Red Ore Gold Inc.

Audited Consolidated Financial Statements

April 30, 2012
(Expressed in Canadian dollars)

Red Ore Gold Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Red Ore Gold Inc.

We have audited the accompanying consolidated financial statements of Red Ore Gold Inc., which comprise the consolidated statement of financial position as at 30 April 2012, and the consolidated statement of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended 30 April 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Red Ore Gold Inc. as at 30 April 2012, and the results of its operations and its cash flows for the year ended 30 April 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Red Ore Gold Inc. to continue as going concern.

Other Matter

The financial statements of Red Ore Gold Inc. for the year ended 30 April 2011, were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2011.

James Stafford

Chartered Accountants
Vancouver, Canada
24 August 2012

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The audited consolidated financial statements of Red Ore Gold Inc. are the responsibility of the Board of Directors.

The audited 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 these financial statements. Where necessary management has made informed judgements and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the audited annual consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standard.

Established processes are in place to provide management with sufficient knowledge to support it in its representations in exercising reasonable diligence that:

i) the 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 consolidated financial statements, and:

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

The Board of Directors is responsible for reviewing and approving the audited 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 audited 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 audited annual consolidated financial statements together with other financial information of the Company for issuance to shareholders.

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

signed "Robin Dow"
Robin Dow
Chief Executive Officer
Ottawa, Ontario
August 24, 2012

signed "Sabino Di Paola"
Sabino Di Paola
Chief Financial Officer

Red Ore Gold Inc.
Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	Notes	April 30 2012	April 30 2011
Assets			
Current assets:			
Cash	6	$ 127,347	$ 457,081
Accounts receivable	7	37,969	17,615
Prepaid expenses		6,962	361
Total current assets		172,278	475,057
Reclamation bond	9	18,567	17,847
Total non-current assets		18,567	17,847
Total assets		$ 190,845	$ 492,904
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	$ 300,665	$ 214,517
Due to parent company	15	224,984	214,872
Total current liabilities		525,649	429,389
Shareholders' equity			
Share capital	11	1,212,942	12,542
Shares to be issued		-	542,500
Contributed surplus		181,560	-
Accumulated other comprehensive income		(12,402)	1,296
Accumulated deficit		(1,724,300)	(477,935)
Equity attributable to the owners of the Company		(342,200)	78,403
Non-controlling interest in subsidiary	19	7,396	(14,888)
Total shareholders' equity (deficiency)		(334,804)	63,515
Total liabilities and shareholders' equity		$ 190,845	$ 492,904
Contingencies and commitments	20		
Nature of operations and going concern	1		

The notes to the audited consolidated financial statements are an integral part of these financial statements

Approved by the Board of Directors:

Director Director

Red Ore Gold Inc.
Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)	Notes	Year ending April 30 2012	Year ending April 30 2011
Expenses			
Management & directors fees	15	$ 77,000	$ 53,000
Promotion & investor conference		82,293	17,467
Regulatory, exchange, AGM, press release and transfer agent fees		25,137	350
Professional fees		462,289	133,265
Exploration and evaluation expenditures	8	420,249	216,285
Compensation shares		30,000	85,000
General and administrative	14	222,001	14,818
Net loss before other items		(1,318,969)	(520,185)
Other items			
Finance costs		(1,508)	(278)
Foreign exchange gain (loss)		1,577	(753)
Other income		12,045	-
		12,114	(1,031)
Net loss for the year		$ (1,306,855)	$ (521,216)
Other comprehensive loss:			
Foreign currency translation adjustment		$ (22,830)	$ 2,160
Total comprehensive loss for the period		$ (1,329,685)	$ (519,056)
Net loss atributable to:			
Owners of the company		$ (1,246,365)	$ (477,935)
Non-controlling interest		(60,490)	(43,281)
Net loss for the period		$ (1,306,855)	$ (521,216)
Total comprehensive loss attributable to:			
Owners of the company		$ (1,260,063)	$ (475,775)
Non-controlling interest		(69,622)	(43,281)
Total comprehensive loss		$ (1,329,685)	$ (519,056)
Earnings per share			
Loss per common share:			
Basic and diluted	16	$ (0.09)	$ (0.15)
Weighted average number of common shares outstanding:			
Basic and diluted		13,360,679	3,270,859

The notes to the audited consolidated financial statements are an integral part of these financial statements

Red Ore Gold Inc.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(expressed in Canadian dollars)

	Number of common shares outstanding	Share Capital	Reserve for shares to be issued	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Equity attributable to parent	Non-controlling interest	Total
Balance at January 13, 2011	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss for the period	-	-	-	-	-	(521,216)	(477,935)	(43,281)	(521,216)
Cumulative translation adjustment	-	-	-	-	2,160	-	1,296	864	2,160
Share issued upon incorporation	1	1	-	-	-	-	1	-	1
Share capital issued	8,838,938	12,541	-	-	-	-	12,541	-	12,541
Shares to be issued	-	-	542,500	-	-	-	542,500	-	542,500
Additional contribution by non-controlling interest	-	-	-	-	-	-	-	27,529	27,529
Balance at April 30, 2011	8,838,939	12,542	542,500	-	2,160	(521,216)	78,403	(14,888)	63,515
Loss for the period	-	-	-	-	-	(1,306,855)	(1,246,365)	(60,490)	(1,306,855)
Cumulative translation adjustment	-	-	-	-	(22,830)	-	(13,698)	(9,132)	(22,830)
Share capital issued for cash	8,255,000	1,115,350	-	-	-	-	1,115,350	-	1,115,350
Share capital issued for property	200,000	20,000	-	-	-	-	20,000	-	20,000
Share capital issued for settlement of debt	1,150,000	115,000	-	-	-	-	115,000	-	115,000
Shares to be issued		-	(542,500)	-	-	-	(542,500)	-	(542,500)
Share issue costs	-	(49,950)	-	-	-	-	(49,950)	-	(49,950)
Stock options granted	-	-	-	127,505	-	-	127,505	-	127,505
Revaluation of non controlling interest	-	-	-	54,055	-	-	54,055	(54,055)	-
Additional contribution by non-controlling interest	-	-	-	-	-	-	-	145,961	145,961
Balance at April 30, 2012	18,443,939	$ 1,212,942	$ -	$ 181,560	$ (20,670)	$ (1,828,071)	$ (342,200)	$ 7,396	$ (334,804)

The notes to the audited consolidated financial statements are an integral part of these financial statements

Red Ore Gold Inc.
Consolidated Statements of Cash Flow

(expressed in Canadian dollars)

	Year ending April 30 2012	Year ending April 30 2011
Cash flow from operating activities		
Net loss for the period	$ (1,306,855)	$ (521,216)
Adjustments to reconcile loss to net cash used in operating activities:		
Unrealized foreign exchange	-	4,159
Finance cost	1,508	278
Common shares issued for land management fees	20,000	-
Common shares issued as compensation	30,000	85,000
Share-based payments	127,505	-
Change in non-cash working capital balances:		
Accounts receivable	(20,354)	(16,662)
Prepaid expenses	(6,601)	(361)
Reclamation bond	(720)	603
Accounts payable and accrued liabilities	86,148	192,645
Cash generated from operations	(1,069,369)	(255,554)
Income tax paid	-	-
Total cash outflows from operating activities	**$ (1,069,369)**	**$ (255,554)**
Cash flows from investing activities		
Net cash acquired on acquisition of subsidiary	-	23,372
Total cash inflows from investing activities	**$ -**	**$ 23,372**
Cash flows from financing activities		
Proceeds from share issuance	$ 657,850	$ 1
Shares to be issued	-	457,500
Share issue costs	(49,950)	-
Due to parent company	10,112	214,871
Contributions by non-controlling interest	145,961	19,168
Finance cost	(1,508)	(278)
Total cash inflows from financing activities	**$ 762,465**	**$ 691,262**
Effect of foreign exchange on cash	$ (22,830)	$ (1,999)
Total increase in cash during the year	$ (329,734)	$ 457,081
Cash and cash equivalents - Beginning of year	457,081	-
Cash and cash equivalents - End of year	**$ 127,347**	**$ 457,081**

1. Nature of operation

Red Ore Gold Inc. (the "Company" or "Red Ore") was incorporated under the name "Red Ore Gold Inc." under the laws of the Province of British Columbia by Articles of Incorporation dated January 13, 2011. Red Ore is a subsidiary of Galahad Metals Inc.

On March 25, 2011, Galahad Metals Inc, a related party, received board of director approval to transfer all of its 60% ownership of Bottle Creek Exploration LLC (the "subsidiary" or "BCE") a joint venture subsidiary of Galahad, which was incorporated in the State of Nevada, to the Company in exchange for 8,838,938 common shares. Under the terms of the transaction, the Company acquired 60% the ownership interest in BCE (Note 5).

On November 15, 2011, the Company incorporated a wholly owned subsidiary Red Ore Gold NV Inc. ("RNV") under the laws of the State of Nevada by Articles of Incorporation.

The Company is made of development stage junior mining companies engaged in the identification, acquisition, evaluation and exploration of precious and base metals with mineral properties in the United States. At the date of these consolidated financial statements, the Company has not determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these reserves and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

As at April 30, 2012, Red Ore, RNV, and BCE's common shares were not listed on any exchange. The primary office is located at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3 with the operating office located at 100-2746 St Joseph Blvd, Orleans, Ontario, Canada, K1C 1G5.

Going concern

The financial statements are prepared in accordance with IFRS as issued by the IASB, on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business, for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entities ability to continue as a going concern.

- The Company has not generated income or cash flows from its operations. The Company incurred a net comprehensive loss of $1,329,685 (2011 - $519,056) during the year-ended April 30, 2012 and, as of that date, the Company's accumulated deficit was $1,724,300 (2011 - $477,935) attributed to owners of the parent;
- The Company as at April 30, 2012 does not have significant working capital to meet its existing obligations and fund its operations over the next twelve months;
- The Company is entirely dependent upon its ability to obtain sufficient cash to cover its operating costs by way of external financing until such time as it can establish and sustain operations; and
- The Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves.

These conditions raise significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

2. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 17, and are presented in Canadian dollars except where otherwise indicated.

Statement of compliance

The consolidated financial statements of the Company and its subsidiaries, including comparative, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of preparation (continued)

The audited annual consolidated financial statements were approved by the Board of Directors on August 24, 2012.

Basis of consolidation

The Company's financial statements consolidate those of Red Ore and its subsidiaries as at April 30, 2012. RNV has a reporting date of April 30, 2012 and BCE has a reporting date of December 31, 2012.

The financial statements of the subsidiaries are prepared using consistent accounting policies and accounting periods as the parent. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

The subsidiaries are fully consolidated from the date of acquisition, that being the date on which Red Ore obtains control and continues to be consolidated until the date that such control ceases.

Red Ore's subsidiary, BCE, has a 40% minority interest owned by a company at arm's length with Red Ore and its subsidiary. The minority interest represents the portion of the subsidiary's profit or loss and net assets which are not held by the Company.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

The functional currency and reporting currency of Red Ore is the Canadian dollar. BCE has a functional currency of US dollars and all the other subsidiaries have a functional currency of Canadian dollars. These consolidated financial statements have been translated into the Canadian dollar in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e., the average rate for the period).

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognized in Other Comprehensive Income ("OCI").

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in OCI related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in OCI related to the subsidiary are reallocated between controlling and non-controlling interests.

3. Summary of significant accounting policies (continued)

Cash

Cash in the statement of consolidated financial position comprised of cash at banks. The Company's cash is invested with major financial institutions in business accounts. The Company does not invest in any asset-backed deposits/investments.

Exploration and evaluation expenditures

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves and resources and includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditures for each area of interest are expensed in the year in which they are incurred.

Purchased exploration and evaluation assets are expensed at their cost of acquisition or at fair value if purchased as part of a business combination.

Impairment

Mining property assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss in the consolidated statement of comprehensive loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognized as income immediately.

Reclamation bonds

Cash which is subject to contractual restrictions on use is classified separately as reclamation bonds.

Mining properties options agreements

From time-to-time the Company may acquire or dispose of mining properties pursuant to the terms of options agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded in the consolidated statement of financial position. Option payments are recorded as mining properties costs or recoveries when the payments are made or received and may be subsequently expensed in accordance with the Company's exploration and evaluation policy.

Rehabilitation provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

3. Summary of significant accounting policies (continued)

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Company did not have any provisions as at April 30, 2012 and April 30, 2011.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated entirely to the common shares.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. Summary of significant accounting policies (continued)

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Earnings/loss per share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Financial instruments

<u>Financial Assets</u>

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. The Company’s financial assets include cash and accounts receivables.

All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are subsequently measured at amortized cost using the effective interest rate method less impairment. Amortized cost is accounted by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

3. Summary of significant accounting policies (continued)

b) Available for sale investments

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; and
- The Company has transferred its rights to receive cash flows from the asset or has assumed the obligation to pay the received cash flows in full without material delay to a third party under “pass-through” arrangement; and either, a) the company has transferred substantially all of the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement and has neither transferred nor retained substantially all of the risks or rewards of the asset, nor has it transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement with the asset.

In that case, the Company will also recognize an associated financial liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

<u>Impairment of financial assets</u>

The Company assess at the reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indicators that the debtor is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganizations and where observable data indicates that there is a measurable decrease in the estimated cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Company first assess individually whether objective evidence of impairment exists individually for financial assets which are individually significant, or collectively for financial assets which are not individually significant. Assets which are individually assessed for impairment for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the estimated cash flows. The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive loss.

3. Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and amounts due to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deductions for transaction costs.

For financial instruments not traded in an active market the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arms length market transactions, reference to the current fair value of a similar instrument, discounted cash flow analysis or other valuation model.

Segment reporting

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

Standards, Amendments and Interpretations Not Yet Effective

The following standards and interpretations have been issued but are not yet effective:

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

3. Summary of significant accounting policies (continued)

IFRS 10, Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 11, Joint Arrangements

IFRS 11, Joint Arrangements describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 12, Disclosures of Interests in Other Entities

IFRS 12, Disclosures of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 13, Fair Value Measurement

IFRS 13, Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IAS 27, Separate Financial Statements

There have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

IAS 1, Presentation of Financial Statements

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

IFRS 7, Financial Instrument: Disclosure

IFRS 7, Financial Instrument: Disclosure, has the disclosure requirements amended to, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial instrument users to evaluate an entities exposure to risks arising from financial statements.

The Company has not yet determined the impact of the application of these new standards, amendments and interpretations on its future results and financial position.

4. Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

4. Critical accounting estimates and judgments (continued)

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

1) Rehabilitation provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

As at April 30, 2012 and 2011, the Company has not provided for any rehabilitation costs.

2) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3) Income Taxes

The Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

As at April 30, 2012 and 2011, the Company did not recognize deferred tax assets on the basis that it is more likely than not that the deferred tax assets will not be realized.

4) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

5. Acquisition

On March 25, 2011, Galahad Metals Inc, a related party, received board of director approval to transfer all of its 60% ownership of Bottle Creek Exploration LLC (the "subsidiary" or "BCE") a joint venture subsidiary of Galahad, which was incorporated in the State of Nevada, to the Company in exchange for 8,838,938 common shares. Under the terms of the transaction, the Company acquired 60% the ownership interest in Bottle Creek Exploration LLC. The transaction is being accounted for as an acquisition of an asset in accordance with IFRS and not a business combination under IFRS 3, Business Combinations.

(Expressed in Canadian Dollars)

5. Acquisition (continued)

The carrying value of the consideration transferred in connection with the acquisition and the assets and liabilities recognized as a result of the acquisition are listed in the table below. The carrying value of the assets and liabilities acquired is based on the financial statements of Bottle Creek Exploration LLC as at March 25, 2011.

Net assets acquired:

Cash	$ 23,372
Other current assets	952
Reclamation bond	18,450
Assumed liabilities	(21,872)
Non-controlling interest	(8,361)
Carrying value of assets acquired	$ 12,541

The carrying value of the assets acquired has been capitalized to the shareholders' equity of the Company as the value of the 8,838,938 shares issued to Galahad Metals Inc. in the amount of $12,541 (Note 11).

6. Cash position

	April 30, 2012	April 30, 2011
Cash	$ 121,586	$ 438,568
Cash to be used in the Bottle Creek exploration	5,761	18,513
Total Cash	**$ 127,347**	**$ 457,081**

Cash earns interest at floating rates based on the daily bank deposit rates. As at April 30, 2012, US$56,076 (2011 - US$114,528) was included in the cash of the Company. This amount has been translated into C$ at using the closing exchange rate on April 30, 2012. At April 30, 2012, $5,761 was held by BCE to be used towards the advancement of exploration and evaluation of the Bottle Creek property.

7. Accounts receivable

	April 30, 2012	April 30, 2011
Sales tax receivable	$ 37,959	$ 16,694
Other receivables	10	921
Total accounts receivable	**$ 37,969**	**$ 17,615**

Accounts receivable are non-interest bearing and are generally on 30-90 day terms.

8. Exploration and evaluation properties

Bottle Creek

BCE, the Company's 60% owned subsidiary, holds a 100% interest in the Bottle Creek epithermal gold-silver property in Humboldt County, Nevada. The Bottle Creek Property consists of 938 unpatented, contiguous Federal lode mining claims, covering an area of 78.4km^2 (7,842 hectares or 19,379 acres) in Humboldt County, Nevada. The claims are subject to a 1% NSR.

At April 30, 2012, the Company has incurred annual exploration and evaluation expenditures of $171,031 (2011 - $206,285) on this project. As at April 30, 2012, no commercially viable mineral reserve has been found on this project and as a result the Company has expensed all of the exploration and evaluation expenditures. The Company plans to continue exploration on this project with a drill program scheduled for the summer of 2012.

8. Exploration and evaluation properties (continued)

Ryepatch

On April 20, 2011, the Company announced that it has signed a Letter of Intent ("LOI") with Gold Range Company LLC ("GRC") to explore and develop their Ryepatch gold-silver-tungsten-antimony property in Pershing County, Nevada.

The Ryepatch property, comprised of 75 unpatented lode claims and one patented lode claim, covers approximately 1,500 acres and 2.5 miles of prospective strike length over the productive Humboldt Thrust Fault.

On August 17, 2011, the Company entered into a definitive Option Lease Agreement with GRC.

The terms of the definitive Option Lease Agreement are:

1) The Company will make a US$10,000 payment upon signing the Letter of Intent (paid);
2) The Company will make a US$10,000 payment upon signing the option lease agreement (paid);
3) The Company will make a US$20,000 payment on the 1st anniversary of signing the lease option agreement;
4) The Company will make a US$30,000 payment on the 2nd anniversary of signing the lease option agreement;
5) The Company will make a US$50,000 payment on the 3rd anniversary of signing the lease option agreement;
6) The Company will make a US$100,000 payment on the 4th anniversary of signing the lease option agreement; and
7) The Company will make a US$200,000 payment on the 5th anniversary of signing the lease option agreement and thereafter for a total of 20 years renewable in 20 year increments.

The advance royalty payments shall be deductible from future production royalties.

GRC retains a 5% NSR which shall be subject to a buy-down clause in favour of Red Ore to 3% NSR for US$3,000,000 and to an additional buy-down to 1.5% NSR for an additional amount of US$3,000,000. The advance production royalty payments shall be deductible from future production royalties. There are no work commitments in the deal.

At April 30, 2012, the Company has incurred annual exploration and evaluation expenditures of $123,902 (2011 - $10,000) on this project. As at April 30, 2012, no commercially viable mineral reserve has been found on this project and as a result the Company has expensed the exploration and evaluation expenditures. The Company plans to continue preliminary exploration in the spring of 2012 and develop a summer/fall exploration program shortly afterwards.

Pogonip

On May 16, 2011, the Board of Directors approved a Letter of Intent with GRC for exploration and development rights to the Pogonip Ridge mineral property in the State of Nevada. The Pogonip Ridge is comprised of 17 patented lodge claims and 58 unpatented mining claims covering approximately 1,800 acres of Nevada's prolific Battle Mountain-Eureka Trend.

On October 13, 2011, the Company announced the staking of 86 additional unpatented lode mining claims in north-central Nevada covering a total of 1,777 acres (719 hectares) strategically located between Ely Gold's and Solitario's Mt. Hamilton Gold-Silver Project and their own Pogonip Ridge Silver-Gold Property. This more than doubles the size of the Red Ore Gold's property to 3,120 acres (1,262 hectares).

On August 17, 2011, the Company entered into a definitive Option Lease Agreement with GRC. The agreement on the Pogonip property has 58 unpatented lode claims, 16 patented lode claims and one patented mill site, comprised of approximately 725 hectares covering a 3 km strike length of highly favourable prospective geology.

8. Exploration and evaluation properties (continued)

The terms of the definitive Option Lease Agreement are:

1) The Company will make a US$5,000 payment upon signing the letter of intent (non-refundable) (paid);
2) The Company will make a US$15,000 payment upon signing an option lease agreement (paid);
3) The Company will make a US$20,000 payment on the 1st anniversary of signing the lease option agreement;
4) The Company will make a US$30,000 payment on the 2nd anniversary of signing the lease option agreement;
5) The Company will make a US$50,000 payment on the 3rd anniversary of signing the lease option agreement;
6) The Company will make a US$100,000 payment on the 4th anniversary of signing the lease option agreement; and
7) The Company will make a US$200,000 payment on the 5th anniversary of signing the lease option agreement and thereafter for a total of 20 years.

The advance royalty payments shall be deductible from future production royalties.

GRC has reserved a 4% NSR on all materials produced or sold from the property. The Company has a right to "buy-down" the NSR for US$1,000,000 per point or pro-rata portion thereof to a minimum NSR of 1.5%. There are no work commitments in the deal.

At April 30, 2012, the Company has incurred annual exploration and evaluation expenditures of $118,733 (2011 - $NIL) on this project. As at April 30, 2012, no commercially viable mineral reserve has been found on this project and as a result the Company has expensed the exploration and evaluation expenditures. The Company plans to continue preliminary exploration in the spring of 2012 and develop a summer/fall exploration program shortly afterwards.

General exploration

At April 30, 2012, the Company has incurred cumulative exploration and evaluation expenditures of $6,583 (2011 – $NIL) on general exploration. General exploration is primarily due diligence performed on properties which the Company is in the process of acquiring or which the management of the Company has decided not to further pursue past the initial due diligence. These costs are expensed in the period in which they are incurred and are assigned to a property only if the Company proceeds to acquire the exploration rights to the property. As at April 30, 2012, the Company decided not to further pursue these properties.

9. Reclamation bond

On February 4, 2011, BCE, a 60% owned subsidiary of the Company, remitted a bond in the amount of US$18,794 to the Bureau of Land Management ("BLM") in the United States. The bond was required in order to obtain the right for disturbance of public land in Nevada at seventeen drill locations identified by the Company. The bond does not relieve the Company of the potential environmental liabilities for improper disposal of hazardous waste, unauthorized disposal of debris, the spilling of oil, noxious fluids and chemicals on the ground. Once the drill program is completed and the status of the site reviewed by the BLM, the Company is eligible to recover all or part of the bond remitted dependant on the existing condition of the drill site.

There has been no change in the bond as at April 30, 2012.

(Expressed in Canadian Dollars)

10. Accounts payable and other liabilities

Accounts payable and other liabilities aged analysis:

	Accounts payable and other liabilities as at April 30, 2012	Accounts payable and other liabilities as at April 30, 2011
Not more than 3 months	$ 140,025	$ 214,517
More than 3 months but not more than 6 months	33,897	-
More than 6 months but not more than 1 year	126,482	-
More than 1 year	261	-
Total	**$ 300,665**	**$ 214,517**

Terms and conditions of the above financial liabilities:

1) Trade payables and accrued liabilities are non-interest bearing and are normally settled on 30 to 180 day terms;
2) Included in the accounts payable and accrued liabilities are $13,149 (2011 - $7,266) due to related parties as at April 30, 2012 (Note 15). These amounts are non-interest bearing, unsecured and due on demand.
3) Included in the accounts payable and accrued liabilities are $10,000 (2011 - $53,000) accrued to Directors and Officers as retainers and management fees (Note 15).

11. Share capital and reserves

a) Common shares

The Company is authorized to issue an unlimited number of common shares with no par value, issuable in series.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

Share held in escrow

As of April 30, 2012, the number of common shares held in escrow is 6,613,430. These shares have been included in the issued and outstanding shares and will be released from escrow as per the vesting schedule:

On the date the Issuer's securities are listed on a Canadian exchange (the listing date) (661,343 common shares)	10% of the escrow securities
6 months after the listing date (992,014 common shares)	15% of the remaining escrow securities
12 months after the listing date (992,014 common shares)	15% of the remaining escrow securities
18 months after the listing date (992,014 common shares)	15% of the remaining escrow securities
24 months after the listing date (992,014 common shares)	15% of the remaining escrow securities
30 months after the listing date (992,014 common shares)	15% of the remaining escrow securities
36 months after the listing date (992,017 common shares)	The remaining escrow securities

11. Share capital and reserves (continued)

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares with the rights, privileges and restrictions determined by the Board of Directors at the time of issuance.

There were no issuances of preferred shares during the years ending April 30, 2012 and 2011.

As at April 30, 2012, the Company has no preferred shares outstanding.

c) Share issuances

On January 13, 2011, the Company issued 1 common share to Galahad Metals Inc. as part of its incorporation. The Company received cash proceeds of $ 1. No warrants were issued in connection to this placement.

On March 25, 2011, the Company issued 8,838,938 common shares to Galahad Metals Inc. in exchange for Galahads interest in the Bottle Creek Exploration LLC (Note 5). The common shares were assigned a value of $0.0014 per common share, with no warrants associated to the shares.

On May 5, 2011, the Company issued 935,000 units to investors at a price of $0.50 per unit for gross proceeds of $467,500 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.75 per common share exercisable on or before January 31, 2013.

On June 13, 2011, after consultation through PI with respect to pricing of the common shares to be issued in connection with the Red Ore Gold's proposed IPO, the Board of Directors passed a resolution to effectively reduce the price of the April private placement from $0.50 per unit to $0.25 per unit and to amend the warrant exercise price to $0.40 per common share, down from $0.75 per common share. To give effect to the foregoing dilution, as of July 31, 2011, the Board of Directors has approved the issuance of doubling the amount of compensation shares and the issuance of rights to the investors who participated in the Red Ore Gold's initial private placement which closed on May 5, 2011. The rights offering will allow investors to subscribe for an additional 935,000 units at a price of $0.01 per unit. In connection with this rights offering, the warrants previously issued to the investors will be amended to increase the number of warrants granted to equal the total number of common shares subscribed for by such investors and to reduce the exercise price to $0.40. A total of 935,000 warrants were issued in the May 5, 2011, private placement with an exercise price of $0.75 per share. As a result of the adjustment the Company will recall the outstanding warrants and issue 1,870,000 warrants with an exercise price of $0.40 per common share and exercisable on or before April 30, 2013. The rights offering and notice of adjustment of warrants expire on August 31, 2011, if they are not exercised by the shareholder.

On July 8, 2011, Galahad Metals Inc. declined to exercise their rights offering to acquire an additional 8,838,939 shares.

On August 31, 2011, the Company had received executed rights offering from existing shareholders as well as proceeds of $9,350 and issued 935,000 common shares at a price of $0.01 per share. There were no warrants offered in conjunction to these shares.

On October 24, 2011, the Company issued 100,000 units to investors at a price of $0.10 per unit for gross proceeds of $10,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

On October 27, 2011, the Company issued 600,000 units to investors at a price of $0.10 per unit for gross proceeds of $60,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

On October 28, 2011, the Company issued 100,000 units to investors at a price of $0.10 per unit for gross proceeds of $10,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

On November 16, 2011, the Company issued 775,000 units to investors at a price of $0.10 per unit for gross proceeds of $77,500 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

(Expressed in Canadian Dollars)

11. Share capital and reserves (continued)

On December 1, 2011, the Company issued 2,250,000 units to investors at a price of $0.10 per unit for gross proceeds of $225,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

On December 29, 2011, the Company issued 2,460,000 units to investors at a price of $0.10 per unit for gross proceeds of $246,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

On January 4, 2012, the Company issued 1,150,000 common shares to officers and consultants of the Company valued at $115,000 ($0.10 per common share) (Note 15). There are no warrants associated with the share issuance.

On January 11, 2012, the Company issued 200,000 common shares valued at $20,000 ($0.10 per common share) per the Pogonip and Ryepatch land management agreement (Note 15). There were no warrants associated with the share issuance.

On January 20, 2012, the Company issued 100,000 units to investors at a price of $0.10 per unit for gross proceeds of $10,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

d) Warrants

As at April 30, 2012, the Company had a total of 8,754,500 common share warrants issued. The following is a summary of changes in warrants for the year ending April 30, 2012:

	Number of Warrants	Dollar value if Exercised
Balance at April 30, 2011	**-**	**$ -**
Warrants issued in the May 2011 private placement	935,000	701,250
Warrants cancelled as part of the rights offering	(935,000)	(701,250)
Warrants issued under the rights offering	1,870,000	748,000
Warrants issued in the October 2011 private placement	6,385,000	1,277,000
Compensation warrants issued as finders' fees for the October 2011 placement	499,500	99,900
Balance April 30, 2012	**8,754,500**	**$ 2,124,900**

As at April 30, 2012, the Company had warrants issued as follows:

Number of warrants	Exercise price	Expiry
1,870,000	$ 0.40	April 30, 2013
6,884,500	$ 0.20	November 1, 2013

As part of the October 2011 private placement, the Company paid a finder's fee with respect to October subscriptions comprised of $49,950 and 499,500 finder's warrants. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.20 per common share exercisable on or before November 1, 2013.

12. Stock options

Under the terms of the Company's stock option plan (the "Plan") all options are granted with an exercise price equal to the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors and is typically three or five years with a maximum term of 10 years. Options issued to consultants who perform investor relations activities will be subject to a vesting schedule whereby no more than 25% of the options granted may vest in any three month period. The maximum number of options authorized for issue shall be 10% of the outstanding shares in issue at the date of the option grant.

(Expressed in Canadian Dollars)

12. Stock options (continued)

The Black Scholes Option Pricing model inputs for options granted during the year ended April 30, 2012 and 2011 included:

	April 30, 2012	April 30, 2011
Average share price at date of grant	$ 0.10	-
Expected volatility	155%	-
Expected option life (in years)	3	-
Risk-free interest rate	0.98 – 1.02%	-
Expected dividend yield	0%	-
Average exercise price at date of grant	$ 0.10	-

Option pricing models require the inputs of highly subjective assumptions including the expected price volatility. Changes to the subjective input assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Stock option activity is as follows:

Expiry Date	Exercise Price		Options Outstanding	Weighted Average Remaining contractual Life (years)	Options Vested	Options Unvested
January 10, 2015	$	0.10	1,350,000	2.70	1,350,000	-
January 31, 2015	$	0.10	200,000	2.76	200,000	-
Total			**1,550,000**	**2.71**	**1,550,000**	**-**

Weighted average exercise price of exercisable options is $0.10 per stock option:

	Number	Weighted Average Exercise Price	Expiry
Outstanding, April 30, 2011	-	-	
Granted	1,350,000	0.10	January 10, 2015
Granted	200,000	0.10	January 31, 2015
Expired	-	-	-
Forfeited	-	-	-
Outstanding, April 30, 2012	**1,550,000**	**0.10**	

2012 activity:

On January 11, 2012, the Company has granted incentive stock options to purchase 1,350,000 common shares without par value in the capital of the Company to directors, officers and consultants of the Company. These options will be exercisable for a period of 3 years expiring on January 10, 2015, at a price of $0.10 per common share. The value to the stock-based compensation was $111,051, which was based on the Black-Scholes pricing model with the assumptions of risk-free interest rate of 0.98%, volatility of 155% and expected life of 3 years. As the Company is a private company, the volatility of the share price was calculated using the volatility of similar public companies.

On February 1, 2012, the Company has granted incentive stock options to purchase 200,000 common shares without par value in the capital of the Company to a person who is a director, officer, employee or consultant of the Company. These options will be exercisable for a period of 3 years expiring on January 31, 2015, at a price of $0.10 per common share. The value to the stock-based compensation was $16,454, which was based on the Black-Scholes pricing model with the assumptions of risk-free interest rate of 1.02%, volatility of 155% and expected life of 3 years. As the Company is a private company, the volatility of the share price was calculated using the volatility of similar public companies.

(Expressed in Canadian Dollars)

13. Income taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period. The Company's effective tax rate for the year ending April 30, 2012 was 27.7% (2011 – 28.5%).

	Year ended April 30, 2012	Year ended April 30, 2011
Loss before income taxes	$ (1,306,855)	$ (521,216)
Statutory rate	27.7%	28.5%
Expected recovery of income tax	(361,563)	(148,547)
Non-deductible amounts	23,404	24,225
	(338,159)	(124,322)
Effect of change in enacted future tax rates	38,451	11,395
Effect of difference in foreign tax rates	(9,578)	(15,839)
Effect of change in prior year provisions to actual	(6,863)	
Deferred tax assets not recognized	316,149	128,766
Deferred income taxes	**$ -**	**$ -**

The nature and tax effect of the temporary differences giving rise to the deferred income tax assets and liabilities at April 30, 2012 are summarized as follows:

Deferred tax assets	**Year ended April 30, 2012**	**Year ended April 30, 2011**
Exploration and evaluation costs	$ 165,493	$ 71,619
Share issue costs	9,990	-
Loss carry forwards	269,432	57,147
Unrecognized deferred tax asset	**$ 444,915**	**$ 128,766**

As at April 30, 2012, the Company has estimated non-capital losses for income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below.

Tax Losses

These tax losses will expire as follows:

Tax Year - Loss incurred	**Loss life (years)**	**Year of expiry**	**Non-capital losses**
2011	20	2031	$ 311,206
2012	20	2032	762,054
Total			**$ 1,073,260**

The potential benefits of these carry-forward non-capital losses, and deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

14. General and administrative

	April 30, 2012	**April 30, 2011**
Phone, utilities, supplies and other	$ 20,342	$ 6,712
Website, internet and printing	9,821	1,649
Share-based payments	127,505	-
Insurance	-	328
Contractor fees	64,333	6,129
Total	**$ 222,001**	**$ 14,818**

(Expressed in Canadian Dollars)

15. Related party 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.

Transactions with key management personnel

Key management of the Company are members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Vice President of Exploration, and President. Key management remuneration includes the following:

	April 30, 2012	April 30, 2011
Short-term key management benefits		
Compensation including bonuses	$ 334,973	$ 99,345
Long-term key management benefits		
Share based payments	166,629	85,000
Total remuneration	**$ 501,602**	**$ 184,345**

(1) The Company has no employees. Compensation fees are paid/accrued to the Chief Executive, Chief Financial Officer, President, Vice President of Exploration, Corporate Secretary and the Board of Directors. The Board of Directors receives annual retainers of $6,000 per director and $3,000 per committee chairman. Directors are compensated with $250 per meeting from the Company. Included in accounts payable and accrued liabilities is $848 (2011 - $NIL) payable to a director of the Company as at April 30, 2012 (Note 10). This amount is non-interest bearing, unsecured and due on demand.
(2) Key management personnel are entitled to stock options for their services. On January 11, 2012, key management received 1,305,000 stock options with a maturity date of January 10, 2015 and an exercise price of $0.10. On February 1, 2012, key management received 200,000 stock options with a maturity date of January 31, 2015 and an exercise price of $0.10. Using the Black Scholes valuation method the stock options granted to key management were valued at $123,803.
(3) The Company has a management contract with Robin Dow, the Chairman and CEO of Red Ore Gold Inc., whereby the Company pays up to $5,000 a month for accommodation fees and related expenses. The amounts billed were based on normal market rates and amounted to $60,000 (2011 - $20,000). Included in accounts payable and accrued liabilities is $288 (2011 - $541) payable to Robin Dow as at April 30, 2012 (Note 10). This amount is non-interest bearing, unsecured and due on demand.
(4) The Company has a consulting contract with Sabino Di Paola, the CFO of Red Ore Gold Inc., whereby the Company pays hourly compensation of $100/hour for services rendered as well related expenses. The amounts billed were based on normal market rates and amounted to $59,570 (2011 - $8,480). Included in accounts payable and accrued liabilities is $1,554 (2011 - $6,725) payable to Sabino Di Paola as at April 30, 2012 (Note 10). This amount is non-interest bearing, unsecured and due on demand.
(5) The Company had a consulting contract with Michael Zamora, the former President of Red Ore Gold Inc., whereby the Company pays hourly compensation of $100/hour for services rendered as well related expenses. The amounts billed were based on normal market rates and amounted to $38,193 (2011 - $NIL). Included in accounts payable and accrued liabilities is $10,459 (2011 - $NIL) payable to Michael Zamora as at April 30, 2012 (Note 10). This amount is non-interest bearing, unsecured and due on demand.
(6) The Company has a consulting contract with Garry Smith, the VP of Exploration of Red Ore Gold Inc., whereby the Company pays daily compensation of $700/day for services rendered as well related expenses. The amounts billed were based on normal market rates and amounted to $119,896 (2011 - $25,200).
(7) The Company has a consulting contract with Patricia Purdy, the Corporate Secretary of Red Ore Gold Inc., whereby the Company pays an hourly rate of $50/hour for services rendered as well as related expenses. The amounts billed were based on normal market rates and amounted to $3,064 (2011 – $NIL).
(8) On January 4, 2012, the Company issued a total of 1,150,000 common shares valued at $115,000 ($0.10 per common share) (Note 11). Of this total amount, 875,000 common shares were issued to these related parties valued at $87,500. There were no warrants associated with the common shares. As at April 30, 2011, the Company had accrued a total of $85,000 as compensation expense. For the year ending April 30, 2012, the Company incurred an additional $30,000 of compensation expense relating to the issuance of these shares in which $22,826 is attributed to compensation expense relating to these related parties.

Transactions with related companies

In 2011/12 Red Ore shared office space with Galahad Metals Inc. The Board of Directors for Red Ore and Galahad Metals Inc. have agreed that the rent for the operating office in Ottawa shall be paid by Galahad Metals Inc. and all operating costs are to be paid by Red Ore Gold Inc. For the year ended April 30, 2012, the Company incurred shared costs of $30,156 (2011 - $1,043). Furthermore, Galahad Metals Inc. made advances to fund start-up costs, initial IPO costs and exploration and evaluation expenditures related to the Bottle Creek, Ryepatch and Pogonip properties. At April 30, 2012, the Company has a payable to Galahad Metals Inc. of $224,983 (2011 - $214,872). This balance outstanding is non-interest bearing, unsecured and due on demand.

(Expressed in Canadian Dollars)

15. Related party transactions (continued)

Subsequent to the end of the year ended April 30, 2012, the Board of Directors of Galahad Metals Inc. and Red Ore Gold agreed to convert the amount payable of $224,983 owing to Galahad Metals Inc. into a convertible debt (Note 22).

The Company has a land management fee agreement with 2232097 Ontario Inc., a company controlled by Garry Smith, Red Ore's VP of Exploration, whereby the Company is required to make annual payments as long as it continues its exploration on the Pogonip and Ryepatch properties. Per the agreement, the Company is required to make the following payments for both Pogonip and Ryepatch properties:

- The Company will make a $10,000 payment and 100,000 common shares upon signing the option lease agreement;
- The Company will make a $20,000 payment and 50,000 common shares on the 1st and 2nd anniversary of signing the lease option agreement; and
- The Company will make a $25,000 payment and 50,000 common shares on the 3rd anniversary of signing the lease option agreement and thereafter.

As at April 30, 2012, the Company paid a total $20,000 in land management fees in relation to the signing of the option lease agreements related to the Pogonip and Ryepatch properties and issued 200,000 common shares valued at $20,000 ($0.10 per share) (Note 11).

16. Net loss per share

The calculation of the basic and diluted loss per share for the year ended April 30, 2012, was based on the loss attributable to common shareholders of the parent of $1,246,365 (2011 – $477,935) and the weighted average number of common shares outstanding of 13,360,679 (2011 – 3,270,859). All of the stock options and the share purchase warrants were anti-dilutive for the years ended April 30, 2012 and 2011.

17. Financial instruments

The Company's financial instruments consist of cash, accounts receivable excluding sales tax receivable, accounts payable and amount due to parent company. The fair value of these instruments approximates the carrying value due to their short-term nature.

Per financial instrument:

	Financial instrument classification	Carrying amount $	Fair value $
Financial assets			
Cash	Financial assets through profit and loss	127,347	127,347
Accounts receivable	Loans and receivables	10	10
Financial liabilities			
Accounts payable	Loans and borrowings	245,485	245,485
Due to parent company	Loans and borrowings	224,983	224,983

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly. As at April 30, 2012, the Company does not have any Level 2 financial instruments.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at April 30, 2012, the Company does not have any Level 3 financial instruments.

17. Financial instruments (continued)

As at April 30, 2012	Level 1 $
Financial assets at fair value	
Cash	127,347
Total financial assets at fair value	**127,347**

As at April 30, 2011	Level 1 $
Financial assets at fair value	
Cash	457,081
Total financial assets at fair value	**457,081**

Cash in the bank

The cash is held in reputable national banks, where funds are held in Canadian and US currencies. Fair value has been taken for Canadian denominated funds by reference to the bank balance per the monthly bank statement at the end of the reporting period. Fair value has been taken for United States denominated funds by reference to the bank balance per the monthly bank statements at the end of the reporting period translated using the end of the day foreign exchange rate posted on the Bank of Canada website.

Financial risk management and objectives

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

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently does not have any outstanding interest bearing assets or liabilities nor does it have any outstanding loans receivable. As a result the Company does not have any exposure to fluctuations in the interest rate. 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.

Foreign currency risk

Foreign exchange 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 and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Exposure to currency exchange rates arises from the Company's project in the United States and as a result expenditures are in US dollars. The Company also holds a bank account in US dollars.

To mitigate the exposure to foreign currency risk the Company typically holds funds in US dollars for short term expenditures. When vendors require significant payment in USD the company will usually purchase the required US currency the same day it makes the payment to the vendor.

The Company does not enter into any forward exchange contracts to mitigate the exposure to foreign currency risk.

17. Financial instruments (continued)

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amount shown in the table below are those reported to key management in United States dollars.

	Short-term exposure April 30, 2012	Short-term exposure April 30, 2011
Financial assets	US$ 56,076	US$ 115,498
Financial liabilities	(26,162)	(166,463)
Total exposure	US$ 29,914	US$ (50,965)

If the Canadian dollar had strengthened against the US dollar by 10% then this would have the following impact:

	USD financial exposure in USD	Bank of Canada average 12 month exchange rate	Strengthening of CAD by 10%	Effect of profit or loss
April 30, 2012	29,914	0.9956	0.8960	($ 2,978)
April 30, 2011	(50,965)	0.9776	0.8798	$ 4,982

If the Canadian dollar had weakened against the US dollar by 10% then this would have the following impact:

	USD financial exposure in USD	Bank of Canada average 12 month exchange rate	Weakening of CAD by 10%	Effect of profit or loss
April 30, 2012	29,914	0.9956	1.0952	$ 2,978
April 30, 2011	(50,965)	0.9776	1.0754	$ (4,982)

Exposures to foreign exchange rates vary over the year depending on the volume of expenditures on the Nevada properties located in the United States. None the less, the analysis above is considered to be representative of the Company's exposure to currency risk.

Commodity and equity price risk

The Company is exposed to a price risk with respect to commodity prices. 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 as they relate to precious and base metals and other minerals, to determine the appropriate course of action to be taken by the Company.

Commodity price can adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. A decline in the market price of precious and base metals and other minerals may require the Company to reduce mineral resources, which could have a material and adverse effect on its value.

As at April 30, 2012, the Company was not a precious metal, base metals and other minerals producer. Even so, commodity prices may affect the completion of future equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet ongoing obligations.

Credit risk

Credit risk arises due to the potential for one party to a financial instrument to fail to discharge it obligations and cause the other party to suffer a loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. The Company holds its cash and cash equivalents with financial institutions that are believed to be creditworthy.

(Expressed in Canadian Dollars)

17. Financial instruments (continued)

The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognized at the reporting period, as summarized below.

	April 30, 2012	April 30, 2011
Classes of financial assets – carrying amounts		
Cash	$ 127,347	$ 457,081
Accounts receivable	10	17,615
	$ 127,357	**$ 474,696**

The Company continues to monitor default of accounts receivable and other counterparties and incorporates this information into its credit risk control. The company policy is to deal only with creditworthy counterparties.

Key management of Red Ore considers all of the above financial assets not to be impaired or past due for the above mentioned reporting date and are of good credit quality. None of the financial assets are secured by collateral or other credit enhancements.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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 flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled exploration and evaluation activity as well as forecasted cash inflows and outflows due in day to day business. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods.

The Company maintains cash to meet its liquidity requirements for a 30 day period at a minimum. Funding for long term liquidity needs is based on the ability of the company to successfully complete private placements as well as, in certain cases, to pay the outstanding balances owed in shares of the Company rather than in cash.

As at April 30, 2012, the Company had cash of $127,347 to settle current liabilities of $525,649.

The Company considers expected cash flow from financial assets in managing liquidity risk, in particular its cash resources and accounts receivable The Company's existing cash resources currently do not meet the current cash outflow requirements. As a result, the Company is at a risk of not being a going concern if management is unable to raise the appropriate funds prior to the maturity of the financial liabilities. Appropriate going concern disclosure have been made in the consolidated financial statements.

Fair value of financial instruments

Financial instruments consist of cash, accounts receivable, accounts payable, and amount due to parent company. At April 30, 2012 and 2011, there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values.

(Expressed in Canadian Dollars)

18. Segmented information

Red Ore is engaged in the acquisition, exploration and evaluation for gold and other precious mineral properties.

Management monitors the operating results of its individual exploration and evaluation project for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the results of the exploration and evaluation to date and the amount of additional exploration which would be required to obtain a high degree of confidence in the project's viability. Hence there would be the likely probability that future economic benefits will flow to the Company. The Company's financing (including private placements, financing costs and finance income) and income taxes are managed on a company basis and are not allocated to exploration and evaluation segments.

Information presented to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the properties geographic location. The reportable segments under IFRS 8 are as follows:

- United States of America
- Canada - Corporate operations

	Canada $	United States $	Total $
Net loss			
Year ended April 30, 2012	1,155,630	151,225	1,306,855
Year ended April 30, 2011	413,013	108,203	521,216
Current assets			
As at April 30, 2012	166,517	5,761	172,278
As at April 30, 2011	455,623	19,434	475,057
Reclamation bond			
As at April 30, 2012	-	18,567	18,567
As at April 30, 2011	-	17,847	17,847

19. Group entities

The following entities are included in these consolidated financial statements:

	Country of Incorporation	Ownership Interest April 30, 2012
Bottle Creek Exploration LLC	USA	60%
Red Ore Gold NV Inc.	USA	100%

Bottle Creek Exploration LLC ("BCE")

Non-controlling interest represents the interest of BCE, based on investment amounts adjusted for its proportionate share of income or losses since the date of the acquisition, as follows:

	April 30, 2012	April 30, 2011
Non-controlling interest, beginning of period	$ (14,888)	$ -
Non-controlling interest, at the date of acquisition	-	8,361
Capital contributions by non-controlling interest	145,961	19,168
Share of cumulative translation adjustment	(9,132)	864
Share of losses in BCE	(60,490)	(43,281)
Revaluation of non-controlling interest	(54,055)	-
Non-controlling interest, end of period	**$ 7,396**	**$ (14,888)**

On April 25, 2012, the manager of BCE, returned US$73,000 to Golden Gryphon USA, as a repayment of prior capital contributions. Golden Gryphon USA requested and received the refund of capital contributions due to the fact that Red Ore was unable to fund its 60% share of 2011 cash calls.

To date the minority interest company, Golden Gryphon USA has also failed to fully fund its cash calls. The Directors of Red Ore have made a decision not to further fund its outstanding share of the cash call until the minority interest completely funds their outstanding balance, or the Manager of Bottle Creek Exploration is changed.

19. Group entities (continued)

As at April 30, 2012, a revaluation of $54,055 was recognized related to restoring the aggregate ownership capital contributed by the joint venture partners to 60/40 per the joint venture agreement as a reduction in non-controlling interest and a corresponding increase in contributed surplus.

On August 10, 2012, a Dissolution of Limited-Liability Company was filed to dissolve BCE (Note 22).

Red Ore Gold NV Inc. ("RNV")

On November 16, 2011, Red Ore incorporated a wholly owned subsidiary RNV to hold the exploration claims previously held in Red Ore. RNV was incorporated under the laws of the State of Nevada with share capital of 1,000 at a value of $0.01 per share.

20. Contingencies & commitments

A) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, in term of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at the time;
B) The Company has a commitment to pay PI a total of $50,000 for their acceptance to act as the Company's advisor. As at April 30, 2012, the Company has two monthly installments of $6,250 owing; and
C) The Company has a commitment with its Chief Financial Officer in which the Company guarantees a minimum of 250 billable hours at an hourly rate of $100 per hour over a 3 year term ending December 31, 2013.

21. Capital management

The Company's capital structure has been defined by management as being comprised of shareholders' equity, this is comprised of share capital and other components of equity and accumulated deficit attributable to owners of the Company, which at April 30, 2012, totals $342,200 (2011 – surplus of $78,403). The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs. This is achieved by the Board of Directors review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other funding.

The Company monitors its capital structure using annual forecasted cash flows, exploration budgets and targets for the year as well as corporate capitalization schedules.

The Company currently has no source of revenues; as such the Company is dependent upon external financing to fund its activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Based on available funds, the Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above as well as support future business opportunities. To manage the capital structure the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants.

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 to sustain future development of the business. The Company is not subject to externally imposed capital requirements or covenants.

22. Subsequent events

The following events occurred subsequent to April 30, 2012:

On August 10, 2012, a Dissolution of Limited-Liability Company was filed to dissolve BCE (Note 19).

On August 24, 2012, TSX Venture Exchange conditionally approved the Company's application to list as a Tier 2 Mining Issuer.

Subsequent to the end of the year ended April 30, 2012, the Board of Directors of Galahad Metals Inc. and Red Ore Gold agreed to convert the amount payable of $224,983 owing to Galahad Metals Inc. into a convertible debt (Note 15).