impact on the reported net loss and comprehensive loss.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(Expressed in Canadian Dollars)

6. Categories of financial instruments

	March 31, 2011	December 31, 2010	January 1, 2010
Financial assets:			
Loans and receivables			
Cash and cash equivalents	$ 1,797,755	$ 399,583	$ 334,978
Financial liabilities:			
Other financial liabilities			
Amounts payable and other liabilities	$ 200,513	$ 161,324	$ 713,767

As of March 31, 2011, December 31, 2010 and January 1, 2010, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

7. Cash and cash equivalents

	March 31, 2011	December 31, 2010	January 1, 2010
Cash	$ 147,755	$ 399,583	$ 334,978
Guaranteed investment certificates	1,650,000	-	-
Total	$ 1,797,755	$ 399,583	$ 334,978

8. Prepaids and sundry receivables

	March 31, 2011	December 31, 2010	January 1, 2010
Sales tax receivable	$ 46,013	$ 179,915	$ 29,325
Prepaid expenses	68,679	4,047	16,124
	$ 114,692	$ 183,962	$ 45,449

9. Amounts payable and other liabilities

	March 31, 2011	December 31, 2010	January 1, 2010
Falling due within the year			
Trade payables	$ 200,513	$ 161,324	$ 713,767

(Expressed in Canadian Dollars)

10. Share capital

Authorized
The authorized share capital consisted of unlimited number of common shares.

Issued and outstanding

Common shares	Number of shares	Amount
Balance, January 1, 2010	**49,161,902**	**2,975,295**
Balance, March 31, 2010	**49,161,902**	**2,975,295**
Private placement, common shares (i)(ii)(iii)(iv)(v)	29,013,333	2,832,300
Warrants valuation (i)(ii)(iii)(iv)(v)	-	(773,668)
Cost of issue	-	(301,344)
Flow-through share premium	-	(51,300)
Warrants exercised	312,000	28,200
Warrants exercised - valuation	-	11,277
Balance, December 31, 2010	78,487,235	4,720,760
Private placement (vi)	15,799,999	1,651,000
Warrants valuation (vi)	-	(341,479)
Cost of issue	-	(138,705)
Flow-through share premium (vi)	-	(300,000)
Warrants exercised	262,000	22,270
Warrants exercised - valuation	-	24,628
Deferred income tax on warrants expired	-	41,975
Balance, March 31, 2011	**94,549,234**	**$ 5,680,449**

(i) 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.

(ii) 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.

10. Share capital (Continued)

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.

(iii) 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.

(iv) 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.

(v) 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 assigned 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.

(Expressed in Canadian Dollars)

10. Share capital (Continued)

(vi) On March 8, 2011, the Company completed a non-brokered private placement offering (the "Offering") for aggregate proceeds of $1,651,000. 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 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 $1,575,000. Each Unit is comprised of one non-flow-through common share and one-half of one non-flow-through share purchase warrant (each whole warrant, a "Warrant"). Each whole Warrant shall entitle its holder to acquire a common share at an exercise price of $0.125 per Warrant for a period of 18 months from the date of closing. Each FT Unit is comprised of one flow-through common share (a "FT Unit Share") and one-half of one non-flow-through share purchase warrant (each whole warrant, an "FT Warrant"). Each whole FT Warrant shall entitle its holder to acquire a common share at an exercise price of $0.135 per FT Warrant for a period of 18 months from the date of closing.

The FT Units were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $300,000.

The fair value of the 400,000 Warrants at the date of grant was $14,022. The fair value assigned to these Warrants was calculated using the Black-Scholes option valuation model with the following assumptions: dividend yield 0%; expected volatility 133.6%; risk-free interest rate 1.81% and expected life of 18 months.

The fair value of the 7,500,000 FT Warrants at the date of grant was $262,552. The fair value assigned to these Warrants was calculated using the Black-Scholes option valuation model with the following assumptions: dividend yield 0%; expected volatility 133.6%; risk-free interest rate 1.81% and expected life of 18 months.

In connection with the Offering, the Company paid a cash finder's fee of $123,350 and issued 1,380,952 broker warrants to the finders. Each broker warrant entitles the holder to acquire one unit on similar terms as each FT Unit described above. Each broker warrant will expire on September 8, 2012.

The fair value of the 1,380,952 broker warrants at the date of grant was $64,905. The fair value assigned to these warrants was calculated using the Black-Scholes option valuation model with the following assumptions: dividend yield 0%; expected volatility 133.6%; risk-free interest rate 1.81% and expected life of 18 months.

11. Warrants

The following table reflects the continuity of warrants for the three months ended March 31, 2011:

	Number of warrants	**Weighted average exercise price**
Balance, January 1, 2010	**24,415,377**	**$ 0.14**
Expired	(200,000)	0.10
Balance, March 31, 2010	24,215,377	0.14
Granted (Note 10(i)(ii)(iii)(iv)(v))	16,936,667	0.12
Exercised	(312,000)	0.09
Expired	(6,933,133)	0.16
Balance, December 31, 2010	33,906,911	$ 0.12
Granted (Note 10(vi))	9,280,952	0.13
Expired	(2,880,944)	0.16
Exercised	(262,000)	0.09
Balance, March 31, 2011	**40,044,919**	**$ 0.12**

(Expressed in Canadian Dollars)

11. Warrants (continued)

The following table reflects the warrants issued and outstanding as of March 31, 2011:

Number of Warrants	Grant Date Fair Value	Exercise Price	Expiry Date	
1,868,100	$ 135,000	$ 0.27	August 28, 2011	
11,940,000	740,280	0.12	September 21, 2011	(1)
175,200	9,986	0.12	September 21, 2011	(2)
7,565,000	275,347	0.12	December 31, 2011	
1,513,000	87,754	0.09	December 31, 2011	(3)
3,391,667	156,445	0.12	March 31, 2012	
361,000	29,602	0.09	March 31, 2012	(3)
2,500,000	81,881	0.14	June 21, 2012	(4)
400,000	18,800	0.14	June 21, 2012	(4)
1,050,000	34,489	0.12	June 29, 2012	(5)
400,000	14,022	0.13	September 8, 2012	
7,500,000	262,552	0.14	September 8, 2012	
1,380,952	64,905	0.11	September 8, 2012	(6)
40,044,919	**$ 1,911,063**	**$ 0.12**		

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(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 $0.105 per share for a period of 18 months from the date of closing.

(Expressed in Canadian Dollars)

12. Stock options

The following table shows the continuity of options for the three months ended March 31, 2011:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2011, December 31, 2010 and January 1, 2010	**4,694,250**	**$ 0.15**

The following table shows the options outstanding as at March 31, 2011:

	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Expiry Date
Directors & Officers	966,250	0.58	$ 0.20	October 28, 2011
Directors & Officers	800,000	0.77	0.10	January 7, 2012
Directors & Officers	400,000	0.93	0.12	March 4, 2012
Consultant	150,000	1.09	0.20	May 1, 2012
Directors & Officers	378,000	2.41	0.45	August 28, 2013
Directors & Officers	2,000,000	3.66	0.10	November 26, 2014
	4,694,250	**2.12**	**$ 0.15**	

13. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 and 2010 was based on the loss attributable to common shareholders of $241,825 (three months ended March 31, 2010 - $211,615) and the weighted average number of common shares outstanding of 82,562,855 (three months ended March 31, 2010 - 49,161,902). Diluted loss per share did not include the effect of 4,694,250 stock options and 40,044,919 warrants as they are anti-dilutive.

14. General and administrative

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Professional fees	**$ 46,245**	$ 70,238
Consulting fees	**30,000**	37,500
Investor relations	**23,000**	20,718
Listing and filing fees	**21,375**	8,358
Shareholder information	**7,390**	6,903
Accounting and corporate services	**3,108**	3,172
Insurance	**2,700**	2,903
Office and general	**1,305**	6,700
Stock-based compensation	**-**	7,740
Travel and entertainment	**-**	748
Flow-through tax penalty	**-**	5,501
	$ 135,123	$ 170,481

(Expressed in Canadian Dollars)

15. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the fair value (the amount established and agreed to by the related parties).

(a) Sheltered entered into the following transactions with related parties:

	Notes	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
RKH Limited ("RKH")	(i)	**$ 7,500**	$ 52,080
Hampson Consulting Services Inc ("Hampson")	(ii)	**$ 18,000**	$ 12,000
Richbert Agencies SA ("Richbert")	(iii)	**$ 30,000**	$ 25,000
W.A. Hubacheck Consultants Ltd. ("Hubacheck")	(iv)(v)	**$ 62,565**	$ 17,825

(i) A director of the Company controls RKH. Fees relate to the consulting services performed and reimbursement of office related expenditures.

(ii) The Chief Financial Officer ("CFO") of the Company controls Hampson. Fees relate to CFO services provided by Hampson.

(iii) The Chief Executive Officer ("CEO") of the Company indirectly controls Richbert. Fees relate to CEO services provided by Richbert.

(iv) A director of the Company is the President of Hubacheck. Fees relate to geological consulting fees provided by Hubacheck.

(v) As at March 31, 2011, Hubacheck was owed $24,513 (December 31, 2010 - $35,885), these amounts were included in amounts payable and other liabilities.

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Share based payments	**$ -**	$ 7,740

16. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim consolidated financial statements also represent segment amounts.

17 Contingencies and commitments

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment in Canada. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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 March 31, 2011, the Company is committed to incurring approximately $197,214 by December 31, 2011 and $1,575,000 in qualifying exploration expenditures in Canada by December 31, 2012.

18. Conversion to IFRS

(i) Overview

As stated in Significant Accounting Policies note 2, these are the Company’s first unaudited condensed interim consolidated financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the condensed interim consolidated financial statements for the three months ended March 31, 2011 and in the preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company’s Transition Date).

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as 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 has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company’s Transition Date.

- To apply the transition provisions of IFRIC 4 Determining whether an Arrangement Contains a Lease, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date. The Company has no leases.
- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company’s opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company’s Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited statements of financial position in these condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(iii) Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as at June 27, 2011 (see Note 2). The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within these financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value 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 have been changed to reflect these differences. There was no impact on the unaudited condensed interim consolidated financial statements.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements.

(c) Share based payments

Under Canadian GAAP, forfeitures of awards are recognized as they occur. On transition to IFRS, an estimate of forfeitures is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate.

Impact on Condensed Interim Statements of Financial Position

	December 31, 2010	March 31, 2010	January 1, 2010
Adjustment to reserves	$ -	$ -	$ 2,724
Adjustment to deficit	$ -	$ -	$ (2,724)

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

(d) Exploration and evaluation expenditures

On transition to IFRS, the Company elected to expense exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred.

Impact on Condensed Interim Statements of Financial Position

	December 31, 2010	March 31, 2010	January 1, 2010
Adjustment to mineral property interests	$ (3,234,445)	$ (1,939,368)	$ (1,897,950)
Adjustment to deficit	$ 3,234,445	$ 1,939,368	$ 1,897,950

Impact on Condensed Interim Statements of Loss and Comprehensive Loss

	Year ended December 31, 2010	Three months ended March 31, 2010
Adjustment to exploration expenditures	$ 1,336,495	$ 41,418
Adjustment to comprehensive loss	$ (1,336,495)	$ (41,418)

Impact on Condensed Interim Statements of Cash Flows

	Year ended December 31, 2010	Three months ended March 31, 2010
Adjustment to comprehensive loss	$ (1,336,495)	$ (41,418)
Adjustment to exploration expenditures	$ 1,336,495	$ 41,418

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(iii) Changes to accounting policies (continued)

(e) Flow-through shares

On transition to IFRS, the Company elected to account for flow-through shares whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance.

Previously, the Company's Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenditures in favour of the flow-through share subscribers.

Impact on Condensed Interim Statements of Financial Position

	December 31, 2010	March 31, 2010	January 1, 2010
Adjustment to flow-through shares liability	$ (8,847)	$ (405)	$ (689)
Adjustment to share capital	$ (105,597)	$ (176,257)	$ (13,156)
Adjustment to deficit	$ 114,444	$ 176,662	$ 13,845

Impact on Condensed Interim Statements of Loss and Comprehensive Loss

	Year ended December 31, 2010	Three months ended March 31, 2010
Adjustment to income tax recovery	$ 100,599	$ 162,817
Adjustment to comprehensive loss	$ (100,599)	$ (162,817)

Impact on Condensed Interim Statements of Cash Flows

	Year ended December 31, 2010	Three months ended March 31, 2010
Adjustment to comprehensive loss	$ (100,599)	$ (162,817)
Adjustment to income tax recovery	$ 100,599	$ 162,817

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(iv) Presentation

Certain amounts in the unaudited condensed interim consolidated statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

(v) Reconciliation between IFRS and Canadian GAAP

The January 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

January 1, 2010	**Canadian GAAP**	**Effect of transition to IFRS**	**IFRS**
Assets			
Current assets			
Cash	$ 334,978	$ -	**$ 334,978**
Restricted cash	5,000	-	**5,000**
Prepaids and sundry receivables	45,449	-	**45,449**
	385,427	-	**385,427**
Mineral resource properties	3,462,151	(1,897,950)	**1,564,201**
	$ 3,847,578	$ (1,897,950)	**$ 1,949,628**
Equity and Liabilities			
Current liabilities			
Amounts payable and other liabilities	$ 713,767	$ -	**$ 713,767**
Flow-through shares liability	-	689	**689**
	713,767	689	**714,456**
Long term payables	125,000	-	**125,000**
	838,767	689	**839,456**
Equity			
Share capital	2,962,139	13,156	**2,975,295**
Reserves	2,157,233	(2,724)	**2,154,509**
Deficit	(2,110,561)	(1,909,071)	**(4,019,632)**
Total equity	3,008,811	(1,898,639)	**1,110,172**
Total equity and liabilities	$ 3,847,578	$ (1,897,950)	**$ 1,949,628**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The March 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

March 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash	$ 51,077	$ -	**$ 51,077**
Restricted cash	23,750	-	**23,750**
Prepaid and sundry receivables	91,247	-	**91,247**
	166,074	-	**166,074**
Mineral resource properties	3,503,569	(1,939,368)	**1,564,201**
	$ 3,669,643	$ (1,939,368)	**$ 1,730,275**
Equity and Liabilities			
Current liabilities			
Amounts payable and other liabilities	$ 698,573	$ -	**$ 698,573**
Flow-through shares liability	-	405	**405**
	698,573	405	**698,978**
Long term payables	125,000	-	**125,000**
	823,573	405	**823,978**
Equity			
Share capital	2,799,038	176,257	**2,975,295**
Reserves	2,164,973	(2,724)	**2,162,249**
Deficit	(2,117,941)	(2,113,306)	**(4,231,247)**
Total equity	2,846,070	(1,939,773)	**906,297**
Total equity and liabilities	$ 3,669,643	$ (1,939,368)	**$ 1,730,275**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The December 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

December 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash	$ 399,583	$ -	**$ 399,583**
Prepaids and sundry receivables	183,962	-	**183,962**
	583,545	-	**583,545**
Mineral resource properties	4,698,646	(3,234,445)	**1,464,201**
	$ 5,282,191	$ (3,234,445)	**$ 2,047,746**
Equity and Liabilities			
Current liabilities			
Amounts payable and other liabilities	$ 161,324	$ -	**$ 161,324**
Flow-through shares liability	**-**	8,847	**8,847**
	161,324	8,847	**170,171**
Long term payables	100,000	-	**100,000**
	261,324	8,847	**270,171**
Equity			
Share capital	4,615,163	105,597	**4,720,760**
Reserves	2,791,457	(2,724)	**2,788,733**
Deficit	(2,385,753)	(3,346,165)	**(5,731,918)**
Total equity	5,020,867	(3,243,292)	**1,777,575**
Total equity and liabilities	$ 5,282,191	$ (3,234,445)	**$ 2,047,746**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended March 31, 2010 has been reconciled to IFRS as follows:

Three months ended March 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures	$ -	$ 41,418	**$ 41,418**
General and administrative	170,481	-	**170,481**
Loss before income taxes	(170,481)	(41,418)	**(211,899)**
Income tax recovery	163,101	(162,817)	**284**
Net loss and comprehensive loss for the period	$ (7,380)	$ (204,235)	**$ (211,615)**

The Canadian GAAP statement of loss and comprehensive loss for the year ended December 31, 2010 has been reconciled to IFRS as follows:

Year ended December 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures	$ -	$ 1,336,495	**$ 1,336,495**
General and administrative	420,049	-	**420,049**
Write-off of mineral property interest	47,838	-	**47,838**
Loss before income tax	(467,887)	(1,336,495)	**(1,804,382)**
Income tax recovery	192,695	(100,599)	**92,096**
Net loss and comprehensive loss for the period	$ (275,192)	$ (1,437,094)	**$ (1,712,286)**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP interim statement of cash flows for the three months ended March 31, 2010 has been reconciled to IFRS as follows:

Three months ended March 31, 2010	**Canadian GAAP**	**Effect of transition to IFRS**	**IFRS**
Operating Activities			
Net loss for the period	$ (7,380)	$ (204,235)	**$ (211,615)**
Income tax recovery	(163,101)	162,817	**(284)**
Stock option compensation	7,740	-	**7,740**
Non-cash working capital items:			
Prepaid and sundry receivables	(45,798)	-	**(45,798)**
Accounts payable and accrued liabilities	(15,194)	-	**(15,194)**
Net cash used in operating activities	(223,733)	(41,418)	**(265,151)**
Investing activities			
Mineral property interests	(41,418)	41,418	**-**
Net cash provided by (used in) investing activities	(41,418)	41,418	**-**
Net change in cash	(265,151)	-	**(265,151)**
Cash, beginning of period	339,978	-	**339,978**
Cash, end of period	$ 74,827	$ -	**$ 74,827**

(Expressed in Canadian Dollars)

18. Conversion to IFRS (continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP statement of cash flows for the year ended December 31, 2010 has been reconciled to IFRS as follows:

Year ended December 31, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating Activities			
Net loss for the year	$ (275,192)	$ (1,437,094)	**$ (1,712,286)**
Adjustment for:			
Write-off of mineral property interest	47,838	-	**47,838**
Stock-based compensation	8,314	-	**8,314**
Income tax recovery	(192,695)	100,599	**(92,096)**
Non-cash working capital items:			
Prepaid and sundry receivables	(138,513)	-	**(138,513)**
Amounts payable and other liabilities	(648,591)	-	**(648,591)**
Net cash (used in) operating activities	(1,198,839)	(1,336,495)	**(2,535,334)**
Investing activities			
Mineral property interest	(1,213,185)	1,336,495	**123,310**
Net cash (used in) provided by investing activities	(1,213,185)	1,336,495	**123,310**
Financing activities			
Issue of common shares, net of costs	2,443,429	-	**2,443,429**
Warrants exercised	28,200	-	**28,200**
Net cash provided by financing activities	2,471,629	-	**2,471,629**
Net change in cash	59,605	-	**59,605**
Cash, beginning of year	339,978	-	**339,978**
Cash, end of year	$ 399,583	$ -	**$ 399,583**

19. Subsequent events

(a) On April 21, 2011, the Company's wholly-owned subsidiary, Sheltered Oak Resources Inc. ("SOR") entered 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 division (the “Property”).

The Property is held by the Porcupine Joint Venture (“PJV”) between Goldcorp and Goldcorp Inc. The Option Agreement provides SOR with 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. Whether or not SOR exercises the option, the Option Agreement provides that SOR is committed to spending $1.1 million in exploration expenditures, completing 5,000 metres of core diamond drilling, making option payments of $100,000, and issuing $300,000 worth of common shares of Sheltered prior to December 31, 2012.

Once a 60% interest is earned in accordance with the terms of the Option Agreement, SOR, Sheltered and PJV will enter into a definitive joint venture agreement. SOR will be the operator of the Property during the option term and remain the operator unless and until the PJV acquired a majority interest in the joint venture.

Upon SOR earning a 60% interest, Goldcorp may elect to earn back from SOR 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 SOR would own a 40% interest.

Upon SOR earning a 60% interest and if Goldcorp does not exercise its earn-back right, following the expenditure of $5 million on joint venture operations on the Property, Goldcorp would have the right to exercise the right to acquire from SOR a 20% interest in the Property by paying SOR 125% of the aggregate of the total minimum qualifying expenditures incurred by SOR during the option period plus 100% of SOR’s pro rata contribution to the joint venture expenditures.

On execution of the Option Agreement, SOR paid $25,000 to Goldcorp, as manager of the PJV, and Sheltered issued 255,000 common shares to Goldcorp and 245,000 common shares to Goldcorp Inc. The common shares are subject to a hold period expiring August 22, 2011.

(b) On May 26, 2011, the Company granted stock options to directors and officers of Sheltered Oak to purchase in the aggregate up to 2,705,000 common shares in the capital of Sheltered Oak at an exercise price of $0.11 per common share. The stock options will expire on May 26, 2016. The options were granted pursuant to Sheltered Oak’s incentive stock option plan, under which a maximum of 10% of the issued and outstanding common shares are reserved for issuance. The vesting period is 1/3 immediately, 1/3 after 6 months and 1/3 after 12 months.

On May 30, 2011 the Company also granted stock options to J.J. Elkin to purchase in the aggregate up to 1,750,000 common shares in the capital of Sheltered Oak at an exercise price of $0.13 per common share as part remuneration for his continued services as President and Chief Executive Officer through Richbert Agencies S.A. The vesting period is 1/3 immediately, 1/3 after 6 months and 1/3 after 12 months.