

Red Ore Gold Inc.

**Unaudited interim Condensed Consolidated
Financial Statements**

**October 31, 2012
(Expressed in Canadian dollars)**

Red Ore Gold Inc.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

The unaudited 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 unaudited interim 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 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 "Larry Hoover"
Larry Hoover
Chief Executive Officer
Ottawa, Ontario
December 14, 2012

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

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

For further information, please contact:

Sabino Di Paola, Chief Financial Officer

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Red Ore Gold Inc.
Consolidated Statement of Financial Position

(expressed in Canadian dollars)

	Notes	October 31 2012	April 30 2012
Assets			
Current assets:			
Cash	5	\$ 37,850	\$ 127,347
Accounts receivable	6	25,995	37,969
Prepaid expenses		11,598	6,962
Total current assets		75,443	172,278
Reclamation bond	8	-	18,567
Total non-current assets		-	18,567
Total assets		\$ 75,443	\$ 190,845
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities	9	\$ 492,180	\$ 300,665
Due to parent company	14	27,184	224,984
Total current liabilities		519,364	525,649
Convertible debenture	10	157,298	-
Total Liabilities		676,662	525,649
Shareholders' equity			
Share capital	11	1,311,187	1,212,942
Shares to be issued	11	10,000	-
Contributed surplus		127,505	181,560
Accumulated other comprehensive income		-	(12,402)
Accumulated deficit		(2,049,911)	(1,724,300)
Equity attributable to the owners of the Company		(601,219)	(342,200)
Non-controlling interest in subsidiary	18	-	7,396
Total shareholders' equity		(601,219)	(334,804)
Total liabilities and shareholders' equity		\$ 75,443	\$ 190,845
Contingencies and commitments	19		
Nature of operations and going concern	1		

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

Approved by the Board of Directors:

signed "Larry Hoover"
 Director

signed "Patricia Purdy"
 Director

Red Ore Gold Inc.
Consolidated Statement of Comprehensive Loss

(expressed in Canadian dollars)

	Notes	Three months ended October 31 2012	Three months ended October 31 2011 (Restated)	Six months ended October 31 2012	Six months ended October 31 2011 (Restated)
Expenses					
Management & directors fees	14	\$ 11,500	\$ 18,000	\$ 49,500	\$ 33,000
Promotion & investor conference		6,348	29,739	20,945	43,880
Regulatory, exchange, AGM, press release and transfer agent fees		9,280	1,626	10,453	7,519
Professional fees		42,956	223,218	116,225	334,512
Exploration and evaluation expenditures	7	83,355	127,586	117,722	184,085
Compensation shares		-	68,000	-	69,700
Accretion expense	10	2,124	-	2,124	-
Other expenses	13	14,936	18,633	37,466	34,323
		(170,500)	(486,802)	(354,436)	(707,019)
Other expenses					
Finance costs		(8,108)	(275)	(7,995)	(903)
Other Income		-	-	6,748	-
Foreign exchange gain (loss)		(939)	(1,431)	(710)	(386)
		(9,048)	(1,706)	(1,958)	(1,289)
Net loss for the year		\$ (179,548)	\$ (488,508)	\$ (356,394)	\$ (708,308)
Other items					
Loss on derecognition of Bottle Creek Exploration LLC		\$ 148,018	\$ 74,051	\$ 124,873	\$ 50,682
Total loss for the year		\$ (327,566)	\$ (562,559)	\$ (481,267)	\$ (758,990)
Earnings per share					
Loss per common share:					
Basic and diluted	15	\$ (0.02)	\$ (0.06)	\$ (0.03)	\$ (0.08)
Weighted average number of common shares outstanding:					
Basic and diluted		18,536,289	9,943,100	18,536,289	9,943,100

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

Red Ore Gold Inc.
Consolidated Statement of Changes in Shareholders' Equity

(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 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)
Loss for the period	-	-	-	-	-	(356,394)	(356,394)	-	(356,394)
Share capital issued for cash	670,000	67,000	-	-	-	-	67,000	-	67,000
Shares to be issued	-	-	10,000	-	-	-	10,000	-	10,000
Dissolution of Bottle Creek Exploration Inc.	-	-	-	(54,055)	20,670	134,554	(10,870)	(7,396)	(18,266)
Equity component of convertible debt	-	31,245	-	-	-	-	31,245	-	31,245
Balance at October 31, 2012	19,113,939	\$ 1,311,187	\$ 10,000	\$ 127,505	\$ -	\$ (2,049,911)	\$ (601,219)	\$ -	\$ (601,219)

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

Red Ore Gold Inc.
Consolidated Statement of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Share Capital	Reserve for shares to be issued	Accumulated Other Comprehensive Income	Deficit	Equity attributable to parent	Non-controlling interest	Total
Balance at January 13, 2011	-	-	-	-	-	-	-
Loss for the period	-	-	-	(477,935)	(477,935)	(43,281)	(521,216)
Cumulative translation adjustment	-	-	1,296	-	1,296	864	2,160
Share issued upon incorporation	1	-	-	-	1	-	1
Share capital issued	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	12,542	542,500	1,296	(477,935)	78,403	(14,888)	63,515
Loss for the period	-	-	-	(708,308)	(708,308)	-	(708,308)
Cumulative translation adjustment	-	-	(1,296)	-	(1,296)	-	(1,296)
Share capital issued	556,850	-	-	-	556,850	-	556,850
Shares to be issued	-	(332,800)	-	-	(332,800)	-	(332,800)
Share issue costs	(7,000)	-	-	-	(7,000)	-	(7,000)
Deconsolidation of Bottle Creek Exploration LLC	-	-	-	(50,682)	(50,682)	14,888	(35,794)
Balance at October 31, 2011	562,392	209,700	-	(1,236,925)	(464,833)	-	(464,833)

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

Red Ore Gold Inc.

Consolidated Statement of Cash Flow

(expressed in Canadian dollars)

	Six months ended October 31 2012 \$	Six months ended October 31 2011 \$
Cash flow from operating activities		
Net loss for the period	\$ (356,394)	\$ (708,308)
Adjustments to reconcile loss to net cash used in operating activities:		
Unrealized foreign exchange	-	(385)
Shares issued for property management	-	20,000
Finance cost	7,995	1,164
Common shares issued as compensation	-	69,700
Accretion expense	2,124	-
Change in non-cash working capital balances:		
Accounts receivable	11,974	(14,135)
Prepaid expenses	(4,635)	(24,639)
Accounts payable and accrued liabilities	191,513	169,308
Cash generated from operations	(147,423)	(487,294)
Income tax paid	-	-
Total cash (outflows) from operating activities	\$ (147,423)	\$ (487,294)
Cash flows from investing activities		
Net cash acquired on deconsolidation of a subsidiary	-	(97,324)
Total cash inflows from investing activities	\$ -	\$ (97,324)
Cash flows from financing activities		
Proceeds from share issuance	\$ 67,000	\$ 99,350
Shares to be issued	10,000	35,000
Share issue costs	-	(7,000)
Due to parent company	(11,079)	286,216
Contributions by non-controlling interest	-	196,211
Deferred IPO costs	-	(25,000)
Finance cost	(7,995)	(1,164)
Total cash inflows from financing activities	\$ 57,926	\$ 583,613
Effect of foreign exchange on cash	\$ -	\$ (188)
Total increase in cash during the year	\$ (89,497)	\$ (1,193)
Cash and cash equivalents - Beginning of year	127,347	457,081
Cash and cash equivalents - End of year	\$ 37,850	\$ 455,888

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

Red Ore Gold Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

October 31, 2012 & 2011

(Expressed in Canadian Dollars)

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.

On August 10, 2012 the Company completed the dissolution of Bottle Creek Exploration LLC a 60% owned joint venture subsidiary. Per the terms of the dissolution of the subsidiary the Bottle Creek exploration claims as well as all assets and liabilities were transferred into the name of Golden Gryphon USA, with the Company retaining its 60% interest in the exploration claims only.

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 up 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 October 31, 2012, Red Ore's, RNV, 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 \$356,394 prior to discontinued operations (October 2011 - \$708,308) during the six months ended October 31, 2012 and, as of that date, the Company's accumulated deficit was \$2,049,911 (April 30, 2012 - \$1,724,000) attributed to owners of the parent;
- The Company as at October 31, 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

Red Ore and its subsidiaries are presenting unaudited interim consolidated financial statements as of October 31, 2012 and 2011 and for the year ended April 30, 2012.

Red Ore Gold Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

October 31, 2012 & 2011

(Expressed in Canadian Dollars)

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The unaudited interim consolidated financial statements were approved by the Board of Directors on **December 14, 2012**.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Basis of Consolidation

The Company's financial statements consolidate those of Red Ore and its subsidiaries as at October 31, 2012. RNV has a reporting date of October 31, 2012 and BCE up to the date of dissolution on August 10, 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.

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 and its subsidiary Red Ore Gold NVD is the Canadian dollar.

Red Ore Gold Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

October 31, 2012 & 2011

(Expressed in Canadian Dollars)

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 payment 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.

Red Ore Gold Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

October 31, 2012 & 2011

(Expressed in Canadian Dollars)

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 October 31, 2012 and April 30, 2012.

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.

Red Ore Gold Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

October 31, 2012 & 2011

(Expressed in Canadian Dollars)

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

Financial Assets

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.

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

Red Ore Gold Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

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- 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.

Impairment of financial assets

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.

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.

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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 of 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.

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

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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.

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 October 31, 2012 and April 30, 2012, 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 October 31, 2012 and April 30, 2012, 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.

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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. Cash position

	October 31, 2012	April 30, 2012
Cash	\$ 37,850	\$ 121,586
Cash to be used in the Bottle Creek exploration	-	5,761
Total Cash	\$ 37,850	\$ 127,347

Cash earns interest at floating rates based on the daily bank deposit rates. As at October 31, 2012, US\$1,502 (April 30, 2012 - US\$56,076) was included in the cash of the Company. This amount has been translated into C\$ at using the closing exchange rate on October 31, 2012.

6. Accounts receivable

	October 31, 2012	April 30, 2012
Sales tax receivable	\$ 25,995	\$ 37,959
Other receivables	-	10
Total accounts receivable	\$ 25,995	\$ 37,969

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

7. Exploration and evaluation properties

Bottle Creek

The Company owns a 60% 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 78.4km² (7,842 hectares or 19,379 acres) in Humboldt County, Nevada. The claims are subject to a 1% NSR.

At October 31, 2012, the Company has incurred exploration and evaluation expenditures of \$145,473 (2011 - \$104,937) on this project of which \$140,317 has been reclassified as part of the loss on discontinued operation from the dissolution of BCE. As at October 31, 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 is currently in the process of completing a private placement and plans to continue exploration on this project with a drill program once the funds have been received.

In the second quarter 2012 the Company had received notice from the joint venture partner that Red Ore was delinquent on the cash calls made and as a result would see its ownership diluted. Red Ore as at October 31, 2012 has not yet received notice of the percentage of dilution in its interest in Bottle Creek exploration claims.

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 November 5, 2011, the Company announced that it had signed a definitive Option Lease Agreement with GRC.

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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 October 31, 2012, the Company has incurred exploration and evaluation expenditures of \$68,002 (2011 - \$54,447) on this project. As at October 31, 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 and develop a 2013 spring exploration program.

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 lode 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 November 5, 2011, the Company announced that it had signed a definitive Option Lease Agreement 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.

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 October 31, 2012, the Company has incurred exploration and evaluation expenditures of \$44,565 (2011 - \$108,650) on this project. As at October 31, 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 2013 with a summer/fall exploration program.

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Subsequent to the end of the quarter the Company was served notice that it was in default of its option and land management payments pertaining to the Pogonip Ridge property. Management has acknowledged that it is in default, and is looking to remedy the default situation in full upon completion of the ongoing financing which was proposed under the TSX Venture listing application.

8. 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.

On August 10, 2012 Bottle Creek Exploration LLC was dissolved and all assets and liabilities including the reclamation bond were transferred to Golden Gryphon USA.

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities aged analysis:

	Accounts payable and accrued liabilities as at October 31, 2012	Accounts payable and accrued liabilities as at April 30, 2012
Not more than 3 months	\$ 145,730	\$ 140,025
More than 3 months but not more than 6 months	87,400	33,897
More than 6 months but not more than 1 year	254,050	126,482
More than 1 year	5,000	261
Total	\$ 492,180	\$ 300,665

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; and
- 2) Included in the accounts payable and accrued liabilities are \$107,386 (April 30, 2012 - \$13,149) due to related parties as at October 31, 2012 (note 14). These amounts are non-interest bearing, unsecured and due on demand.

10. Convertible debenture

On May 13, 2012, the Board of Directors of Red Ore Gold and Galahad Metals Inc., approved the conversion of \$186,420 of advances from its parent company into the principal amount of convertible, unsecured debentures. The debentures bear interest at the rate of 10% per annum with interest payable annually and a maturity date of May 30, 2017. The debentures are convertible into common shares at the holder's option at any time after May 30, 2013 until the Maturity Date at a conversion price equal to \$0.50 per share, adjusted for share consolidations, splits and other transactions affecting the common shares of the Company subsequent to the issuance date of the debentures. Interest is payable in cash or common shares of Red Ore at its sole discretion based on the closing price of the shares the day prior to the interest payment date and if the shares are not listed at a price determined by the board of directors of Red Ore Gold which represents the fair market value of the shares.

Upon issuance of the debentures, the liability component of the convertible debentures was recognized initially at the fair value of a similar liability that does not have an equity conversion option and warrants. The fair value of the conversion feature and warrants was determined at the time of issuance as the difference between the principal value of the convertible debentures and the discounted cash flows assuming a 15 percent rate based on the estimated rate for debt with similar terms at the issue date.

The difference between the principal value of the debt and the fair value utilizing a 15% implicit rate of \$31,245 has been recorded as equity with the remaining \$155,175 allocated to long-term debt upon initial recognition. The discount on the debentures is being accreted such that the liability at maturity will equal the face value of \$186,420.

If Galahad were to exercise its conversion option it would receive 372,840 common shares of Red Ore Gold. Along with Galahad's current escrowed holdings of 6,613,430 this would give Galahad 6,986,270 common shares

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of Red Ore, representing 36.55% on a partially diluted basis, that is, if no other warrants or options were exercised.

The allocation of the liability and equity components of convertible debt at issuance are as follows:

		May 30, 2012
Long-term liability, net of transaction costs	\$	155,175
Equity component - conversion option, net of transaction costs and		31,245
Face Value	\$	186,420

The following table sets forth a reconciliation of the convertible debentures as at July 31, 2012 and October 31, 2012:

		Face Value	Debt Component	Equity Component
Balance at May 30, 2012 (date of issuance)	\$	186,420 \$	155,175 \$	31,245
Accretion on convertible debentures		-	1,062	-
Balance at July 31, 2012	\$	186,420 \$	156,237 \$	31,245
Accretion on convertible debentures		-	1,062	-
Balance at October 31, 2012	\$	186,420 \$	157,299 \$	31,245

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 October 31, 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

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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 periods ending October 31, 2012 and April 30, 2012.

As at October 31, 2012, the Company has no preferred shares outstanding.

c) Share issuances

2013

In the third quarter, the Company issued 670,000 units to investors at a price of \$0.10 per unit for gross proceeds of \$67,000 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 \$0.15 per common share exercisable with 120,000 and 550,000 September 21, 2014 and October 10, 2014 respectively.

2012

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.

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

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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 October 31, 2012, the Company had a total of 9,424,500 common share warrants issued. The following is a summary of changes in warrants for the period ending October 31, 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
Warrants issued in the August 2012 private placement	670,000	67,000
Balance October 31, 2012	9,424,500	\$ 2,191,900

As at October 31, 2012, the Company had warrants issued as follows:

Number of warrants	Exercise price	Expiry
1,870,000	\$ 0.30	April 30, 2014
6,884,500	\$ 0.20	November 1, 2013
120,000	\$0.15	September 21, 2014
550,000	\$0.15	October 10, 2014

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.

On October 31, 2012 the Board of Directors of the Company has extended the expiry date from April 30, 2013 to April 30, 2014 for 1,870,000 share purchase warrants (the "Warrants") for the purchase of 1,870,000 shares of the Company. In addition, the Company has re-priced the warrants from \$0.40 to \$0.30. The extension and re-pricing of the Warrants is subject to regulatory approval.

No finders' warrants have been issued as part of the August 2012 private placement.

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.

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The Black Scholes Option Pricing model inputs for options granted during the period ended October 31, 2012 and April 30, 2012 included:

	October 2012	April 2012
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	2.19	1,350,000	-
January 31, 2015	\$ 0.10	200,000	2.25	200,000	-
Total		1,550,000	2.20	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
Outstanding, April 30, 2012	1,550,000	0.10	January 2015
Granted	-	-	-
Forfeited	-	-	-
Outstanding, October 31, 2012	1,550,000	0.10	January 2015

2013 activity:

No stock options were granted, forfeited, cancelled or expired in period ended October 31, 2012.

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.

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13. Other expenses

	October 31, 2012	October 31, 2011
	\$	\$
Rent	700	-
Phone, utilities, supplies and other	2,885	8,038
Insurance	896	-
Website, internet and printing	1,272	7,249
Contractor fees	31,713	19,036
Total	37,466	34,323

14. 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, the Chief Executive Officer, the Chief Financial Officer, Vice President of Exploration, and President. Key management remuneration includes the following:

	October 31, 2012	April 30, 2012
<u>Short-term key management benefits</u>		
Compensation including bonuses	\$ 112,903	\$ 334,973
<u>Long-term key management benefits</u>		
Share based payments	-	166,629
Total remuneration	\$ 112,903	\$ 501,602

- (1) The Company has no employees. Compensation for key management personnel includes the Chief Executive and Chief Financial Officers, Presidents, VP 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. The Company has incurred directors fees of **\$19,500** for the six months ended October 31, 2012 (October 31, 2011 - \$3,000).
- (2) Key management 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. There were no stock options granted to key management in the six month period ending October 31, 2012.
- (3) The Company has a management contract with Robin Dow, the Chairman and former 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 **\$30,000** (April 30, 2012 - \$60,000).
- (4) The Company has retained Larry Hoover as its new CEO and President. Currently there is no compensation contract in place with Mr. Hoover and he has not received any compensation.
- (5) 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 **\$27,125** (April 30, 2012 - \$59,570).
- (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 **\$29,400** (April 30, 2012 - \$119,896).
- (7) The Company has a consulting contract with Patricia Purdy, a Director and 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 **\$6,878** (April 30, 2012 - \$3,064).
- (8) As of January 31, 2012, the Board of Directors approved the re-pricing of the compensation common shares be issued to the Chief Executive Officer, the Chief Financial Officer and President. The Company issued a total of 1,150,000 common shares valued at \$115,000 (\$0.10 per common share). 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. 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. There was no compensation shares issued in the six months ended October 31, 2012.

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Transactions with related companies

In 2012/13 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. In September 2012 Red Ore Gold and Galahad ceased sharing costs and Red Ore began paying its own rent. For the period October 31, 2012, the Company incurred shared costs of \$ NIL (April 30, 2012 - \$30,156).

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 October 31, 2012, the Company has a payable to Galahad Metals Inc. of \$27,184 (April 30, 2011 - \$224,983) and a long term convertible note with a face value \$186,420 (April 30, 2012 - \$ NIL).

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 October 31, 2012, the Company had incurred total land management fees of \$40,000 (\$20,000 April 30, 2012) in relation to the signing of the option lease agreements related to the Pogonip and Ryepatch properties and had 100,000 common shares to be issued (April 30, 2012 - 200,000 common shares valued at \$20,000 (\$0.10 per share) where issued).

15. Net loss per share

The calculation of the basic and diluted loss per share for the period ended October 31, 2012, was based on the loss attributable to common shareholders of the parent of \$481,267 (2011 - \$758,990) and the weighted average number of common shares outstanding of 18,536,289 (2011 - 9,943,100).

16. Financial instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, amount due to parent company and convertible debentures. 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	37,850	37,850
Accounts receivable	Loans and receivables	25,995	25,995
Financial liabilities			
Accounts payable	Loans and borrowings	492,180	492,180
Due to parent company	Loans and borrowings	27,184	27,184
Convertible debt	Loans and borrowings	157,298	157,298

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 October 31, 2012, the Company convertible debenture has been classified as 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 October 31, 2012, the Company does not have any Level 3

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financial instruments.

As at October 31, 2012	Level 1	Level 2
	\$	\$
Financial assets at fair value		
Cash	37,850	
Convertible debenture		157,298
Total level financial assets at fair value	37,850	157,298

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

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.

Convertible debenture

The fair value of the convertible debenture was calculated using the Black Scholes model in which the difference between the principal value of the debt and the fair value utilizing a 15% implicit rate of \$31,245 has been recorded as equity with the remaining \$155,175 allocated to long-term debt upon initial recognition. The discount on the debentures is being accreted such that the liability at maturity will equal the face value of \$186,420.

Financial risk management and objectives

The Company's operating activities expose it to a variety of financial risks. These financial risks consist of certain credit, liquidity, and market risks associated with Firebird's financial assets and financial liabilities. Red Ore has established and follows certain policies and procedures to mitigate these risks and monitors its exposure to all significant risks to assess the impact on its operating activities. The Company does not hold or use any derivative financial instruments for trading or speculative purposes. The following details Red Ore's exposure to credit, liquidity, and market risks.

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. The Company has an outstanding convertible debenture with its parent company. The debenture has a fixed interest rate at 10% with annual payments. 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.

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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.

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 October 31, 2012	Short-term exposure April 30, 2012
Financial assets	US\$ 1,502	US\$ 56,076
Financial liabilities	(40,390)	(26,162)
Total exposure	US\$ (38,888)	US\$ 29,914

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.

The Company does not have significant US dollar or other foreign denominated transactions and is therefore not exposed to foreign exchange risk, aside from the broad economic impacts on the Canadian economy as a whole.

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 October 31, 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 its 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.

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.

	October 31, 2012	April 30, 2012
Classes of financial assets – carrying amounts		
Cash	\$ 37,850	\$ 127,347
Accounts receivable	25,995	10
	\$ 63,845	\$ 127,357

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.

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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 October 31, 2012, the Company had cash of \$37,850 to settle current liabilities of \$519,364.

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 disclosures have been made in the consolidated financial statements.

The following are the contractual maturities of financial liabilities, excluding interest payments:

<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Twelve months or less</u>	<u>2014</u>	<u>2015</u>	<u>Thereafter</u>
Accounts payable and accrued liabilities	\$ 492,180	\$ 492,180	\$ 492,180	\$ -	\$ -	\$ -
Due to parent company	27,184	27,184	27,184			
Debentures - debt component	157,298	186,419	-	-	-	186,419
	<u>\$ 676,662</u>	<u>\$ 705,783</u>	<u>\$ 519,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,419</u>

Fair value of financial instruments

Financial instruments consist of cash, accounts receivable, accounts payable, amount due to parent company, convertible debenture. At October 31, 2012 and April 30, 2012, there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values.

17. 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.

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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
	\$	\$	\$
Noncurrent assets			
As at April 30, 2012	-	18,567	18,567
As at October 31, 2012	-	-	-
Noncurrent liabilities			
As at April 30, 2012	-	-	-
As at October 31, 2012	157,298	-	157,298

All exploration mineral claims are held by subsidiaries and joint venture partners located in the United States of America. As a result all of the exploration and evaluation expenditures are incurred on properties located in the United States of America. The Company does not have any tangible assets located in the United States of America. All of the Company's payables and current liabilities are from corporate operations and are located in Canada.

18. Group entities

The following entities are included in these consolidated financial statements:

	Country of Incorporation	Ownership Interest October 31, 2012
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:

	October 31 2012	April 30 2012
Non-controlling interest, beginning of period	\$ 7,396	\$ (14,888)
Non-controlling interest, at the date of acquisition	-	-
Capital contributions by non controlling interest	-	145,961
Share of cumulative translation adjustment	511	(2,428)
Share of losses in BCE	(2,837)	(67,194)
Revaluation of non-controlling interest	54	(54,055)
Dissolution of BCE	(5,124)	-
Non-controlling interest, end of period	\$ -	\$ 7,396

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. The return of capital contributions to Golden Gryphon USA restores the ownership aggregate capital contributed by the joint venture partners to 60/40 per the joint venture agreement.

On August 10, 2012 the Company completed the dissolution of Bottle Creek Exploration LLC a 60% owned joint venture subsidiary. Per the terms of the dissolution of the subsidiary the Bottle Creek exploration claims as well as all assets and liabilities were transferred in the name of Golden Gryphon USA, with the Company retaining its 60% interest in the exploration claims only.

Statement of Financial Position of Bottle Creek Exploration LLC as at August 10, 2012 (dissolution date), the date of deconsolidation:

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	<u>August 10, 2012</u>
Assets	
Noncurrent assets:	
Environmental bond	\$ 18,546
Assets of discontinued operations	18,546
Liabilities	
Current liabilities:	
Trade and other payables	5,904
Liabilities of discontinued operation	5,904
Net assets of discontinued operations before other items	12,642
Less: Non-controlling interest	(5,124)
Less: Accumulated other comprehensive loss	12,079
Less: Contributed surplus – Revaluation	(138,296)
Net liabilities of discontinued operation	\$ (118,699)

Statement of loss of Bottle Creek Exploration LLC

	From the period from May 1, 2012 to August 10, 2012
Expenses	
Professional fees	\$ 5,077
Exploration and evaluation expenditures	82,668
Bank charges and interest	88
Foreign exchange loss	82
Net loss for the period	(87,915)
Loss on disposition of discontinued operation	(36,958)
Loss from discontinued operation	\$ (124,873)

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.

19. 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 October 31, 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.
-

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20. 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 October 31, 2012, totals \$601,219 (April 30, 2012 – deficit of \$342,200). 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.

21. Comparative figures

Certain comparative figures have been reclassified for current period presentation.

22. Events after the reporting date

On November 21, 2012, the Company issued 550,000 units to investors at a price of \$0.10 per unit for gross proceeds of \$55,000 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 \$0.15 per common share exercisable with a maturity date of November 21, 2014. On the same date the Company also issued 50,000 common shares to 2232097 Ontario Ltd. under the land management agreement.

On December 10, 2012, the Company was served notice that it was in default of its option and land management payments pertaining to the Pogonip Ridge property. Management has acknowledged that it is in default, and is looking to remedy the default situation in full upon completion of the ongoing financing which was proposed under the TSX Venture listing application.
