Red Ore Gold Inc.

Unaudited Interim Condensed Consolidated Financial Statements

January 31, 2014
(Expressed in Canadian dollars)

Red Ore Gold Inc.

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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.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements as at and for the three and nine months ended January 31, 2014, have not been reviewed by the Company's auditors.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by, the consolidated financial statements, and:

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

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed 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
March 27, 2014

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

Red Ore Gold Inc.

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

	Notes	**As at January 31, 2014**	As at April 30, 2013
		$	$
Assets			
Current assets:			
Cash	4	**2,157**	8,636
Prepaid expenses		**6,492**	8,047
Total current assets		**8,649**	16,683
Reclamation bond	6	**5,062**	5,062
Total non-current assets		**5,062**	5,062
Total assets		**13,711**	21,745
Liabilities and shareholders' deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	7	**107,072**	453,261
Convertible debenture	8	**163,375**	1,554
Shareholder loan	8	**44,774**	-
Total current liabilities		**315,222**	454,815
Convertible debenture	8	**-**	157,868
Total liabilities		**315,222**	612,683
Shareholders' deficiency			
Share capital	9	**1,542,571**	1,349,942
Contributed surplus		**211,703**	211,703
Accumulated deficit		**(2,055,785)**	(2,152,583)
Total shareholders' deficiency		**(301,511)**	(590,938)
Total liabilities and shareholders' deficiency		**13,711**	21,745

Nature of Operations and Going Concern (Note 1)
Contingencies and Commitments (Note 14)
Subsequent Events (Note 17)

Approved by the Board of Directors:

Signed "Larry Hoover"	Signed “Robin Dow”
Director	Director

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

Red Ore Gold Inc.

Interim Condensed Consolidated Statements of Income (Loss)

(Expressed in Canadian Dollars)

	Notes	**Three months ended January 31, 2014**	Three months ended January 31, 2013	**Nine months ended January 31, 2014**	Nine months ended January 31, 2013
		$	$	**$**	$
Expenses					
Management and directors fees		**12,000**	(26,000)	**42,000**	23,500
Promotion and investor conference		**-**	4,179	**883**	25,124
Regulatory, exchange, AGM, press release and transfer agent fees		**8,875**	5,141	**15,493**	15,549
Professional fees		**(15,260)**	50,610	**40,961**	166,835
Exploration and evaluation expenditures	5	**-**	27,042	**48,671**	144,764
Accretion expense	8	**1,318**	1,062	**3,954**	3,186
General and administrative	11	**(1,601)**	9,558	**23,235**	47,024
Net loss before other items		**(5,332)**	(71,591)	**(175,197)**	(426,026)
Other items					
Finance costs		**8,904**	(4,771)	**(643)**	(12,766)
Foreign exchange gain (loss)		**742**	-	**(4,271)**	(710)
Loss on de-recognition of Bottle Creek Exploration LLC		**-**	(7,396)	**-**	(134,544)
Other income	7	**2,250**	-	**276,908**	6,748
		11,896	(12,167)	**271,994**	(141,272)
Net (loss) income for the period		**6,564**	(83,758)	**96,797**	(567,300)
Income (loss) per share					
Income (loss) per common share:					
Basic		**0.00**	(0.00)	**0.00**	(0.03)
Diluted		**0.00**	(0.00)	**0.00**	(0.03)
Weighted average number of common shares outstanding:					
Basic		**20,574,775**	18,536,289	**20,552,837**	18,536,289
Diluted		**33,141,775**	18,536,289	**33,119,837**	18,536,289

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

Red Ore Gold Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

	Equity Attributable to Parent						Non-controlling interest				Total
	Number of common shares outstanding	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total	Total shareholders' equity (deficiency)
Balance at April 30, 2012	**18,443,939**	**$ 1,212,942**	**$ 181,560**	**$ (12,402)**	**$ (1,724,300)**	**$ (342,200)**	**$ 119,435**	**$ (8,268)**	**$ (103,771)**	**$ 7,396**	**$ (334,804)**
Loss for the period	-	-	-	-	(432,756)	(432,756)	-	-	(768)	(768)	(433,524)
Share capital issued for cash	1,320,000	132,000	-	-	-	132,000	-	-	-	-	132,000
Shares issued for property	50,000	5,000	-	-	-	5,000					5,000
Cumulative translation adjustment	-	-	-	29	-	29	-	19	-	19	48
Derecognition of AOCI from deconsolidation	-	-	-	12,373	-	12,373	-	8,249	-	8,249	20,622
Derecognition of NCI from deconsolidation	-	-	-	-	-	-	(122,494)	-	104,539	(17,955)	(17,955)
Revaluation of non-controlling interest	-	-	(1,102)	-	-	(1,102)	1,102	-	-	1,102	-
Equity component of convertible debt	-	-	31,245	-	-	31,245	-	-	-	-	31,245
Additional contribution by non-controlling interest	-	-	-	-	-	-	1,957			1,957	1,957
Balance at January 31, 2013	**19,813,939**	**$ 1,349,942**	**$ 211,703**	**$ -**	**$ (2,157,056)**	**$ (595,410)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (595,410)**
Gain for the period	-	-	-	-	4,473	4,473	-	-	-	-	4,473
Balance at April 30, 2013	**19,813,939**	**$ 1,349,942**	**$ 211,703**	**$ -**	**$ (2,152,583)**	**$ (590,938)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (590,938)**
Loss for the period	-	-	-	-	96,797	96,797	-	-	-	-	96,797
Common shares to be issued	-	-	-	-	-	-				-	-
Share capital issued for cash	1,100,000	110,000	-	-	-	110,000	-	-	-	-	110,000
Shares issued for compensation	420,000	42,000	-	-	-	42,000					42,000
Shares issued for settlement of debt	356,288	35,629	-	-	-	35,629				-	35,629
Shares issued for property	50,000	5,000	-	-	-	5,000	-	-	-	-	5,000
Balance at January 31, 2014	**21,740,227**	**$ 1,542,571**	**$ 211,703**	**$ -**	**$ (2,055,785)**	**$ (301,511)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (301,511)**

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

Red Ore Gold Inc.

Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Nine months ended January 31, 2014	Nine months ended January 31, 2013
	$	$
Cash flows from operating activities		
Net loss for the period	**96,797**	(432,756)
Adjustments to reconcile loss to net cash used in operating activities:		
Other income	**(276,908)**	-
Accretion expense	**3,954**	3,186
Common shares issued for land management	**5,000**	20,000
Compensation shares	**42,000**	-
Change in non-cash working capital balances:		
Accounts receivable	**-**	13,005
Prepaid expenses	**1,555**	(6,722)
Accounts payable and accrued liabilities	**(33,932)**	186,145
Total cash outflows from operating activities	**(161,533)**	(217,142)
Cash flows from financing activities		
Proceeds from share issuance	**110,000**	117,000
Shareholder convertible loan	**44,774**	-
Due to related party	**-**	(6,079)
Total cash inflows from financing activities	**154,774**	110,921
Effect of foreign exchange on cash	**280**	-
Total decrease in cash during the period	**(6,479)**	(106,220)
Cash and cash equivalents - Beginning of period	**8,636**	127,347
Cash and cash equivalents - End of the period	**2,157**	21,127

Supplemental cash flow information (Note 15)

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

1. Nature of operations

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.

The Company is made up of an exploration stage junior mining company 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.

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

As at January 31, 2014, neither Red Ore nor RNV has common shares which were listed on any exchange. The primary office of the Company is located at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3, with the operating office located at 205-2742 St Joseph Blvd, Orleans, Ontario, Canada, K1C 1G5.

Going concern

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("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. For the nine months ended January 31, 2014, the Company had income of $96,797 (January 31, 2013 – loss of $432,756) and, as of that date, the Company's accumulated deficit was $2,055,785 (April 30, 2013 - $2,152,583). The income in the current quarter was due to the settlement of long outstanding payables with various creditors (Note 7);
- As at January 31, 2014, the Company has a negative working capital of $306,573 (April 30, 2013 - $438,132) and as a result 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.

As at January 31, 2014, the Company had cash of $2,157, an amount essentially sufficient to cover the Company's minimum operating cost for a period of approximately one month of operations.

Subsequent to the end of the quarter a director and shareholder of the Company, loaned the Company $8,000

On March 19, 2014, Revenue Canada ("CRA") provided notice to the Company that the bank accounts would be seized and cleared to pay the outstanding sales tax liability. On March 21, 2014, CRA withdrew all of the funds in the Company's Canadian and US bank accounts. This left an outstanding balance of approximately $26,000. Management has reached an agreement with CRA to pay the outstanding balance in 6 installments ending September 30, 2014.

The Company's solvency, ability to meet its liabilities as they become due and to continue its operations, is currently essentially solely dependent on funding provided by one investor. If the investor is unwilling to provide ongoing funding to the Company and/or if the Company is unable to raise additional capital in the immediate future, the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. This material uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern including adjustments related to employee severance pay and other costs related to ceasing operations.

2. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 13, and are presented in Canadian dollars except where otherwise indicated.

Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of January 31, 2014. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended April 30, 2013. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending April 30, 2014, could result in restatement of these unaudited condensed consolidated interim financial statements.

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 financial statements are disclosed in note 3.

These Financial Statements were authorized for issue by the Board of Directors on March 27, 2014.

Basis of consolidation

The Company's consolidated financial statements consolidate those of Red Ore and its subsidiary RNV as at January 31, 2014. RNV has a reporting date of January 31. Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

The following entities are included in these consolidated financial statements:

		Ownership Interest as at	
	Country of Incorporation	**January 31 2014**	**April 30 2013**
Red Ore Gold NV Inc.	USA	100%	100%

Red Ore Gold NV Inc. ("RNV")

On November 15, 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.

Red Ore Gold NV Inc. holds the Company's Rye Patch exploration claims.

3. Summary of significant accounting policies

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

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 consolidated 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 January 31, 2014, and April 30, 2013, 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 January 31, 2014, and April 30, 2013, 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. The Company does not anticipate having income for the year ended April 30, 2014 and as such has not recognized a deferred tax asset as of January 31, 2014 despite having positive income after 9 months of operations.

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. There were no share based payments issued in the three and nine months ended January 31, 2014, and the year ended April 30, 2013.

(Expressed in Canadian Dollars)

Standards, Amendments and Interpretations Not Yet Effective

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the Three and nine month period ended January 31, 2014:

- IFRS 9 'Financial Instruments' is a new financial instruments standard effective for annual periods beginning on or after January 1, 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

- IAS 32 (Amendment) 'Financial Instruments: Presentation' is effective for annual periods beginning on or after January 1, 2014 and January 1, 2013 that includes amendments that clarify the application of offsetting requirements and presentation of interest, dividends, losses and gains.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

4. Cash position

	January 31, 2014	April 30, 2013
Cash	**$ 2,157**	$ 8,636

Cash earns interest at floating rates based on the daily bank deposit rates. As at January 31, 2014, US$13 (April 30, 2012 - US$818) was included in the cash of the Company. This amount has been translated into Canadian dollars using the closing exchange rate on January 31, 2014.

On March 19, 2014, Revenue Canada ("CRA") provided notice to the Company that the bank accounts would be seized and cleared to pay the outstanding sales tax liability. On March 21, 2014, CRA withdrew all of the funds in the Company's Canadian and US bank accounts. This left an outstanding balance of approximately $26,000. Management has reached an agreement with CRA to pay the outstanding balance in 6 installments ending September 30, 2014.

5. Exploration and evaluation properties

Bottle Creek

During the nine month period ended January 31, 2014, the Company incurred exploration and evaluation expenditures of $NIL (January 31, 2013 - $145,473) on this project. As at January 31, 2014, no commercially viable mineral reserve has been found on this project and as a result the Company will continue to expense all of the exploration and evaluation expenditures.

On September 5, 2012, the Company had received notice from Golden Gryphon Exploration that Red Ore was delinquent on the cash calls made and as a result would see its ownership diluted. As at January 31, 2014, Red Ore has not yet received notice of the percentage of dilution in its interest in Bottle Creek exploration claims (Note 14).

As of January 31, 2014, the Company no longer considers this property as part of its strategic plans moving forward and is currently looking to divest the property.

The Company has not proposed an exploration budget for this property in the current year and has not been in communication with its joint venture partner.

Rye Patch

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 Rye Patch gold-silver-tungsten-antimony property in Pershing County, Nevada.

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

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

(Expressed in Canadian Dollars)

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 (paid);
4) The Company will make a US$30,000 payment on the 2nd anniversary of signing the lease option agreement (paid);
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.

During the nine months ended January 31, 2014, the Company incurred exploration and evaluation expenditures of $48,671 (January 31, 2013 - $95,043) on this project. As at January 31 2014, 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 2014 spring exploration program which will include a drill program. The timing of the program will be dependent on the Company's ability to raise the necessary financing.

The Company has obtained a disturbance permit from the BLM in the United States to commence drilling on its claims. Upon completion of a successful financing, the Company will commence a $165,000 drill program on this property.

On September 30, 2013, the Company received a notice from the IRS of its intent to seize property of Red Ore Gold NV for failure to pay 2011 income tax penalties. As of the date of these financial statements the IRS has not yet filed a seizure notice against Red Ore Gold NV. The Company is appealing the order to pay US$10,000 plus interest to settle this claim.

On December 18, 2013, the Company received a notice from the IRS that its appeal was successful and that the order to pay US$10,000 plus interest was reversed.

6. Reclamation bond

On February 21, 2013, RNV, a 100% owned subsidiary of the Company, remitted a bond in the amount of US$5,062 to the BLM in the United States. The bond was required in order to obtain the right for disturbance of public land in Nevada related to the Rye Patch project. 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 dependent on the existing condition of the drill site.

7. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities are broken down as follows:

	As at January 31, 2014	As at April 30, 2013
	$	$
Accounts payable	**62,130**	396,188
Accrued liabilities	**15,000**	57,000
Goods and Services Tax/Harmonized Sales Tax payable	**29,942**	73
Total accounts payable and accrued liabilities	**107,072**	453,261

(Expressed in Canadian Dollars)

Accounts payable and accrued liabilities aged analysis:

	Accounts payable and accrued liabilities as at January 31, 2014	Accounts payable and accrued liabilities as at April 30, 2013
Not more than 3 months	**$ 49,124**	$ 62,150
More than 3 months but not more than 6 months	**35,644**	44,223
More than 6 months but not more than 1 year	**5,250**	125,063
More than 1 year	**17,054**	221,825
Total	**$ 107,072**	$ 453,261

Terms and conditions of the above financial liabilities:

1) Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30 to 60 day terms;
2) Included in accounts payable and accrued liabilities are $NIL (April 30, 2013 - $39,712) due to related parties.
3) During the nine months ended January 31, 2014, the Company wrote off accounts payable balances in the amount of $276,534 (April 30, 2013 - $50,676) related primarily to its prior business that had remained unpaid for several years and were settled with creditors. The accounts payable were with arms-length creditors. As part of the settlement the Company issued 250,000 common shares and agreed to convert part of the payables into a $25,000 loan to be paid off gradually with 2% of funds raised through private placements.

8. Convertible loan and shareholder loan

1) On May 30, 2012, the Board of Directors of the Company and Galahad Metals Inc. ("Galahad") approved the issuance of a convertible, unsecured debenture with the principal amount of $186,419 to settle amounts payable to Galahad of $186,419. The debenture bears interest at the rate of 10% per annum, with interest payable annually on May 30 of each year, and has a maturity date of May 30, 2017 (the "Maturity Date"). The debenture is convertible into common shares at the holder's option at any time after May 30, 2014 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 debenture. Interest is payable annually on May 30 of each year 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, which represents the fair market value of the shares.

   Upon issuance of the debenture, the liability component of the convertible debenture was recognized initially at the fair value of a similar liability that does not have an equity conversion option. The fair value of the conversion feature was determined at the time of issuance as the difference between the principal value of the convertible debenture and the present value of contractually determined stream of future cash flows discounted at the rate of interest of 15% based on the estimated rate for debt with comparable terms, but without the conversion option.

   The liability component of the convertible debenture was valued at $155,174 using an implicit rate of 15%. The difference between the principal value of the debt and the fair value of the liability component of $31,245 has been recorded as equity upon initial recognition. The discount on the debenture is being accreted such that the liability at maturity will equal the face value of $186,419.

   On September 9, 2013, Red Ore Gold Inc. and Galahad Metals Inc. signed an agreement for the re-purchase and cancellation of 6,609,088 common shares of Red Ore Gold currently held in the Galahad treasury. The agreement also includes the cancellation of a convertible debenture held by Galahad, in the amount of $184,419.

   The transaction will close upon the payment of $135,000 to Galahad, the funds to be obtained from the proceeds of the next successful private placement.

   As a result the entire convertible debenture has been reclassified as a short term loan as Red Ore has the ability to settle it within the next 12 months.

(Expressed in Canadian Dollars)

As at January 31, 2014, the Company accrued $13,981 of interest on the convertible debenture. On March 28, 2014, the Company requested and received a waiver of interest from Galahad effective January 31, 2014. 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	$	155,174
Equity component - conversion option, net of transaction costs		31,245
Face value	$	186,419

The following table sets forth a reconciliation of the convertible debenture as at January 31, 2014:

	Face Value	Debt Component	Equity Component
	$	**$**	**$**
Balance at April 30, 2012	186,419	155,174	31,245
Accrued interest	-	17,088	-
Waived interest	-	(17,088)	-
Accretion on convertible debenture	-	4,248	-
Balance at April 30, 2013	**186,419**	**159,422**	**31,245**
Accrued interest	-	-	-
Accretion on convertible debenture	-	3,954	-
Balance at October 31, 2013	**186,419**	**163,375**	**31,245**

2) During the nine months ended January 31, 2014, the Company's CEO and Director loaned the Company $44,774. The loan is not interest bearing and does not have set repayment terms. The loan can be converted into common shares at the discretion of the holder, with the common shares being issued at the market price or previous private placement if the shares are not listed at the time of conversion.

9. 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.

At January 31, 2014, the Company has 21,740,227 (April 30, 2013 - 19,813,939) common shares issued and outstanding.

Share held by Galahad Metals Inc.

As of January 31, 2014, the number of the Company's common shares held by Galahad is 6,609,088.

On September 9, 2013, Red Ore Gold Inc. and Galahad Metals Inc. signed an agreement for the re-purchase and cancellation of 6,609,088 common shares of Red Ore Gold currently held in the Galahad treasury (Note 8).

Upon cancellation of the Galahad shares, and assuming completion of a concurrent private placement (5,000,000, common shares at $0.10), Red Ore will then have 21,131,139 common shares issued and outstanding.

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 nine months ended January 31, 2014 and the year ended April 30, 2013.

As at January 31, 2014, the Company has no preferred shares outstanding (April 30, 2013 – Nil).

c) Share issuances

Three and nine months ended January 31, 2014

On July 9, 2013, the Company issued 200,000 units to investors at a price of $0.10 per unit for gross proceeds of $20,000 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 on or before July 9, 2015.

During Q2 2014 the Company received funds of $90,000 in relation to an ongoing private placement. The Company has an obligation to issue 900,000 units to investors at a price of $0.10 per unit. 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 for two years from the date of issuance.

On August 27, 2013, the Company issued a creditor 250,000 common shares as part of a settlement of long outstanding payables. The shares were issued with a deemed price of $0.10 per share. No warrants or options were issued in conjunction with the shares (Note 7).

On October 29, 2013, the Company issued 50,000 common shares with a deemed value of $0.10 per share as payment on the land management agreement for the Rye Patch property (Notes 12 and 15).

On November 13, 2013, 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 $0.15 per common share exercisable on or before November 13, 2015.

On January 20, 2014, the Company issued a creditor 526,288 common shares as part of a settlement of long outstanding payables as well as compensation owing to the CEO. The shares were issued with a deemed price of $0.10 per share. No warrants or options were issued in conjunction with the shares.

Year ended April 30, 2013

On September 21, 2012, the Company issued 120,000 units to investors at a price of $0.10 per unit for gross proceeds of $12,000 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 expiring on September 21, 2014.

On October 24, 2012, the Board of Directors of the Company extended the expiry date from April 30, 2013 to April 30, 2014 for 1,870,000 share purchase warrants (the "Warrants") issued on July 31, 2011.

On October 9, 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 expiring on October 9, 2014.

On November 21, 2012, the Company issued 50,000 common shares with a deemed value of $0.10 per share as payment on the land management agreement for the Rye Patch property.

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 expiring on November 21, 2014.

On March 18, 2013, 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 $0.15 per common share exercisable with the warrants expiring on March 18, 2015.

(Expressed in Canadian Dollars)

d) Warrants

As at January 31, 2014, the Company had a total of 11,174,500 (April 30, 2013 – 10,074,500) common share warrants issued and outstanding. The following is a summary of changes in warrants for the nine months ended January 31, 2014 and year ended April 30, 2013:

	January 31, 2014		April 30, 2013	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	**10,074,500**	**0.21**	8,754,500	0.24
Granted	**1,100,000**	**0.15**	1,320,000	0.15
Exercised	**-**	**-**	-	-
Forfeited	**-**	**-**	-	-
Outstanding, end of period	**11,174,500**	**0.21**	10,074,500	0.21

	Number of Warrants	**Dollar value if Exercised**
Balance April 30, 2012	**8,754,500**	**$ 2,124,900**
Warrants issued in the September 2012 private placement	120,000	18,000
Warrants issued in the October 2012 private placement	550,000	82,500
Warrants issued in the November 2012 private placement	550,000	82,500
Warrants issued in the March 2013 private placement	100,000	15,000
Balance April 30, 2013	**10,074,500**	**$ 2,322,900**
Warrants issued in the July 2013 private placement	200,000	30,000
Warrants issued in the October 2013 private placement	900,000	135,000
Balance January 31, 2014	**11,174,500**	**$ 2,487,900**

As at January 31, 2014, the Company had warrants issued and outstanding as follows:

Number of warrants	**Exercise price**	**Expiry**
6,884,500	$0.20	November 1, 2014
1,870,000	$0.30	April 30, 2014
120,000	$0.15	September 21, 2014
550,000	$0.15	October 9, 2014
550,000	$0.15	November 21, 2014
100,000	$0.15	March 18, 2015
200,000	$0.15	July 9, 2015
900,000	$0.15	August 31, 2015
11,174,500		

No finders' warrants have been issued as part of the private placements during the nine months ended January 31, 2014, and the year ended April 30, 2013.

(Expressed in Canadian Dollars)

10. 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.

There were no stock options granted during the three and nine months ended January 31, 2014, as well as year ended April 30, 2013.

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	1,192,500	0.94	1,192,500	-
January 31, 2015	$ 0.10	200,000	1.00	200,000	-
Total		**1,392,500**	**0.95**	**1,392,500**	**-**

On June 5, 2014, 270,000 stock options granted to a former director are set to be forfeited per the stock option plan if not exercised prior to that date. The options are exercisable at $0.10 and would have expired on January 10, 2015.

11. General and administrative expenses

	January 31, 2014	January 31, 2013
Rent	**$ 5,807**	$ 1,750
Phone, utilities, supplies and other	**3,620**	4,386
Insurance	**3,618**	2,241
Website, internet and printing	**178**	1,287
Contractor fees	**10,012**	37,360
Total	**$ 23,235**	$ 47,024

12. 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:

	January 31, 2014	January 31, 2013
Short-term key management benefits		
Compensation including bonuses	**$ 62,460**	$ 82,903
Long-term key management benefits		
Share based payments	-	-
Total remuneration	**$ 62,460**	$ 82,903

(1) The Company has no employees. Compensation fees are paid/accrued to key management personnel which include the Chief Executive and Chief Financial Officers, Presidents, Vice President of Exploration, Corporate Secretary and the Board of Directors.

(2) Effective Q1 2013, all directors' annual retainers and stipends have been suspended indefinitely. No directors retainers or stipends will be owing or accrued to directors during the year ended April 30, 2014.The Company has incurred directors fees and stipends of $NIL for the nine months ended January 31, 2014

(2013 - $19,500). During the quarter the Board of Directors agreed to waive $27,250 of old outstanding directors' retainers and stipends.

(3) The Company has retained Larry Hoover as its new CEO and President. There is a compensation contract in place with Mr. Hoover in which he is compensated $3,000 per month. Until the Company completes a listing on a stock exchange the compensation is settled in common shares at a fixed rate of $0.10 per share. Once the Company is listed on an exchange the compensation is paid solely in cash. During the nine months ended January 31, 2014, total amounts billed for officer was $ 42,000 (2013 - $NIL), which includes 300,000 compensation shares in lieu salary for the prior year's services rendered. The shares were issued at a deemed price of $0.10 per share.

(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 $20,460 (2013 - $34,710). The Company also pays the CFO for subleasing the office, resulting in amounts paid of $5,807(2013- $Nil).

(6) The Company has a consulting contract with Garry Smith, the Vice President of Exploration of the Company, 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 $2,531 (2013 - $49,000).

(7) The Company has a consulting contract with Patricia Purdy, a Director and Corporate Secretary (refer to Note 17) of the Company, whereby the Company pays an hourly rate of $50/hour for services rendered as well as related expenses. During the quarter ended January 31, 2014, total amounts billed related to director fees and contract fees for management amounted to $155 (2013 – $7,820). On August 27, 2013, Patricia Purdy resigned as Corporate Secretary.

Transactions with related companies

At January 31, 2014, the Company has a convertible note with a face value $186,419 (April 30, 2013 - $186,419) (Note 8). The convertible debt has accrued interest of $13,981 as at January 31, 2014. All of the interest accrued on the convertible debt during the year ended April 30, 2013 and the nine months ended January 31, 2014, has been waived by Galahad. The waived accrued interest of $17,088 has been treated as forgiveness of debt and taken into other income as at April 30, 2013.

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 Rye Patch properties. Per the agreement, the Company is required to make the following payments for both Pogonip and Rye Patch properties:

- The Company will make a $10,000 payment and 100,000 common shares upon signing the option lease agreement (paid);
- 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 (paid for Rye Patch, cancelled for Pogonip); 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.

On March 18, 2013, the Company terminated its Option Lease Agreement on the Pogonip property and returned the claims to Gold Range. The agreement with 2232097 Ontario Inc. has been modified to no longer include fees for the Pogonip property.

During the quarter ended January 31, 2014, the Company incurred total land management fees of $20,000 (April 30, 2013 - $20,000) in relation to the signing of the option lease agreements related to the Rye Patch property and issued 50,000 valued at $5,000, $0.10 per common shares (2013 - 50,000 valued at $5,000 ($0.10 per share)).

(Expressed in Canadian Dollars)

13. Financial instruments

The Company's financial instruments consist of cash, accounts payable and convertible debenture. The fair value of certain instruments approximates the carrying value due to their short-term nature.

	Financial Instrument Classification	Carrying amount $	Fair value $
Financial assets			
Cash	Financial assets through profit and loss	2,157	2,157
Financial liabilities			
Accounts payable	Loans and borrowings	107,072	107,072
Convertible debt	Loans and borrowings	163,375	186,419
Convertible loan	Loans and borrowings	44,774	44,774

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 January 31, 2014, the Company's convertible loan and debenture have 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 January 31, 2014, the Company does not have any Level 3 financial instruments.

As at January 31, 2014	**Level 1 $**	**Level 2 $**
Financial assets at fair value		
Cash	2,157	-
Convertible debenture	-	186,419
Convertible loan	-	44,774
Total level financial assets at fair value	**2,157**	**231,193**

As at April 30, 2013	**Level 1 $**	**Level 2 $**
Financial assets at fair value		
Cash	8,636	-
Convertible debenture	-	186,419
Total level financial assets at fair value	**8,636**	**186,419**

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 of the liability component of $31,245 has been recorded as equity upon initial recognition. The discount on the debentures is being accreted such that the liability at maturity will equal the face value of $186,419 (Note 8).

Convertible loan

The fair value of the convertible loan was calculated based on the terms of the loan (Note 8).

Financial risk management and objectives

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

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently does not have any outstanding interest bearing assets. The Company has an outstanding convertible debenture with a related party. 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.

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 US dollars 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.

Exposures to foreign exchange rates vary over the year depending on the volume of expenditures on the Nevada properties located in the United States. As at January 31, 2014, a 10% change in foreign currency rate would not have a significant impact on the Company.

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.

(Expressed in Canadian Dollars)

As at January 31, 2014, the Company was not a precious metal, base metals and other minerals producer. Even so, commodity prices may affect the completion of future equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet ongoing obligations.

Credit risk

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

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.

	January 31, 2014	April 30, 2013
Classes of financial assets – carrying amounts		
Cash	$ 2,157	$ 8,636

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

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

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

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 January 31, 2014, the Company had cash of $2,157 to settle current liabilities of $315,222.

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.

Fair value of financial instruments

Financial instruments consist of cash, accounts payable and convertible debenture. At January 31, 2014, and April 30, 2013, there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values, except for the convertible debenture which has a carrying value of $163,375 (April 30, 2013 - $159,422) and a fair value of $186,419 (April 30, 2013 - $186,419).

(Expressed in Canadian Dollars)

14. Contingencies and commitments

1) 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.

2) On September 5, 2012, the Company had received notice from Golden Gryphon Exploration that Red Ore was delinquent on the cash calls made related to the Bottle Creek Property and as a result would see its ownership diluted. Red Ore as at January 31, 2014, has not yet received notice of the percentage of dilution in its interest in Bottle Creek exploration claims (Note 5).

3) The Company has a commitment with Galahad, related to interest and principal payments on convertible debt (Note 8).

4) As at January 31, 2014, the Company has negative working capital of $306,573 and as a result 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 (Note 1).

5) The Company has a commitment with a creditor to pay down an outstanding payable with 2% of future financings. As of January 31, 2014, the balance on the payable was $20,900 and the Company has an obligation to make a payment of $200 on a placement which closed in Q2 2014.

6) Revenue Canada ("CRA") provided notice to the Company that the bank accounts would be seized and cleared to pay the outstanding sales tax liability. On March 24, 2014, CRA withdrew all of the funds in the Company's Canadian and US bank accounts. The accounts have remained frozen as the Company still has an outstanding payable to CRA of approximately $26,000.

15. Supplemental cash flow information

	January 31, 2014 $	January 31, 2013 $
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

1) During the quarter the Board of Directors approved the conversion of $25,000 of payables owed to related parties into common shares. The shares have a deemed value of $0.10 and have not been issued as at the date of the financial statements.

2) During the third quarter the Company issued 420,000 compensation shares to the CEO in lieu of salary for the prior year as well as for months of salary for 2014 year end. The shares were issued at a deemed price of $0.10 per share (Note 12).

3) During the nine months ended January 31, 2014, the Company wrote off accounts payable balances in the amount of $276,908 (April 30, 2013 - $50,676) related primarily to its prior business that had remained unpaid for several years and were settled with creditors (Note 7).

4) During the nine months ended January 31, 2014, the Company incurred land management fees on its Rye Patch property of $5,000 by issuing 50,000 at $0.10 per common shares. These costs have been allocated to exploration and evaluation expenses on the statement of loss (Note 5 and 12).

16. 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, which at January 31, 2014, totals $301,511 (April 30, 2013 – $590,938). 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.

17. Subsequent events

On March 19, 2014, Revenue Canada ("CRA") provided notice to the Company that the bank accounts would be seized and cleared to pay the outstanding sales tax liability. On March 21, 2014, CRA withdrew all of the funds in the Company's Canadian and US bank accounts. This left an outstanding balance of approximately $26,000. Management has reached an agreement with CRA to pay the outstanding balance in 6 installments ending September 30, 2014.

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